

CITY OF LAGUNA NIGUEL CALIFORNIA



Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2017

**CITY OF LAGUNA NIGUEL,
CALIFORNIA**



COMPREHENSIVE ANNUAL FINANCIAL REPORT

**WITH REPORTS ON AUDIT BY
INDEPENDENT PUBLIC ACCOUNTANTS**

FOR THE YEAR ENDED JUNE 30, 2017

Prepared by the Department of Finance
Stephen Erlandson, Director of Finance
Kristin Nguyen, Finance Manager

City of Laguna Niguel
Comprehensive Annual Financial Report
For the Year Ended June 30, 2017

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CITY OF LAGUNA NIGUEL

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Phone/949•362•4300 Fax/949•362•4340

March 20, 2017

Honorable Mayor, Council Members, and Citizens of the City of Laguna Niguel

LETTER OF TRANSMITTAL 2016-17 COMPREHENSIVE ANNUAL FINANCIAL REPORT

It is a pleasure to submit the City's Comprehensive Annual Financial Report for the fiscal year ended June 30, 2017. This report has been compiled and prepared by the City's Finance Department in accordance with generally accepted accounting principles. Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

The City's financial statements have been audited by The Pun Group, LLP, a firm of licensed certified public accountants. The independent auditor rendered an unmodified (clean) opinion that the City's financial statements for the fiscal year ended June 30, 2017 are fairly presented in conformity with Generally Accepted Accounting Principles (GAAP). The independent auditors' report is presented as the first component of the financial section of this report.

Management's Discussion and Analysis (MD&A) immediately follows the independent auditors' report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A is designed to complement this letter of transmittal and should be read in conjunction with it.

GENERAL INFORMATION ABOUT LAGUNA NIGUEL

The City of Laguna Niguel was incorporated on December 1, 1989. The City is a master-planned community encompassing 14.79 square miles in the coastal area of South Orange County, California. As of January 2017, the State of California Department of Finance listed the City's population as 66,689. The City is primarily a residential community supported by a strong retail and commercial base. About one-half of Laguna Niguel's geographic area is permanently designated as parks and open space; this is one of the key features that define the character and form of the City.

Laguna Niguel is a General Law City and operates under the Council-Manager form of government. The City is governed by a five member City Council, which is elected at large and serves staggered four-year terms. City Council elections are held in November of even numbered years. The Mayor is annually selected by the City Council from among its membership, and serves a one-year term.

The City operates primarily as a “contract city” utilizing agreements with other governmental entities, private firms and individuals to provide most municipal services to the community. Fire services are provided through the Orange County Fire Authority, of which the City is a member, and police services are provided by the Orange County Sheriff’s Department.

FACTORS AFFECTING FINANCIAL CONDITION

Local Economy. The City ended FY 2016-17 on a positive note with actual revenue exceeding prior year revenue for most major revenue sources. The City’s largest revenue source, property tax, experienced a 4.1% increase over the prior fiscal year, reflecting a strong improvement in the local housing market. Sales tax revenue, the City’s second largest revenue source, experienced an increase of 2.3% over the prior year due primarily to increased allocations from the County Pool. These results contributed to the City completing FY 2016-17 in good financial health. Total General Fund operating revenues exceeded operating expenditures by \$8.6 million. At June 30, 2017, the City had an investment portfolio worth \$79.6 million and healthy reserves of \$51.7 million for economic uncertainty, capital asset replacement, Other Post-Employment Benefits (OPEB), Crown Valley Community Park Master Plan Improvements, and compensable leave, with the remaining balance assigned primarily for continuing appropriations.

Going forward, economic forecast data for the State of California and Orange County predicts that the economy will continue on its current path of a measured and steady recovery with job growth and consumer confidence being the biggest keys to sustained improvement. The State Legislative Analyst (LAO) currently predicts growth in personal income statewide of 4.2% to 5.3% annually over the next three years and annual retail sales growth averaging 0.9%. The LAO is currently forecasting slightly lower annual job growth over next two years, a result of the state unemployment rate being at the level (4.9%) considered by most economists to represent “full employment”, and foresees that the statewide unemployment rate will hover within the 4.7% to 4.9% range throughout calendar year 2018. California State University, Fullerton, in their most current forecast for Orange County, predicts annual job growth of 0.8% this year and 1.0% percent in 2018. This expected job growth will drop Orange County’s current average unemployment rate from 3.6% to an average of 3.5% in 2018. The University further forecasts continued improvement in the housing markets with the median home price expected to rise approximately 6.8% through the end of 2018.

Locally, the City’s unemployment rate will likely continue to hover around 4.4%, and the City’s growth in property tax revenue, excluding supplemental and miscellaneous property tax revenues, is expected to increase 1.8% in FY 2017-18, compared to the previous year. Sales tax revenue is expected to remain relatively flat in FY 2017-18 as the City has a very low retail vacancy rate. Retail sales for the period January 2017 through June 2017 are up 2.4% over the same time period in 2016. The City was able to adopt a budget for 2017-18 that maintains all existing service levels and programs and provides \$15.1 million for capital improvements, including \$7.7 million to fund the construction of the Crown Valley Park Community Building and \$3.2 million to maintain the quality of the streets enhanced by the City’s original \$30 million, five-year Street Resurfacing Program.

State Budget. On June 27, 2017, the Governor signed the 2017-18 Budget Act. This latest package reflects a significant improvement in the state’s finances and forecasts total reserves of nearly \$12 billion, primarily a result of deposits made by the state into its Budget Stabilization Account (BSA), the state’s rainy day reserve created by Proposition 2 during the 2014 mid-term election, and operating surpluses. The budget bill provides \$34.5 million in state-mandated local programs; however, it suspended 56 non-education mandates that impact local governments,

including mandates related to elections, animal shelters, and interagency child abuse reporting. When the Legislature suspends a mandate or the Governor vetoes its appropriation, (1) local governments are not required to implement its requirements and (2) the state may postpone paying its accumulated bills.

Major Initiatives. Several significant projects are being planned, designed, or constructed over the next few years. These include:

Crown Valley Community Park Master Plan Improvements

The Crown Valley Community Park Master Plan was developed as the result of numerous meetings of the Crown Valley Park Master Plan Ad-Hoc Committee. With subsequent City Council approval, the Ad-Hoc Committee developed a design concept for the park based on public input through meetings of the Park and Recreation Commission, stakeholder interviews, and surveys conducted of the general population, including the youth of the community. The total cost estimate for the project is about \$31.8 million, with construction of the Tier 1 and Tier 2 projects completed, and design of the Tier 3 community building currently underway.

Annual Street Resurfacing Program

The City embarked on a five-year \$30 million street improvement program during FY 2007-08. This program upgraded or provided necessary maintenance to substantially every residential City street over a five year period. To maintain the City's streets in the enhanced condition resulting from the five-year street improvement program, the City committed to appropriating an additional \$3.2 million in FY 2017-18 for annual street resurfacing.

Landscaped Medians and Monuments

This project will construct medians on Aliso Creek and La Paz Roads, construct 9 entry monuments throughout the City, calm traffic, and beautify roadways at an estimated cost of \$1.1 million through FY 2017-18.

Reserve Policy. The City's Financial Reserves Policy is reviewed on an annual basis for the purpose of providing fiscal stability and to ensure the long-term financial health of the City. It is the goal of management to maintain adequate reserve funds for known and unknown contingencies. As in prior years, this year's policy calls for maintaining a reserve for financial and economic uncertainty in an amount equal to no less than 50% of annual General Fund operating expenditures and operating transfers and a reserve for compensable accrued unused vacation and sick leave. The City Council may designate portions of the fund balance of the General Fund for future capital projects, continuing or carry-over appropriations, or any other municipal purpose that the City Council deems prudent or necessary. Currently, a reserve for Crown Valley Community Park Master Plan Improvements is to be maintained in an amount equal to the remaining General Fund balance after the economic uncertainty, compensable leaves, Other Post-Employment Benefits (OPEB), and all other City Council allocations have been made. All fund balance classifications comply with the requirements of Governmental Accounting Standards Board (GASB) Statement No. 54 and are identified in Note 8 of the Notes to Financial Statements.

SUMMARY OF CURRENT YEAR ACCOMPLISHMENTS

Administration

During FY 2016-17, the City Team:

- Coordinated with the Crown Valley Community Park Ad-Hoc Committee on the design and implementation of the Tier 3 improvements at Crown Valley Community Park
- Collaborated on the strategic planning for the County Courthouse property
- Reviewed and evaluated contract administration and procurement procedures
- Received the Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting for the City's Comprehensive Annual Financial Report for fiscal year ended June 30, 2016

Public Safety

The City and the Orange County Sheriff's Department believe in providing programs that proactively promote a safe City, as well as maintaining the quality of life expected by the citizens of Laguna Niguel. As such, the community and law enforcement relationship is further strengthened with the delivery of the following programs and accomplishments in FY 2016-17:

- 21st Annual Citizen's Academy
- Citizen's Emergency Preparedness Academy (CEPA)
- Youth Safety/Drug Awareness Program
- Senior Safety and Crime Prevention Programs

Community and Economic Development

During FY 2016-17, the City continued to work with local businesses and property owners to maintain a healthy economic climate, and protect and increase local tax revenues. Significant events and activities included:

- Completing the FY 2017-18 Community Development Block Grant (CDBG) Action Plan
- Collaborated with the City Council and City Manager on major economic development activities to meet the City's goal to continually enhance our outstanding quality of life

Public Works and Infrastructure

The City completed \$19.7 million of public works and infrastructure investment during FY 2016-17, including:

- Crown Valley Park Channel Entry and Parking Improvements
- Pavement Rehabilitation and Subdrain Improvements
- Citywide Street Resurfacing Program

Parks and Recreation

During FY 2016-17 the City:

- Provided scheduled activities to approximately 69,000 participants
- Coordinated the Annual Holiday Parade, with approximately 10,000 people in attendance

FUTURE WORK PROGRAM INITIATIVES

Many of the City's priorities, projects, and programs will be continued throughout FY 2017-18. Work Program highlights include:

- Appointing a Mayor and Mayor Pro Tem for 2018
- Collaborating with the Council, City Manager, and Community Development Department on the strategic planning for the County Courthouse property
- Providing quarterly "Laguna Niguel Disaster Ready" programs for Laguna Niguel residents
- Preparing funding application(s) for Measure M2 street and environmental projects
- Collaborating with the Council, City Manager, Community Development, Parks and Recreation, and Public Works Departments on the implementation of the Phase 3 recreation improvements at Crown Valley Park

OTHER INFORMATION

Awards. The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Laguna Niguel for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2016. This was the 17th consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized CAFR that satisfies both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA for award consideration.

Acknowledgments. The preparation and development of this report would not have been possible without the continued support and encouragement of the Laguna Niguel City Council to maintaining the highest financial reporting standards. We thank you for your support, vision, and leadership.

Respectfully submitted:



Kristine Ridge
City Manager



Stephen Erlandson
Director of Finance



Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

**City of Laguna Niguel
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2016

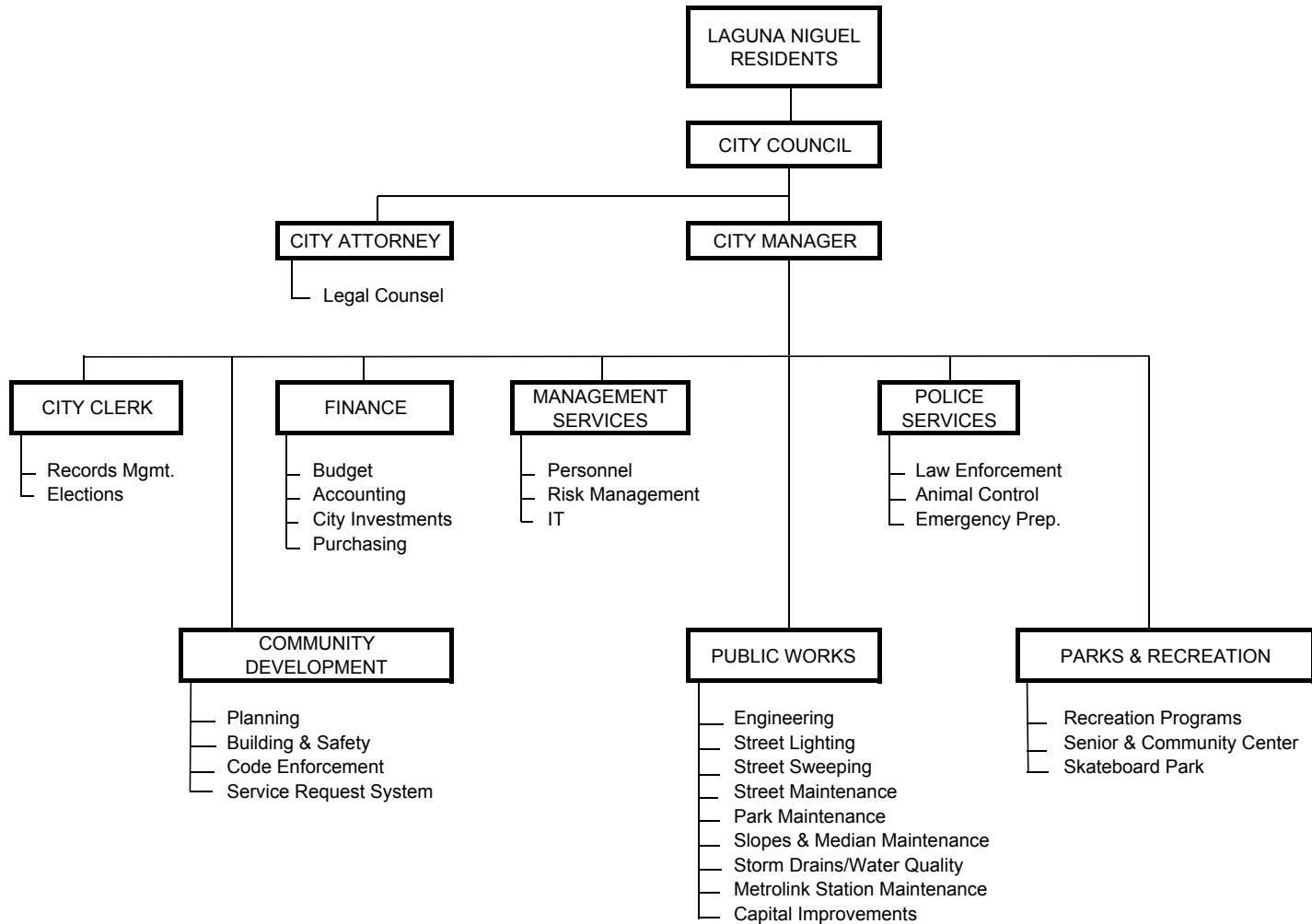
A handwritten signature in black ink that reads "Jeffrey P. Emen". The signature is fluid and cursive, with "Jeffrey" on the top line and "P. Emen" on the bottom line.

Executive Director/CEO

CITY OF LAGUNA NIGUEL

ORGANIZATIONAL CHART

JUNE 30, 2017



CITY OF LAGUNA NIGUEL

ELECTED OFFICIALS AND MANAGEMENT STAFF

JUNE 30, 2017

CITY COUNCIL

Jerry Slusiewicz, Mayor

Fred Minagar, Mayor Pro Tem

Laurie Davies, Council Member

Elaine Gennawey, Council Member

John Mark Jennings, Council Member

DEPARTMENT DIRECTORS

City Manager.....Rod Foster

Assistant City Manager.....Dan Fox

City Attorney.....Terry Dixon

City Clerk.....Eileen Gomez

Chief of Police Services (O.C. Sheriff Department).....Lt. Matthew Barr

Community Development Director.....Leslie Roseberry

Finance Director.....Stephen Erlandson

Parks and Recreation Director.....Alison Giglio

Public Works Director.....Nasser Abbaszadeh



INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of City of Laguna Niguel, California (the "City") as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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 auditor considers internal control relevant to the entity'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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2017, 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.

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To the Honorable Mayor and the Members of the City Council
of the City of Laguna Niguel
Laguna Niguel, California
Page 2

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Budgetary Comparison Schedules, the Schedule of Changes in Proportionate Share of the Net Pension Liabilities and Related Ratios, and the Schedule of Contributions on pages 5 to 14 and 79 to 83 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 required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The Introductory Section, Combining and Individual Nonmajor Fund Financial Statements, and Statistical Section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Combining and Individual Nonmajor Fund Financial Statements and the Schedules of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual 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 Combining and Individual Nonmajor Fund Financial Statements and the Schedules of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual are 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.

To the Honorable Mayor and the Members of the City Council
of the City of Laguna Niguel
Laguna Niguel, California
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Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 16, 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 the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

The PricewaterhouseCoopers LLP

Santa Ana, California
March 16, 2018

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CITY OF LAGUNA NIGUEL
MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Laguna Niguel ("City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2017. Our intent is to assist the reader of these financial statements in better understanding the impact of financial decisions made by the City. This analysis will focus on the significant changes in an effort to explain the City's overall financial condition. We encourage readers to consider the information presented here in conjunction with the additional information furnished in our letter of transmittal.

OVERVIEW OF FINANCIAL STATEMENTS

The City's basic financial statements consist of three components: 1) *government-wide financial statements*, 2) *fund financial statements*, and 3) *notes to the basic financial statements*. This report also consists of supplementary information in addition to the basic financial statements.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to private-sector business. They are comprised of the following:

- *Statement of Net Position*

The Statement of Net Position presents information on all of the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources on a full accrual basis of accounting similar to that used by private-sector companies. The difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources is reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

- *Statement of Activities*

The Statement of Activities presents information about the City's revenues and expenses on a full accrual basis, with an emphasis on measuring net revenues or expenses for each of the City's programs. This statement also reflects the change in net position for the year.

Government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, public works, community development, and parks and recreation. The City has no business-type activities.

The government-wide financial statements can be found behind the tab section titled Government-Wide Financial Statements.

Fund Financial Statements

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

The fund financial statements provide detail information about each of the City's most significant funds, called Major Funds. The concept of Major Funds, and the determination of which are Major Funds, was established by Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments* (GASB 34) and replaces the concept of combining like funds and presenting them in total. Instead, each Major Fund is presented individually, while all Nonmajor Funds are summarized and presented in a single column.

OVERVIEW OF FINANCIAL STATEMENTS (Continued)

Fund Financial Statements (Continued)

- ***Governmental Funds***

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. A reconciliation of both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances with the government-wide financial statements can be found on pages behind the tab section titled Government-Wide Financial Statements.

The City has ten governmental funds for financial reporting purposes, of which three are considered major funds for presentation purposes. Each major fund is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances. The City's three major funds are: General Fund, Miscellaneous Grants Special Revenue Fund, and City Capital Projects Fund. Data from the nonmajor governmental funds (e.g., Gas Tax Fund, Measure "M" Special Revenue Fund, Prop 1B Fund, Air Quality Improvement Fund, Law Enforcement Fund, Senior Transportation Special Revenue Fund, and Community Development Block Grant Fund) are combined into a single, aggregated presentation. The governmental funds financial statements can be found on pages behind the tab section titled Fund Financial Statements. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements on pages behind the tab section titled Supplementary Schedules.

The City adopts an annual appropriated budget for all governmental funds. A budgetary comparison schedule has been provided for each of the funds to demonstrate compliance with this budget.

- ***Proprietary Funds***

The proprietary fund used by the City is an internal service fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses an internal service fund to account for its fleet of vehicles.

Proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail. Like the government-wide financial statements, proprietary fund financial statements use the accrual basis of accounting. A separate financial statement is provided for the Vehicle Replacement Internal Service Fund.

The fund financial statements can be found behind the tab section titled Fund Financial Statements.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to obtain 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 behind the tab section titled Notes to the Basic Financial Statements.

Required Supplementary Information

Required supplementary information includes budgetary information on the General Fund, Measure "M" Special Revenue Fund and Miscellaneous Grants Special Revenue Fund, the budget process, the City's share of net pension liability and related ratios, and schedule of pension contributions. Required supplementary information can be found behind the tab section titled Required Supplementary Information.

OVERVIEW OF FINANCIAL STATEMENTS (Continued)

Supplementary Schedules

Supplementary schedules provide budgetary information on the City Capital Projects Fund, as well as detail about the nonmajor governmental funds, which are added together and presented in single columns in the fund financial statements. Supplementary schedules can be found behind the tab section titled Supplementary Schedules.

The following table summarizes the major features of the City's financial statements, including the portion of the City government they cover and the types of information they contain.

Major Features of the City's Government-Wide and Fund Financial Statements

Scope	Government-Wide Financial Statements	Fund Financial Statements	
		Governmental Funds	Proprietary Funds
Entire City government	The activities of the City that are not proprietary	Activities the City operates similar to private businesses	
Required financial statements	<ul style="list-style-type: none"> Statement of Net Position Statement of Activities 	<ul style="list-style-type: none"> Balance Sheet Statement of Revenues, Expenditures and Changes in Fund Balances 	<ul style="list-style-type: none"> Statement of Net Position Statement of Revenues, Expenses and Changes in Net Position Statement of Cash Flows
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term debt	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term debt included	All assets and liabilities, both financial and capital, and short-term and long-term debt
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid

Financial Highlights

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at June 30, 2017 by \$635.6 million. The amount is referred to as the net position of the City. Of this amount, \$67.7 is unrestricted net position and may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's overall net position decreased in FY 2016-17 by \$7.3 million from FY 2015-16. FY 2016-2017 revenue decreased by \$8.7 million due primarily to decreases in charges for services, operating and capital contributions and grants, sales taxes, franchise taxes and interest earnings. Expenses increased by \$10.1 million compared to FY 2015-2016 levels primarily due to an increase in public safety costs and public works activities and projects. The City's budget for FY 2016-2017 is balanced and on par with actuals reported for the same period.
- At the close of FY 2016-2017, the City's governmental funds reported combined ending fund balances of \$73.4 million, a decrease of \$7.1 million compared to the prior year. Of the total \$73.4 million fund balances at year-end, \$71.7 million is available for spending at the government's discretion (the sum of the *committed*, *assigned* and *unassigned* fund balance categories reported on the accompanying financial statements).

OVERVIEW OF FINANCIAL STATEMENTS (Continued)

Financial Highlights (Continued)

- As of June 30, 2017, the total fund balance of the General Fund, the City's chief operating fund, totaled \$73.8 million.
- Of the total fund balance of the General Fund at June 30, 2017, the City Council has committed \$16.9 million for capital asset replacement, \$24.8 million for economic contingencies, \$8.9 million for Crown Valley Community Park Master Plan Improvements, \$0.1 million for compensated absences, \$1.1 million for Other Postemployment Benefits (OPEB), and has assigned \$17.8 million for continuing appropriations and \$3.8 million for streets and roads. The remaining amount of fund balance is classified as nonspendable and consists of previously obligated items.

FINANCIAL PERFORMANCE

Government-Wide Financial Analysis

The following analysis focuses on the net position and changes in net position of the City's governmental activities presented in the Government-Wide Statement of Net Position and Statement of Activities. As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceed liabilities and deferred inflows of resources by \$635.6 million at June 30, 2017.

The following is a summary of the Government-Wide Statement of Net Position:

Governmental Activities			Increase/ (Decrease) from 2016
	2017	2016	
Cash and investments	\$ 79.6	\$ 82.1	\$ (2.5)
Other assets	6.9	9.5	(2.6)
Capital assets	567.7	565.0	2.7
Total assets	654.2	656.6	(2.4)
Deferred pension related items	1.9	0.5	1.4
Total deferred outflows of resources	1.9	0.5	1.4
Long-term liabilities	8.6	6.6	2.2
Other liabilities	11.2	6.5	4.7
Total liabilities	19.8	13.1	6.7
Deferred pension related items	0.7	1.1	(0.4)
Total deferred inflows of resources	0.7	1.1	(0.4)
Net position:			
Investment in capital assets	566.8	564.6	2.2
Restricted	1.1	1.3	(0.2)
Unrestricted	67.7	77.0	(9.3)
Total net position	\$ 635.6	\$ 642.9	\$ (7.3)

FINANCIAL PERFORMANCE (Continued)

Government-Wide Financial Analysis (Continued)

The City's net position decreased by \$7.3 million, or 1.1%, during FY 2016-2017, primarily due to increases in public works activities and projects. The most significant additions to capital assets in FY 2016-2017 pertain to construction in progress for park improvements relating to the Crown Valley Park Tier 2 Channel Entry and Parking Improvements project and street improvements for the Crown Valley Widening Phase III project. See the Capital Assets section of the Management's Discussion & Analysis for additional information on capital project asset additions.

The following is a summary of the Government-Wide Statement of Activities:

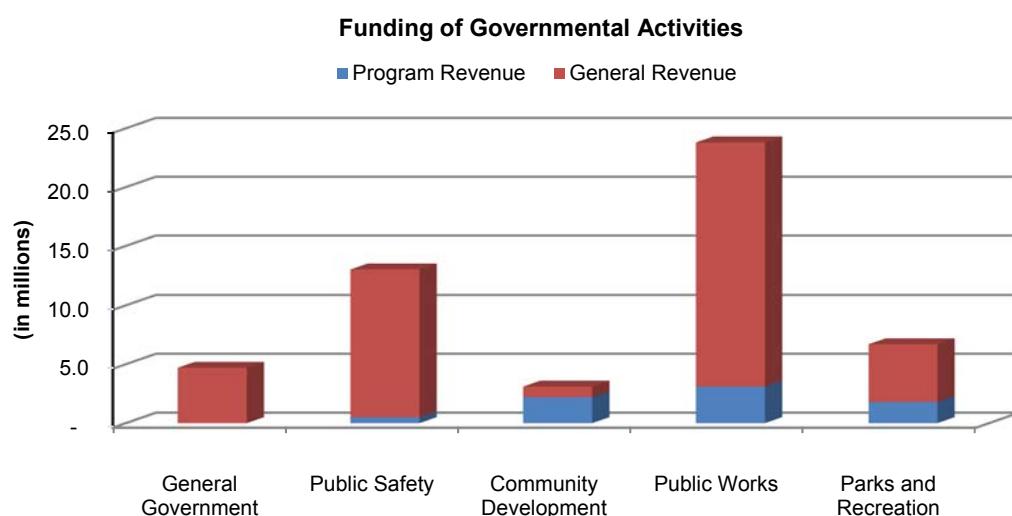
Governmental Activities Changes in Net Position for the Year Ended June 30 (in millions)			
	2017	2016	Increase/ (Decrease) from 2016
Revenues:			
Program revenues:			
Charges for services	\$ 3.6	\$ 8.6	\$ (5.0)
Operating contributions and grants	2.7	2.9	(0.2)
Capital contributions and grants	<u>1.4</u>	<u>3.9</u>	<u>(2.5)</u>
Total program revenues	<u>7.7</u>	<u>15.4</u>	<u>(7.7)</u>
General revenues:			
Property taxes	20.8	20.0	0.8
Sales taxes	11.4	12.2	(0.8)
Other taxes	2.9	3.1	(0.2)
Investment earnings	0.6	1.4	(0.8)
Other revenues	<u>0.6</u>	<u>0.5</u>	<u>0.1</u>
Total general revenues	<u>36.3</u>	<u>37.2</u>	<u>(0.9)</u>
Total revenues	<u>44.0</u>	<u>52.6</u>	<u>(8.6)</u>
Program expenses:			
General government	4.7	5.0	(0.3)
Public safety	13.0	11.8	1.2
Community development	3.1	3.9	(0.8)
Public works	23.8	15.4	8.4
Parks and recreation	<u>6.7</u>	<u>5.0</u>	<u>1.7</u>
Total expenses	<u>51.3</u>	<u>41.1</u>	<u>10.2</u>
Increase/(decrease) in net position	<u>(7.3)</u>	<u>11.5</u>	<u>(18.8)</u>
Beginning net position	<u>642.9</u>	<u>631.4</u>	<u>11.5</u>
Ending net position	<u>\$ 635.6</u>	<u>\$ 642.9</u>	<u>\$ (7.3)</u>

FINANCIAL PERFORMANCE (Continued)

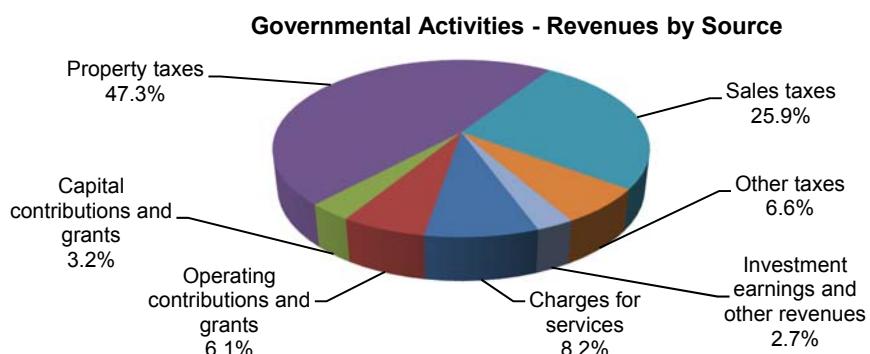
Government-Wide Financial Analysis (Continued)

The City's total revenues were \$44.0 million in FY 2016-2017, while the total cost of all programs was \$51.3 million. Total revenues decreased by \$8.6 million, or 16.4%, from prior year levels and total expenses increased by \$10.2 million. FY 2016-2017 program revenue decreased \$7.7 million from the prior year, a result of the prior year's higher than average charges for services in community development related to building and safety fees for the residential developments in the Gateway Specific Plan Project area and capital grants for public works projects, including the Paseo de Colinas Seismic Retrofit Project. FY 2016-2017 general revenue decreased from the prior year. The \$0.9 million decrease is primarily attributable to decreases in sales tax revenues and franchise taxes revenues resulting from the winding down of the triple flip and decreased usage due to milder temperatures, respectively.

The cost of all governmental activities this year was \$51.3 million. However, as shown in the Statement of Activities, the amount that our taxpayers ultimately financed for these activities through City taxes was \$35.1 million since some of the cost was paid by those who directly benefited from the programs (\$3.6 million) or by other governments and organizations that subsidized certain programs with contributions and grants (\$4.1 million). The following chart graphically depicts the amount of general revenue used in relation to program revenue in funding governmental activities.



Approximately 80.0% of all revenues this past year came from some form of tax, which is higher than the 67.3% it represented of total revenues in FY 2015-2016. Although tax revenues decreased by \$0.2 million, this increase of its proportion to total revenues is primarily due to the decrease in the percentage of charges for services to total City revenue (decreased from 16.3% to 8.2%) related to the prior year increased planning and building and safety fees collected in the Gateway Project Area. Property tax revenue, the City's largest revenue source, accounted for 47.3% of total City revenue, compared to 38.0% last year. Sales tax revenue, including the $\frac{1}{4}$ cent of sales tax diverted by the State and paid to cities as additional property tax revenue, was the second largest revenue source at 26.0% of total revenues, up from 23.2% last year. The following chart graphically depicts the City's governmental revenue sources.

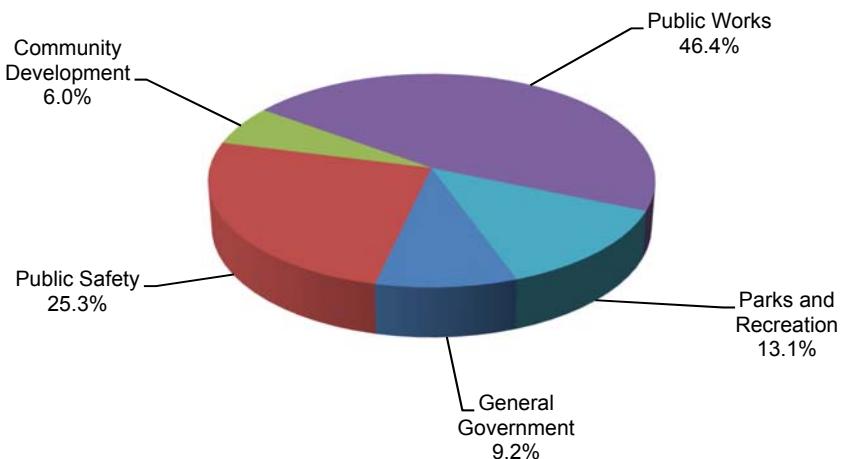


FINANCIAL PERFORMANCE (Continued)

Government-Wide Financial Analysis (Continued)

The Public Works function represents the largest activity in the City, accounting for 46.4% of total expenses in FY 2016-2017, compared to 37.4% last year. Public works expenses include all street maintenance, sweeping, and lighting; median, park, and slope maintenance; storm drain/water quality maintenance; and Metrolink station maintenance. The increase in Public Works expenses in relation to all governmental activities is due to the increases for the various capital improvement projects, and street repairs and maintenance expenses. The Parks and Recreation function accounted for 13.1% of total expenses in FY 2016-2017, compared to 12.2% in prior year. Public safety activities comprise the City's second largest function at 25.3%, and include police services, animal control, and emergency preparedness. The majority of public safety costs are for police services provided by the Orange County Sheriff, which were approximately \$11.6 million in FY 2016-2017. The following chart graphically depicts the City's governmental expenses by function.

Governmental Activities - Expenses by Function



Fund Financial Analysis

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. Under GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the sum of committed, assigned, and unassigned fund balance serves as a useful measure of a government's net resources available at its discretion for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported a total combined ending fund balance of \$73.4 million, a decrease of \$7.1 million, or 8.8%, in comparison with the prior year. Of the total combined ending fund balance, \$71.7 million, or 97.8%, is available for spending at the government's discretion. Of the remaining \$1.7 million, \$0.7 million is classified as nonspendable, indicating that it is not in spendable form and previously obligated, and \$1.0 million is restricted, indicating that its use is constrained by externally imposed limitations to be spent for public safety, public works, community development, and air quality improvement purposes.

The City's three major funds are the General Fund, Miscellaneous Grants Special Revenue Fund, and City Capital Projects Fund. A description and analysis of each fund is presented as follows:

FINANCIAL PERFORMANCE (Continued)

Fund Financial Analysis (Continued)

- General Fund – This fund is the chief operating fund of the City. At the end of the current fiscal year, total fund balance was \$73.8 million. General Fund revenues exceeded expenditures this year by \$8.6 million; while the fund balance of the City's General Fund decreased by \$9.1 million, or 11.0%, during the current fiscal year due to \$17.7 million in net transfers, primarily to the City Capital Projects Fund. These transfers funded various projects, including the Crown Valley Park Tier 2 Channel Entry and Parking Improvements project, annual street resurfacing, and several of the City's neighborhood parks.
- Miscellaneous Grants Special Revenue Fund – This fund accounts for revenues received and expenditures made for various City projects fully or partially funded by outside grants. Funding sources include, but are not limited to, the State of California and the County of Orange. The grants accounted for in this fund are predominantly reimbursement grants, for which the City first incurs the expenditures and then requests reimbursements from the grantors. As a result, this fund often reports a deficit fund balance, representing grant-related disbursements not yet reimbursed. Most of the grants accounted for in this fund are capital grants, the disbursements for which are recorded as transfers out to the City Capital Projects Fund. During the current fiscal year, revenues and transfers in were \$1.1 million compared to expenditures and transfers out of \$0.9 million, primarily for the Crown Valley Park Tier 2 Channel Entry and Parking Improvements project partially funded by a County of Orange grant. As a result, the deficit fund balance decreased by \$0.2 million, from (\$1.3) million to (\$1.1) million. The City expects to receive the \$1.1 million in grant reimbursements over the course of the next fiscal year. The key factor for this decrease in deficit fund balance was that the City had a significant decrease in expenditures that were grant funded during FY 2016-2017, compared to a significantly higher amount of prior year expenditures incurred on partially grant funded projects, such as the Paseo de Colinas Seismic Retrofit Project and Oso Creek Multi-Use Trail Project.
- City Capital Projects Fund – This fund accounts for all expenditures relating to City capital projects. Revenues and transfers into the fund generally equal actual expenditures on capital projects; therefore, this fund usually reflects minimal fund balance at the end of the year. Total expenditures were \$20.1 million and subsequent transfers into the fund were \$19.9 million for the current fiscal year, an increase in expenditures of \$9.5 million from the previous fiscal year. This increase is primarily due to substantial work that was performed on the following projects in FY 2016-2017: Neighborhood Parks projects, Crown Valley Community Park projects (Tier 2), and Annual Street Resurfacing Program. Most of these projects were started or substantially worked on in the current year and, therefore, had a significantly higher amount of expenditures than in prior year. Offsetting these projects' increases in expenditures were decreases in activity for projects completed in FY 2015-2016: Oso Creek Multi-Use Trail Project, Paseo de Colinas Seismic Retrofit Project and Annual Sidewalk Program.

A number of capital projects budgeted in FY 2016-2017 and previous fiscal years were not yet finished at June 30, 2017, the largest being annual street resurfacing, Crown Valley Widening Phase III, and the Crown Valley Community Park Channel Entry & Parking (Tier 2) Improvements Project. The unexpended appropriations for these unfinished projects totaled \$19.7 million at year-end and were re-appropriated to the same projects by the City Council on June 6, 2017 to ensure their completion.

GENERAL FUND BUDGETARY HIGHLIGHTS

The original adopted General Fund revenue budget for FY 2016-2017 was \$39.2 million. During the course of the year, estimated revenues were increased by a net amount of \$1.0 million, resulting in a final revenue budget of \$40.2 million.

The most significant increases are attributable to:

- \$610,686 of additional property tax revenue from higher than anticipated assessed valuation increases and based on actuals received by mid-year;
- \$116,310 of additional sales and use tax revenue based on actuals received by mid-year;
- \$108,781 of additional property tax in-lieu of vehicle license fees based on actuals received by mid-year;
- \$113,890 of traffic impact fees related to the one-time environmental impact report related to the SunPointe development.

GENERAL FUND BUDGETARY HIGHLIGHTS (Continued)

The original adopted General Fund operating budget for FY 2016-17 was \$34.6 million. During the course of the fiscal year, total General Fund appropriations were increased by \$0.7 million, for a final amended budget of \$35.3 million. The increase was primarily due to appropriations transferred from the Capital Projects Fund for the replacement of two HVAC units at the Sea Country Senior and Community Center (\$0.1 million) and additional tree maintenance in the City's parks (\$0.3 million).

The original adopted General Fund capital budget was \$14.4 million. The original budget was then modified by \$20.9 million to include carry-over encumbrances and the re-appropriation of previous year appropriations for a total beginning General Fund capital budget of \$35.3 million. The final amended General Fund capital budget totaled \$35.0 million, a net decrease of \$0.3 million in mid-year budget adjustments. The amendments were primarily due to from the Capital Projects Fund for the replacement of two HVAC units at the Sea Country Senior and Community Center (\$0.1 million) and additional tree maintenance in the City's parks (\$0.3 million).

Actual operating expenditures for the year were \$3.4 million less than the final operating budget. While some of this variance is due to conservative spending practices during the course of the fiscal year, the City had appropriations encumbered for certain operating programs or projects that were not completed by June 30, 2017. Encumbrances for these uncompleted programs and projects were re-appropriated by the City Council on June 6, 2017 in the amount of \$65,106.

Actual General Fund transfers out to the City Capital Projects Fund to fund capital project expenditures for the year were \$17.6 million less than the final budget due to transfers being recognized as expenditures are incurred. The entire balance of this amount was re-appropriated by the City Council on June 6, 2017 to continue funding the numerous multi-year capital projects previously approved by the City Council. Of this amount, \$1.0 million is for the Landscaped Medians and Monuments Project, \$1.7 million is for the Crown Valley Park Channel Entry & Parking Tier 2 Improvements Project, \$2.8 million is for the Crown Valley Widening Project - Phase 3, and \$4.9 million is for the Annual Street Resurfacing project.

CAPITAL ASSETS

The table below presents all City capital assets, net of accumulated depreciation, including infrastructure. Infrastructure includes roads, sidewalks, traffic signals, bridges, storm drains, and similar assets used by the entire population.

	Capital Assets at June 30		Increase/ (Decrease) from 2016
	2017	2016	
Land	\$ 271.1	\$ 271.1	\$ -
Construction in progress	11.5	1.8	9.7
Buildings and improvements	37.5	38.6	(1.1)
Park improvements	12.1	13.4	(1.3)
Swimming pool	0.6	0.6	-
Furniture, equipment and software	1.1	0.9	0.2
Vehicles	0.4	0.5	(0.1)
Infrastructure	233.4	238.0	(4.6)
Total	\$ 567.7	\$ 564.9	\$ 2.8

CAPITAL ASSETS (Continued)

The City's investment in capital assets, net of accumulated depreciation and retention payable, increased \$2.2 million, or 0.4%, during FY 2016-2017. Significant capital asset events during the fiscal year included:

- Increases in the construction in progress category primarily for the following continuing projects: Crown Valley Community Park Channel Entry & Parking (Tier 2) Improvements (\$7.9 million) and Crown Valley Widening Phase III (\$0.5 million); and
- Park improvement additions (construction in progress transfer) totaling \$0.4 million primarily related to the completion of the Bear Brand Synthetic Soccer Field Replacement project.

The addition of capital assets was partially offset by total annual depreciation for the current fiscal year in the amount of \$7.5 million. For more information on the City's capital assets, refer to Note 4 of the Notes to the Basic Financial Statements.

DEBT ADMINISTRATION

As of June 30, 2017, the City had the following outstanding liabilities related to its vehicle leases entered into during FY2016-2017, as well as compensated absences:

Long-Term Liabilities at June 30 (in millions)			
	2017	2016	Increase/ (Decrease) from 2016
Capital Leases	\$ 0.3	\$ 0.4	\$ (0.1)
Compensated Absences	0.6	0.6	-
Total	\$ 0.9	\$ 1.0	\$ (0.1)

For more information on the City's long-term liabilities, refer to Note 6 of the Notes to the Basic Financial Statements.

NEXT YEAR'S BUDGET

The FY 2017-2018 General Fund budget is \$38.4 million, which is a 10.9% increase from the FY 2016-2017 adopted budget. This increase is primarily attributable to increases in the Orange County Sheriff contract for police services, as well as increases in services and/or costs for Public Works for engineering, parks maintenance, and storm drain/water quality activities, additional personnel costs in Public Works and Parks and Recreation to accommodate increases in services/activities, and an increase in City's share of insurance costs for the risk-sharing pool. General Fund estimated revenues exceed operating budget appropriations by \$5.3 million. The City will use \$7.8 million of General Fund Capital Asset Replacement Reserves primarily to fund the planning, design and construction of the new Crown Valley Park Community Building. As such, the budget provides for a total transfer of \$15.1 million to the City Capital Projects Fund to meet capital needs.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the City's finances for all those interested in the government's finances. If you have questions about this report, or need additional financial information, please contact the Director of Finance, City of Laguna Niguel, 30111 Crown Valley Parkway, Laguna Niguel, California 92677.

BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

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City of Laguna Niguel
Statement of Net Position
June 30, 2017

	Total Governmental Activities
ASSETS	
Current assets:	
Cash and investments	79,594,345
Restricted cash	349,177
Receivables:	
Accounts	818,087
Taxes	2,189,853
Interest	188,059
Prepaid items	498,097
Deposits	169,700
Due from other governments	2,690,693
Noncurrent assets:	
Capital assets, not being depreciated	282,602,949
Capital assets, being depreciated, net	<u>285,103,020</u>
Total Assets	<u>654,203,980</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pension related deferred outflows of resources	1,857,313
Total Deferred Outflows of Resources	<u>1,857,313</u>
LIABILITIES	
Current liabilities:	
Accounts payable	8,308,783
Accrued liabilities	179,086
Deposits payable	1,385,162
Retention payable	647,022
Unearned revenue	34,846
Lease payable, due within one year	75,980
Compensated absences, due within one year	532,412
Noncurrent liabilities:	
Lease payable, due in more than one year	201,019
Compensated absences, due in more than one year	104,282
Other Postemployment Benefits obligation (Note 11)	1,774,624
Net pension liabilities (Note 10)	<u>6,528,796</u>
Total Liabilities	<u>19,772,012</u>
DEFERRED INFLOWS OF RESOURCES	
Pension related deferred inflows of resources	709,333
Total Deferred Inflows of Resources	<u>709,333</u>
NET POSITION	
Net investment in capital assets	566,781,948
Restricted for:	
Community development	440,446
Public safety	71,752
Streets	142,399
Air quality improvement	469,297
Unrestricted	<u>67,674,106</u>
Total net position	<u>\$ 635,579,948</u>

City of Laguna Niguel
Statement of Activities
For the Year Ended June 30, 2017

Functions/Programs	Expenses	Program Revenues				Total Program Revenues		
		Charges for Services	Operating Contributions and Grants	Capital Contributions And Grants				
Primary Government:								
Governmental Activities:								
General government	\$ 4,721,188	\$ -	\$ 4,675	\$ -	\$ 4,675			
Public safety	13,034,018	334,475	161,749	-	496,224			
Community development	3,125,278	2,058,550	139,019	-	2,197,569			
Parks and recreation	6,655,833	1,162,176	620	672,450	1,835,246			
Public works	23,735,075	33,407	2,353,989	714,601	3,101,997			
Total Governmental Activities	\$ 51,271,392	\$ 3,588,608	\$ 2,660,052	\$ 1,387,051	\$ 7,635,711			

City of Laguna Niguel
Statement of Activities (Continued)
For the Year Ended June 30, 2017

Functions/Programs	Net (Expenses) Revenues and Changes in Net Position
<hr/>	
Governmental Activities	
Primary Government:	
Governmental Activities:	
General government	\$ (4,716,513)
Public safety	(12,537,794)
Community development	(927,709)
Parks and recreation	(4,820,587)
Public works	<u>(20,633,078)</u>
Total Governmental Activities	<u>(43,635,681)</u>
General Revenues:	
Taxes:	
Property taxes, levied for general purpose	20,786,789
Sales taxes	11,448,371
Franchise taxes	2,270,993
Other taxes	<u>625,562</u>
Total taxes	<u>35,131,715</u>
Motor vehicle in lieu - unrestricted	29,631
Use of money and property	618,864
Other	<u>535,249</u>
Total General Revenues	<u>36,315,459</u>
Changes in Net Position	(7,320,222)
Net Position:	
Beginning of Year	642,900,170
End of Year	<u>\$ 635,579,948</u>

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FUND FINANCIAL STATEMENTS

*Governmental Fund Financial Statements
Proprietary Fund Financial Statements*

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GOVERNMENTAL FUND FINANCIAL STATEMENTS

General Fund - The City's primary operating fund that accounts for all financial resources of the general government except those required to be accounted for in another fund.

Miscellaneous Grants Special Revenue Fund - Accounts for revenues received and expenditures made for various City projects with funding provided by federal and state grants.

City Capital Projects Fund - Accounts for the expenditures relating to the City's individual capital projects.

Nonmajor Governmental Funds - To account for the aggregate of all the nonmajor governmental funds.

City of Laguna Niguel
Balance Sheet
Governmental Funds
June 30, 2017

	Major Funds		
	Special Revenue Fund		Capital Projects Fund
	General	Miscellaneous Grants	City Capital Projects
ASSETS			
Cash and investments	\$ 71,913,274	\$ -	\$ 6,014,161
Restricted cash	-	-	349,177
Receivables:			
Accounts	817,046	-	-
Taxes	2,189,853	-	-
Interest	188,059	-	-
Prepaid items	497,630	-	467
Deposits	16,960	-	152,740
Due from other governments	71,248	1,810,545	-
Due from other funds	2,419,717	-	-
Total assets	\$ 78,113,787	\$ 1,810,545	\$ 6,516,545
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 2,662,969	\$ -	\$ 5,364,819
Accrued salaries	179,086	-	-
Deposit payable	1,385,162	-	-
Due to other funds	-	1,821,235	-
Unearned revenue	34,207	-	-
Retentions payable	3,596	-	643,426
Total Liabilities	4,265,020	1,821,235	6,008,245
Deferred Inflows of Resources:			
Unavailable revenue	45,528	1,143,892	-
Total Deferred Inflows of Resources	45,528	1,143,892	-
Fund Balances:			
Nonspendable	514,590	-	153,207
Restricted	-	-	355,093
Committed	51,733,497	-	-
Assigned	21,555,152	-	-
Unassigned (deficit)	-	(1,154,582)	-
Total Fund Balances	73,803,239	(1,154,582)	508,300
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 78,113,787	\$ 1,810,545	\$ 6,516,545

City of Laguna Niguel
Balance Sheet (Continued)
Governmental Funds
June 30, 2017

	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS		
Cash and investments	\$ 838,976	\$ 78,766,411
Restricted cash	-	349,177
Receivables:		
Accounts	1,041	818,087
Taxes	-	2,189,853
Interest	-	188,059
Prepaid items	-	498,097
Deposits	-	169,700
Due from other governments	808,900	2,690,693
Due from other funds	-	2,419,717
Total assets	\$ 1,648,917	\$ 88,089,794
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES		
Liabilities:		
Accounts payable	\$ 280,995	\$ 8,308,783
Accrued salaries	-	179,086
Deposit payable	-	1,385,162
Due to other funds	598,482	2,419,717
Unearned revenue	639	34,846
Retentions payable	-	647,022
Total Liabilities	880,116	12,974,616
Deferred Inflows of Resources:		
Unavailable revenue	563,493	1,752,913
Total Deferred Inflows of Resources	563,493	1,752,913
Fund Balances:		
Nonspendable:	-	667,797
Restricted	609,553	964,646
Committed	-	51,733,497
Assigned	-	21,555,152
Unassigned (deficit)	(404,245)	(1,558,827)
Total Fund Balances	205,308	73,362,265
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 1,648,917	\$ 88,089,794

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City of Laguna Niguel
Reconciliation of the Balance Sheet of Governmental Funds
to the Government-Wide Statement of Net Position
June 30, 2017

Fund balances of governmental funds	\$ 73,362,265
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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 (net of \$416,768 reported in the Internal Service Fund).	567,289,201
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Long-term liabilities and related deferred outflows and inflows of resources are not due and payable in the current period and, therefore, are not reported in the governmental funds:

Pension related deferred outflows of resources	\$ 1,857,313
Compensated absences	(636,694)
Net pension liabilities	(6,528,796)
Other Postemployment Benefits obligation	(1,774,624)
Pension related deferred inflows of resources	<u>(709,333)</u> <u>(7,792,134)</u>

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

1,752,913

Internal service funds are used by management to charge the costs of certain activities, such as vehicle replacement to individual funds. The assets and liabilities of the internal service fund are reported in the statement of net position.

967,703

Net position of governmental activities

\$ 635,579,948

City of Laguna Niguel
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2017

	Major Funds		
	Special Revenue Fund		Capital Projects Fund
	General	Miscellaneous Grants	City Capital Projects
REVENUES:			
Taxes	\$ 35,577,102	\$ -	\$ -
Licenses and permits	2,052,662	-	-
Intergovernmental	85,700	810,304	-
Charges for services	1,214,619	-	-
Use of money and property	616,966	-	-
Fines and forfeitures	334,394	-	-
Contributions	9,820	-	-
Developer participation	-	-	-
Miscellaneous	535,249	-	-
Total revenues	40,426,512	810,304	-
EXPENDITURES:			
Current:			
General government	3,948,320	-	-
Public safety	12,509,815	-	-
Community development	2,896,362	-	-
Parks and recreation	3,873,182	-	-
Public works	8,210,984	-	-
Capital outlay	380,707	-	20,093,605
Total expenditures	31,819,370	-	20,093,605
Excess (Deficiency) of Revenues			
Over (Under) Expenditures	8,607,142	810,304	(20,093,605)
OTHER FINANCING SOURCES (USES):			
Transfers in	15,556	286,336	19,877,089
Transfers out	(17,720,429)	(923,025)	-
Total other financing sources (uses)	(17,704,873)	(636,689)	19,877,089
NET CHANGE IN FUND BALANCES			
	(9,097,731)	173,615	(216,516)
Fund Balances:			
Beginning of Year	82,900,970	(1,328,197)	724,816
End of Year	\$ 73,803,239	\$ (1,154,582)	\$ 508,300

City of Laguna Niguel
Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Governmental Funds
For the Year Ended June 30, 2017

	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:		
Taxes	\$ -	\$ 35,577,102
Licenses and permits	-	2,052,662
Intergovernmental	5,363,756	6,259,760
Charges for services	-	1,214,619
Use of money and property	1,904	618,870
Fines and forfeitures	-	334,394
Contributions	-	9,820
Developer participation	-	-
Miscellaneous	-	535,249
Total revenues	5,365,660	46,602,476
EXPENDITURES:		
Current:		
General government	-	3,948,320
Public safety	155,736	12,665,551
Community development	122,693	3,019,055
Parks and recreation	-	3,873,182
Public works	1,499,354	9,710,338
Capital outlay	-	20,474,312
Total expenditures	1,777,783	53,690,758
Excess (Deficiency) of Revenues		
Over (Under) Expenditures	3,587,877	(7,088,282)
OTHER FINANCING SOURCES (USES):		
Transfers in	67,179	20,246,160
Transfers out	(1,602,706)	(20,246,160)
Total other financing sources (uses)	(1,535,527)	-
NET CHANGE IN FUND BALANCES		
	2,052,350	(7,088,282)
Fund Balances:		
Beginning of Year	(1,847,042)	80,450,547
End of Year	\$ 205,308	\$ 73,362,265

City of Laguna Niguel
Reconciliation of the Statement of Revenues, Expenditures, and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2017

Net change in fund balances - total governmental funds: \$ (7,088,282)

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

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

Capital outlay, net of \$10,092,929 reported as functional expenditures and \$66,507 reported in the Internal Service Fund	\$ 10,419,869
Depreciation expense, net of \$122,986 reported in the Internal Service Fund	(7,377,996)
The net effect of disposal of capital assets	<u>(233,428)</u>

Compensated absences expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

(13,343)

Governmental funds report all contributions in relation to the annual required contribution ("ARC") for OPEB as expenditures; however, in the statement of activities the annual OPEB cost is reported as an expense.

(236,104)

Pension expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds, net of \$710,160 reported as pension contribution made after measurement date.

(46,918)

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

(2,651,306)

Internal service funds are used by management to charge the costs of certain activities, such as vehicle replacement, to individual funds. The net revenues (expenses) of the internal service funds are reported with governmental activities.

(92,714)

Changes in net position of governmental activities

\$ (7,320,222)

PROPRIETARY FUND FINANCIAL STATEMENTS

Internal Service Funds account for financing of goods and services provided by one department to other departments of the City on a cost-reimbursement basis.

Vehicle Replacement Internal Service Fund - Accounts for interdepartmental operations where it is the stated intent that costs of replacing vehicles to the departments of the City on a continuing basis be financed or recovered primarily by charges to the user departments.

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City of Laguna Niguel
Statement of Net Position
Proprietary Funds
June 30, 2017

	Governmental Activities - Internal Service Fund
	<u>Vehicle Replacement Fund</u>

ASSETS

Current:

Cash and investments	\$ 827,934
Total current assets	827,934

Noncurrent:

Vehicles - net of accumulated depreciation	416,768
Total Noncurrent Assets	416,768
Total Assets	1,244,702

LIABILITIES

Current:

Lease payable, due within one year	75,980
Total current liabilities	75,980

Noncurrent:

Lease payable, due in more than one year	201,019
Total noncurrent liabilities	201,019
Total liabilities	276,999

NET POSITION

Net investment in capital assets	139,769
Unrestricted	827,934
Total Net Position	\$ 967,703

City of Laguna Niguel
Statement of Revenues, Expenses, and Change in Net Position
Proprietary Funds
For the Year Ended June 30, 2017

	<u>Governmental Activities - Internal Service Fund</u>	<u>Vehicle Replacement Fund</u>
OPERATING EXPENSES:		
Depreciation expense	\$ 122,986	
Total Operating Expenses	<u>122,986</u>	
Operating Income (Loss)	<u>(122,986)</u>	
NONOPERATING REVENUES (EXPENSES)		
Gain on sale of capital assets	42,030	
Interest revenue	2,025	
Interest expense related to lease payable	<u>(13,783)</u>	
Total Nonoperating Revenues (Expenses)	<u>30,272</u>	
CHANGE IN NET POSITION		
Net Position:		
Beginning of Year	<u>1,060,417</u>	
End of Year	<u>\$ 967,703</u>	

City of Laguna Niguel
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2017

	<u>Governmental Activities - Internal Service Fund</u>	<u>Vehicle Replacement Fund</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Purchase of capital assets	\$ (66,507)	
Repayment of capital leases	(76,263)	
Interest payment paid for capital lease	(13,783)	
Proceeds from sale of capital assets	42,030	
Net cash (used in) capital and related financing activities	(114,523)	
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest received	2,025	
Net cash provided by investing activities	2,025	
Net (decrease) in cash and cash equivalents	(112,498)	
CASH AND CASH EQUIVALENTS:		
Beginning of year	940,432	
End of year	<u><u>\$ 827,934</u></u>	
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:		
Operating (loss)	\$ (122,986)	
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Depreciation	122,986	
Total Adjustments	122,986	
Net cash provided by (used in) operating activities	<u><u>\$ -</u></u>	

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NOTES TO THE BASIC FINANCIAL STATEMENTS

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City of Laguna Niguel
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For the Year Ended June 30, 2017

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City of Laguna Niguel
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For the Year Ended June 30, 2017

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City of Laguna Niguel
Notes to the Basic Financial Statements
For the Year Ended June 30, 2017

Note 1 – Summary of Significant Accounting Policies

The basic financial statements of the City of Laguna Niguel, California (the “City”) are prepared in conformity with accounting principles generally accepted in the United States of America (“U.S. GAAP”) as applied to governmental agencies. The Governmental Accounting Standards Board (“GASB”) is the accepted standard setting body for establishing accounting and financial reporting principles. The more significant of the City’s accounting policies are described below.

A. *Financial Reporting Entity*

The City was incorporated on December 1, 1989 under the general laws of the State of California and enjoys all the rights and privileges pertaining to such “General Law” cities. The City operates under a council-manager form of government and currently provides public safety, animal control, planning, building, code enforcement, engineering, street and park maintenance, street lighting, parks and recreation programs and general administrative services.

This report includes all fund types of the City (the “primary government”). The City does not include any component units for the fiscal year ended June 30, 2017. Component units are entities for which the City is considered to be financially accountable. The City is considered to be financially accountable for an organization if the City appoints a voting majority of that organization’s governing body and the City is able to impose its will on that organization, or there is a potential for that organization to provide specific financial benefits to, or impose specific financial burdens on, the City. The City is also considered to be financially accountable if that organization is fiscally dependent (i.e., it is unable to adopt its budget, levy taxes, set rates or charges, or issue bonded debt without approval from the City). In certain cases, other organizations are included as component units if the nature and significance of their relationship with the City are such that their exclusion would cause the City’s financial statements to be misleading or incomplete.

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

The accounts of the City are organized on the basis of funds, each of which is considered 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, fund equity, revenues, and expenditures or expenses, as appropriate. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained in accordance with legal and managerial requirements.

Government-Wide Financial Statements

The City’s Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities and Changes in Net Position. These statements present summaries of governmental activities for the City.

These basic financial statements are presented on an “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all of the City’s assets and liabilities, including capital assets, as well as infrastructure assets, and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in Net Position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

City of Laguna Niguel
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2017

Note 1 – Summary of Significant Accounting Policies (Continued)

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

Certain types of transactions are reported as program revenues for the City in three categories:

- Charges for services
- Operating grants and contributions
- Capital grants and contributions

Certain eliminations have been made in regards to interfund activities, payables and receivables. All internal balances in the Statement of Net Position have been eliminated. In the Statement of Activities and Changes in Net Position, allocated portion of the internal service fund transactions have been eliminated. The following interfund activities have been eliminated:

- Due to/from other funds
- Transfers in/out

Governmental Fund Financial Statements

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and nonmajor funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in Net Position as presented in these statements to the Net Position presented in the Government-Wide Financial Statements. The City has presented all major funds that met the applicable criteria.

All governmental funds are accounted for on a spending or "current financial resources" measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period.

Revenues are recognized as soon as they are both "measurable" and "available". Revenues are considered to be available when they are collectible within the current period as soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The primary revenue sources, which have been treated as susceptible to accrual by the City, are property taxes, sales tax, intergovernmental revenues and other taxes. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

The reconciliations of the Fund Financial Statements to the Government-Wide Financial Statements is provided to explain the differences..

City of Laguna Niguel
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2017

Note 1 – Summary of Significant Accounting Policies (Continued)

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

Governmental Fund Financial Statements (Continued)

The City reports the following major governmental funds:

- General Fund - The City's primary operating fund that accounts for all financial resources of the general government except those required to be accounted for in another fund.
- Miscellaneous Grants Special Revenue Fund - Accounts for revenues received and expenditures made for various City projects with funding provided by federal and state grants.
- City Capital Projects Fund - Accounts for the expenditures relating to the City's individual capital projects.

Additionally, the City reports nonmajor governmental funds. These nonmajor governmental funds are Special Revenue Funds which account for the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service and capital projects.

Proprietary Fund Financial Statements

Proprietary fund financial statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Net Position, and a Statement of Cash Flows.

Internal Service Fund is also presented in these statements. However, internal service balances and activities have been combined with the governmental activities in the Government-Wide Financial Statements. The City's Internal Service Fund includes one individual fund which provides services directly to other City funds.

Proprietary funds are accounted for using the "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Position. The Statement of Revenues, Expenses, and Changes in Net Position present increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. In these funds, receivables have been recorded as revenue and provisions have been made for uncollectible amounts.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

The City reports the following proprietary fund:

- Vehicle Replacement Internal Service Fund - Accounts for interdepartmental operations where it is the stated intent that costs of replacing vehicles to the departments of the City on a continuing basis be financed or recovered primarily by charges to the user departments.

City of Laguna Niguel
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2017

Note 1 – Summary of Significant Accounting Policies (Continued)

C. Cash and Cash Equivalents

The City pools its available cash for investment purposes. The City considers pooled cash and investment amounts, with original maturities of three months or less, to be cash equivalents.

For purposes of the Statement of Cash Flows, cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash and so near their maturity that they present insignificant risk of changes in fair value because of changes in interest rates. Cash equivalents generally have an original maturity date of three months or less from the date of purchase. Cash equivalents generally have an original maturity date of three months or less from the date of purchase. Cash equivalents also represent the proprietary fund's share in the cash and investments pool of the City.

D. Investments

Investments are reported in the accompanying financial statements at fair value. Changes in fair value that occur during the 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. Each fund's share in this pool is displayed in the accompanying financial statements as *cash and investments*. Investment income earned by the pooled investments is allocated to the various funds based on each fund's average cash and investment balance, except for investment income associated with funds not legally required to receive pooled investment income, which has been assigned to and recorded as revenue of the General Fund, as provided by California Government Code 53647.

E. Fair Value Measurements

U.S. GAAP defines fair value, establishes a framework for measuring fair value and establishes disclosures about fair value measurement. Investments, unless otherwise specified, recorded at fair value in the financial statements, are categorized based upon the level of judgment associated with the inputs used to measure their fair value. Levels of inputs are as follows:

The three levels of the fair value measurement hierarchy are described below:

- Level 1 – Inputs are unadjusted, quoted prices for identical assets or liabilities in active markets at the measurement date.
- Level 2 – Inputs, other than quoted prices included in Level 1, that are observable for the assets or liabilities through corroboration with market data at the measurement date.
- Level 3 – Unobservable inputs that reflect management's best estimate of what market participants would use in pricing the assets or liabilities at the measurement date.

F. Receivables

Receivables include such items as taxes, intergovernmental revenues, charges for services, miscellaneous accounts receivable, and interest receivable. No allowance for doubtful accounts has been established, as the City believes all amounts are considered to be collectible in the normal course of business.

City of Laguna Niguel
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2017

Note 1 – Summary of Significant Accounting Policies (Continued)

G. Prepaid Items

Prepaid items are payments made to vendors for services that will benefit periods beyond the fiscal year ended using purchase method.

H. Capital Assets

All capital assets are valued at historical cost or estimated historical cost if actual historical cost not available. Contributed capital assets are valued at their acquisition value on the date of acquisition. The City's policy is to capitalize all assets with an initial, individual cost equal to or more than \$5,000 and all computer and digital equipment with a useful life of more than one year.

Capital assets, which include land, buildings and building improvements, park improvements, swimming pool, furniture and equipment, software, vehicles, constructions in progress and infrastructure assets (street systems, storm drains, bridges, etc.), are reported in the governmental activities column of the government-wide financial statements.

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

Depreciation has been provided on capital assets in the government-wide financial statements. Depreciation of all capital assets is charged as an expense against operations each year and the total amount of depreciation taken over the years, called accumulated depreciation, is reported on the Statement of Net Position as a reduction in the book value of capital assets. Depreciation is reported using the straight-line method, which means the cost of the asset is divided by its expected useful life in years and the result is charged to expense each year until the asset is fully depreciated.

The City has assigned the useful lives listed below to capital assets:

Asset Type	Useful Lives (Years)
Curbs, gutters, sidewalks, catch basins, and manholes	100
Streets, street lights, storm drains, tunnels, and bridges	75
Buildings and building improvements	15-45
Swimming pool and improvements	15-25
Park improvements	10-25
Furniture and equipment	3-15
Vehicles	3-10
Software	10

City of Laguna Niguel
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2017

Note 1 – Summary of Significant Accounting Policies (Continued)

I. Deferred Outflows and Inflows of Resources

The Statement of Net Position reports separate sections for Deferred Outflows or Resources, and Deferred Inflows of Resources, when applicable.

Deferred Outflows of Resources represent outflows of resources (consumption of net position) that apply to future periods and that, therefore, will not be recognized as an expense until that time.

Deferred Inflows of Resources represent inflows of resources (acquisition of net position) that apply to future periods and that, therefore, will not be recognized as revenue until that time.

J. Pension Plans

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

The following timeframes are used for pension reporting:

<u>CalPERS</u>	
Valuation Date	June 30, 2015
Measurement Date	June 30, 2016
Measurement Period	July 1, 2015 to June 30, 2016

Gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time. The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and inflows of resources related to pensions and are to be recognized in further pension expense. The amortization period differs depending on the source of the gain or loss. The difference between projected and actual earnings is amortized over five years. All other amounts are amortized straight-line over the average expected remaining service lives of all members that are provided with benefits (active, inactive, and retired) as of the beginning of the measurement period.

City of Laguna Niguel
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2017

Note 1 – Summary of Significant Accounting Policies (Continued)

K. Property Taxes

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

Under California law, property taxes are assessed and collected by the counties at up to 1% of assessed value, plus other increases approved by the voters. The property taxes go into a pool, and are then allocated to the cities based on complex formulas. The County of Orange collects property taxes for the City. Tax liens attach annually as of 12:01 a.m. on the first day of January preceding the fiscal year for which the taxes are levied. Taxes are levied on July 1 and cover 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 March 1 each year, and are delinquent, if unpaid, on August 31.

L. Compensated Absences

Upon termination or retirement, permanent employees are entitled to receive compensation at their current base salary for all unused vacation leave, and 0%-50% of the value of unused sick leave depending on length of service and date of hire.

A liability is recorded for unused vacation and similar compensatory leave balances since the employees' entitlement to these balances are attributable to services already rendered and it is probable that virtually all of these balances will be liquidated by either paid time off or payments upon termination or retirement.

A liability is recorded for unused sick leave balances only to the extent that it is probable that the unused balances will result in termination payments. This is estimated by including in the liability the unused balances of employees currently entitled to receive termination payments, as well as those who are expected to become eligible to receive termination benefits as a result of continuing their employment with the City. Other amounts of unused sick leave are excluded from the liability since their payment is contingent solely upon the occurrence of a future event (illness), which is outside the control of the City and the employee.

City of Laguna Niguel
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2017

Note 1 – Summary of Significant Accounting Policies (Continued)

M. Net Position and Fund Balances

In the government-wide financial statements and proprietary fund financial statements, net position is classified as follows:

Net Investment in Capital Assets – This component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of debt that are attributable to the acquisition, construction, or improvement of those assets and retention payable.

Restricted – This component of net position consists of restricted assets and deferred outflows of resources reduced by liabilities and deferred inflows of resources related to those assets.

Unrestricted – This component of net position is the amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of the net position.

In the Governmental Fund Financial Statements, fund balances are classified in the following categories:

Nonspendable – Nonspendable fund balances are items that are not expected to be converted to cash, such as prepaid items and deposits, or items that are required to be maintained intact, such as principal of an endowment or revolving loan funds.

Restricted – Restricted fund balances include amounts that can be spent only for the specific purposes stipulated by external resources providers, such as grant providers, constitutionally, or through enabling legislation. Effectively, restrictions may be changed or lifted only with the consent of resource providers.

Committed – Committed fund balances include amounts that can be used only for the specific purposes determined by formal action of the government's highest level of decision making authority, i.e. adoption of the annual City Financial Reserves Policy and resolutions. Commitments may be changed or lifted only by the government taking the same formal action that imposed the constraint originally. The City Council is considered the highest authority for the City. Commitments of fund balance are specified in the City's Financial Reserves Policy, which is reviewed and amended as appropriate on an annual basis by the City Council.

Assigned – Assigned fund balances comprise amounts intended to be used by the government for specific purposes. Intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. The City Council is the body authorized to assign amounts to a specific purpose. In governmental funds, other than the General Fund, assigned fund balance represents all amounts that are not classified as restricted or committed. Resources in governmental funds other than the General Fund are to be used for the specific purpose of that fund.

City of Laguna Niguel
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2017

Note 1 – Summary of Significant Accounting Policies (Continued)

M. Net Position and Fund Balances (Continued)

Unassigned – Unassigned fund balance is a residual (surplus) classification used for the General Fund only and includes amounts not contained in the other classifications. Unassigned amounts in the General Fund are technically available for any purpose. If a governmental fund, other than the General Fund, has a fund balance deficit, it will be reported as a negative amount in the unassigned classification in that fund.

Spending Policy

Government-Wide Financial Statements and the Proprietary Fund Financial Statements

When expenses are incurred for purposes for which both restricted and unrestricted components of net position are available, the City's policy is to apply the restricted component of net position first, then the unrestricted component of net position as needed.

Governmental Fund Financial Statements

When expenditures are incurred for purposes for which all restricted, committed, assigned, and unassigned fund balances are available, the City's policy is to apply in the following order, except for instances wherein an ordinance specifies the fund balance:

- Restricted
- Committed
- Assigned
- Unassigned

N. Use of Estimates

The preparation of basic financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates and assumptions.

O. Change in Accounting Principles

GASB Statement No. 82, *Pension Issues*. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, Financial Reporting for Pension Plans, No. 68, Accounting and Financial Reporting for Pensions, and No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. This statement did not have a significant impact on the City's financial statements for the year ended June 30, 2017.

City of Laguna Niguel
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2017

Note 2 – Stewardship, Compliance and Accountability

A. Deficit Fund Balance

The following funds had a deficit fund balance at June 30, 2017:

Special Revenue Funds:		
Miscellaneous Grants	\$	(1,154,582)
Measure "M"		(404,245)

These deficits are primarily the result of unavailable grant revenue at June 30, 2017 and will be eliminated upon receipt of the grant reimbursements in the following fiscal year.

B. Expenditures in Excess of Appropriations

The following funds had expenditures in excess of appropriations:

Fund	Appropriations	Expenditures	Excess of Expenditures Over Appropriations
Major Governmental Funds:			
General Fund:			
Public safety	\$ 12,394,446	\$ 12,509,815	\$ (115,369)
Nonmajor Governmental Funds:			
Gas Tax Special Revenue Fund:			
Public works	1,334,792	1,439,484	(104,692)

The excess expenditures were covered by sufficient existing fund balance.

City of Laguna Niguel
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2017

Note 3 – Cash and Investments

The City maintains a cash and investment pool, which includes cash balances and authorized investments of all funds. Certain restricted funds which are held and invested by independent outside custodians through contractual agreements are not pooled. These restricted funds include the deposits held in escrow.

The City had the following cash and investments at June 30, 2017:

<u>Governmental Activities</u>	
Cash and investments	\$ 79,594,345
Restricted cash	<u>349,177</u>
Total cash and investments	<u>\$ 79,943,522</u>

The City's cash and investments at June 30, 2017 in more detail:

Cash and cash equivalents:	
Cash on hand	\$ 3,240
Demand deposits	253,180
Escrow deposits	<u>349,177</u>
Total cash and cash equivalents	<u>605,597</u>
Investments:	
U.S. Treasury money market mutual fund	2,665
State Local Agency Investment Fund (LAIF)	36,873,118
Orange County Investment Pool (OCIP)	12,461,982
U.S. Treasury Notes	17,962,700
U.S. Government Sponsored Enterprise Securities	<u>12,037,460</u>
Total investments	<u>79,337,925</u>
Total cash and investments	<u>\$ 79,943,522</u>

A. Demand Deposits

The carrying amounts of the City's deposits were \$253,180 at June 30, 2017. Bank balances at that date were \$279,549, the total amount of which was collateralized or insured with accounts held by the pledging financial institutions in the City's name as discussed below.

The California Government Code requires California banks and savings and loan associations to secure the City's cash deposits by pledging securities as collateral. This Code states that collateral pledged in this manner shall have the effect of perfecting a security interest in such collateral superior to those of a general creditor. Thus, collateral for cash deposits is considered to be held in the City's name.

The market value of pledged securities must equal at least 110% of the City's cash deposits. California law also allows institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the City's total cash deposits. The City may waive collateral requirements for cash deposits, which are fully insured up to \$250,000 by the Federal Deposit Insurance Corporation. The City, however, has not waived the collateralization requirements.

City of Laguna Niguel
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2017

Note 3 – Cash and Investments (Continued)

A. Demand Deposits (Continued)

The City follows the practice of pooling cash and investments of all funds, except for funds deposited in escrow which were required by construction projects. Interest income earned on pooled cash and investments is allocated on an accounting period basis to the various funds based on the period-end cash and investment balances.

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

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

Authorized Investment Type	Maximum Maturity	Maximum Percentage Allowed	Maximum Investments in One Issuer
U.S Treasury Obligations	5 Years	None	None
U.S. Government Sponsored Enterprise Securities	5 Years	60%	25%
State Local Agency Investment Fund (LAIF)	N/A	55%*	\$40 million*
Insured Certificates of Deposits	5 Years	30%	\$250,000
Insured Money Market Accounts	N/A	None	None
U.S. Treasury Money Market Mutual Funds	N/A	20%	10%
Orange County Investment Pool (OCIP)	N/A	20%*	\$15 million*

N/A - Not Applicable

* Whichever is less

C. Fair Value Measurement Disclosure

At June 30, 2017, investments are reported at fair value. The following table presents the fair value measurements of investments on a recurring basis and the levels with GASB 72 fair value hierarchy in which the fair value measurements fall at June 30, 2017:

Investment Type	Measurement Inputs				Total
	Quoted Prices in Active Markets for Identical Assets (Level 1)		Significant Other Observable Input (Level 2)	Uncategorized	
U.S. Treasury Notes	\$ 17,962,700	⁽¹⁾	\$ -	\$ -	\$ 17,962,700
U.S. Government Sponsored Enterprise Securities	-		12,037,460 ⁽¹⁾	-	12,037,460
U.S. Treasury money market mutual fund	-		-	2,665	2,665
OCIP	-			12,461,982	12,461,982
LAIF	-			36,873,118	36,873,118
Total	\$ 17,962,700		\$ 12,037,460	\$ 49,337,765	\$ 79,337,925

(1) Priced based on IDSI Institutional Bond Quotes

City of Laguna Niguel
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2017

Note 3 – Cash and Investments (Continued)

D. Risk Disclosures

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the City manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

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

Investment Type	Remaining Maturity (In Months)			
	12 Months or Less	13-24 Months	25-60 Months	Total
U.S. Treasury Notes	\$ 994,690	\$ 9,004,100	\$ 7,963,910	\$ 17,962,700
U.S. Government Sponsored Enterprise Securities	9,020,050	3,017,410	-	12,037,460
U.S. Treasury money market mutual funds	2,665	-	-	2,665
OCIP	12,461,982	-	-	12,461,982
LAIF	36,873,118	-	-	36,873,118
Total	\$ 59,352,505	\$ 12,021,510	\$ 7,963,910	\$ 79,337,925

Credit Risk

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

Investment Type	Total as of June 30, 2017	Minimum		
		Legal Rating	AAA	Not Rated
U.S. Treasury Notes	\$ 17,962,700	N/A	\$ 17,962,700	\$ -
U.S. Government Sponsored Enterprise Securities	12,037,460	N/A	12,037,460	-
U.S. Treasury money market mutual funds	2,665	N/A	2,665	-
OCIP	12,461,982	N/A	-	12,461,982
LAIF	36,873,118	N/A	-	36,873,118
Total	\$ 79,337,925		\$ 30,002,825	\$ 49,335,100

N/A - Not Applicable

City of Laguna Niguel
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2017

Note 3 – Cash and Investments (Continued)

D. Risk Disclosures (Continued)

Concentration of Credit Risk

The investment policy of the City contains a limitation on the amount that can be invested in any one issuer of Federal Agency securities to a maximum of 25% of total investments. The City was in compliance with this limitation at June 30, 2017, and throughout the fiscal year.

Investments in any one issuer that represent 5% or more of total City investments at June 30, 2017, are as follows:

Issuer	Investment Type	Reported Amount	Percentage
Federal National Mortgage Association	U.S. Government Sponsored Enterprise Securities	\$ 8,026,910	10.12%

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than as follows. The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the City. California law also allows financial institutions to secure city deposits by pledging first trust deed mortgage notes having a value of 150% of the secured City deposits. The City's investment policy requires delivery versus payment procedures and that all securities be held in third-party safekeeping by a custodial financial institution.

As of June 30, 2017, all of the City's deposits with financial institutions in excess of Federal depository insurance limits were collateralized by an interest in an undivided collateral pool as required by State law. In addition, all investments were held by the third-party safekeeping institution.

City of Laguna Niguel
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2017

Note 3 – Cash and Investments (Continued)

E. Investment in State Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The net asset value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. The City investments in LAIF at June 30, 2017 included a portion of pool funds invested in Structured Notes and Asset-Backed Securities.

Structured Notes: debt securities (other than asset-backed securities) whose cash flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or that have embedded forwards or options.

Asset-Backed Securities: generally mortgage-backed securities that entitle their purchasers to receive a share of the cash flows from a pool of assets such as principal and interest repayments from a pool of mortgages (for example, Collateralized Mortgage Obligations) or credit card receivables.

As of June 30, 2017, the City had \$36,873,118 invested in LAIF, which had invested 2.89% of the pool investment funds in Structured Notes and Asset-Backed Securities.

F. Investment in Orange County Investment Pool

The City is a voluntary participant in the Orange County Investment Pool ("OCIP") that is regulated by the California Government Code Section 53647 under the oversight of the Treasurer of Orange County (the "County"). OCIP is an external investment pool, is not rated and is not registered with the Securities Exchange Commission ("SEC"). The County Treasury Oversight Committee conducts OCIP oversight. Cash on deposit in OCIP at June 30, 2017, is stated at net asset value at the year-end. For further information regarding OCIP, refer to the County of Orange Comprehensive Annual Financial Report.

City of Laguna Niguel
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2017

Note 4 – Capital Assets

The following is a summary of changes in the capital assets for governmental activities during the fiscal year:

	Balance July 1, 2016	Additions	Deletions	Reclassification	Balance June 30, 2017
Capital assets, not being depreciated:					
Land	\$ 271,068,667	\$ -	\$ -	\$ -	\$ 271,068,667
Construction in progress	1,829,631	10,278,169	(122,750)	(450,768)	11,534,282
Total capital assets, not being depreciated	272,898,298	10,278,169	(122,750)	(450,768)	282,602,949
Capital assets, being depreciated:					
Building and improvements	48,371,450	92,166	-	-	48,463,616
Park improvements	32,818,584	-	(332,033)	409,330	32,895,881
Swimming pool	2,523,606	-	-	41,438	2,565,044
Furniture and equipment	2,281,157	49,534	-	-	2,330,691
Software	346,040	-	-	-	346,040
Vehicles	1,461,372	66,507	(274,190)	-	1,253,689
Infrastructure	349,798,526	-	-	-	349,798,526
Total capital assets, being depreciated	437,600,735	208,207	(606,223)	450,768	437,653,487
Less accumulated depreciation for:					
Building and improvements	(9,846,704)	(1,089,124)	-	-	(10,935,828)
Park improvements	(19,446,811)	(1,537,353)	221,355	-	(20,762,809)
Swimming pool	(1,950,113)	(57,964)	-	-	(2,008,077)
Furniture and equipment	(1,432,848)	(112,182)	-	-	(1,545,030)
Software	(60,557)	(34,604)	-	-	(95,161)
Vehicles	(988,125)	(122,986)	274,190	-	(836,921)
Infrastructure	(111,819,872)	(4,546,769)	-	-	(116,366,641)
Total accumulated depreciation	(145,545,030)	(7,500,982)	495,545	-	(152,550,467)
Total capital assets, being depreciated, net	292,055,705	(7,292,775)	(110,678)	450,768	285,103,020
Governmental activities capital assets, net	\$ 564,954,003	\$ 2,985,394	\$ (233,428)	\$ -	\$ 567,705,969

Infrastructure assets comprise a significant portion of capital assets. Infrastructure assets are future identified by type as follows:

	Balance July 1, 2016	Additions	Deletions	Reclassification	Balance June 30, 2017
Infrastructure assets:					
Streets	\$ 306,019,176	\$ -	\$ -	\$ -	\$ 306,019,176
Storm drains	20,613,414	-	-	-	20,613,414
Traffic signals	10,340,486	-	-	-	10,340,486
Bridges	5,625,168	-	-	-	5,625,168
Trails	7,200,282	-	-	-	7,200,282
Total infrastructure assets	349,798,526	-	-	-	349,798,526
Less accumulated depreciation for:					
Streets	(96,537,841)	(3,922,019)	-	-	(100,459,860)
Storm drains	(8,982,663)	(273,358)	-	-	(9,256,021)
Traffic signals	(3,341,919)	(137,291)	-	-	(3,479,210)
Bridges	(1,588,446)	(93,796)	-	-	(1,682,242)
Trails	(1,369,003)	(120,305)	-	-	(1,489,308)
Total accumulated depreciation	(111,819,872)	(4,546,769)	-	-	(116,366,641)
Total infrastructure assets, net	\$ 237,978,654	\$ (4,546,769)	\$ -	\$ -	\$ 233,431,885

City of Laguna Niguel
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2017

Note 4 – Capital Assets (Continued)

Depreciation expense was charged to the City's programs as follows:

Governmental Activities	
General government	\$ 610,034
Public safety	23,526
Community development	22,969
Public works	5,606,701
Parks and recreation	1,114,766
Internal Service Fund	<u>122,986</u>
Total depreciation expense - governmental activities	<u>\$ 7,500,982</u>

Note 5 – Interfund Activity

A. Due From and To Other Funds

The composition of interfund balances as of June 30, 2017, is as follows:

		Due To Other Funds		
		Governmental Funds		
Due From Other Funds		Miscellaneous Grants	Nonmajor	
		Special Revenue Fund	Governmental Funds	Total
Governmental Funds:				
General Fund		<u>\$ 1,821,235</u>	<u>\$ 598,482</u>	<u>\$ 2,419,717</u>

All interfund balances are short-term in nature and are expected to be repaid within one year. The Measure "M" Special Revenue Fund, Miscellaneous Grants Special Revenue Fund, and Community Development Block Grant Special Revenue Fund had negative cash balances at June 30, 2017. These amounts have been reclassified as interfund receivables/payables for financial statement purposes.

B. Transfers In and Out

Transfers In					
Governmental Funds					
Transfers Out	General Fund	Miscellaneous Grant Special Revenue Fund	City Capital Projects	Nommajor Governmental Funds	Total
Governmental Funds:					
General Fund	\$ -	\$ 267,431	\$ 17,441,895	\$ 11,103	\$ 17,720,429
Miscellaneous Grants Special Revenue Fund	10,691	-	856,258	56,076	923,025
Nonmajor Governmental Funds	4,865	18,905	1,578,936	-	1,602,706
	<u>\$ 15,556</u>	<u>\$ 286,336</u>	<u>\$ 19,877,089</u>	<u>\$ 67,179</u>	<u>\$ 20,246,160</u>

City of Laguna Niguel
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2017

Note 5 – Interfund Activity (Continued)

B. Transfers In and Out (Continued)

Transfers to General Fund and Miscellaneous Grant Special Revenue Fund in the amount of \$15,556 and \$286,336 were to adjust cash balances between funds based on prior year(s) grant activities. Transfers from General Fund to Nonamjor Governmental Funds in the amount of \$11,103 was to provide General Fund 20% match for Senior Mobility Program for expenditures initially run through Senior Transportation Special Revenue Fund. Transfers from Miscellaneous Grants Special Revenue to Nonmajor Governmental Funds in the amount of \$56,076 was to set up the Senior Transportation Special Revenue Fund.

Transfers from General Fund to Capital Projects Fund in the amount of \$216,518 was to adjust cash balances between funds based on prior year(s) grant activities. The rest of the transfers to City Capital Projects Fund were related to capital projects in the amount of \$19,660,571. The City accounts for all capital projects in a separate fund. These projects are approved through the annual budget process and each project is approved with an identified funding source(s). Most funding sources are identified as the General Fund, with the remainder funded by restricted revenue sources, such as Measure “M” and other federal and state grant funding.

Note 6 – Long-Term Liabilities

Summary of changes in long-term liabilities for the year ended June 30, 2017 is as follows:

	Balance		Deletions	Balance		Due within One Year	Due in More Than One Year
	July 1, 2016	Additions		June 30, 2017			
Governmental Activities:							
Capital leases	\$ 353,262	\$ -	\$ (76,263)	\$ 276,999	\$ 75,980	\$ 201,019	
Compensated absences	623,351	488,046	(474,703)	636,694	532,412		104,282
Total governmental activities	\$ 976,613	\$ 488,046	\$ (550,966)	\$ 913,693	\$ 608,392		\$ 305,301

City of Laguna Niguel
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2017

Note 6 – Long-Term Liabilities (Continued)

Capital Lease

During the year ended June 30, 2016, the City entered into a lease agreement with Enterprise Fleet Management for vehicle leases.

The assets acquired through capital leases are as follows:

	Governmental Activities
Assets:	
Vehicles	\$ 381,821
Less: accumulated depreciation	<u>(102,318)</u>
Total	<u><u>\$ 279,503</u></u>

The annual debt service requirements outstanding at June 30, 2017 were as follows:

Fiscal Year	Governmental Activities
2018	\$ 89,764
2019	89,764
2020	89,764
2021	57,781
2022	-
Subtotal	<u><u>327,073</u></u>
Less amount representing interest	<u><u>(50,074)</u></u>
Present Value of Future Minimum Lease Payment	<u><u>\$ 276,999</u></u>

Compensated Absences

The City uses General Fund to liquidate the compensated absences liabilities.

City of Laguna Niguel
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2017

Note 7 – Liability, Property, and Workers’ Compensation Plan

A. *Description of Self-Insurance Pool Pursuant to Joint Powers Agreement*

The City of Laguna Niguel is a member of the California Joint Powers Insurance Authority (the “CJPIA”). The CJPIA is composed of 117 California public entities and is organized under a joint powers agreement pursuant to California Government Code §6500 et seq. The purpose of the CJPIA is to arrange and administer programs for the pooling of self-insured losses, to purchase excess insurance or reinsurance, and to arrange for group purchased insurance for property and other lines of coverage. The CJPIA began covering claims of its members in 1978. Each member government has an elected official as its representative on the Board of Directors. The Board operates through a nine-member Executive Committee.

B. *Self-Insurance Programs of the Authority*

Each member pays an annual contribution at the beginning of the coverage period. A retrospective adjustment is then conducted annually thereafter, for coverage years 2012-13 and prior. Coverage years 2013-14 and forward are not subject to routine annual retrospective adjustment.

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

Primary Liability Program

Claims are pooled separately between police and general government exposures. (1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. (2) The first layer of losses includes incurred costs up to \$30,000 for each occurrence and is evaluated as a percentage of the pool’s total incurred costs within the first layer. (3) The second layer of losses includes incurred costs from \$30,000 to \$750,000 for each occurrence and is evaluated as a percentage of the pool’s total incurred costs within the second layer. (4) Incurred costs from \$750,000 to \$50 million, are distributed based on the outcome of cost allocation within the first and second loss layers.

For 2016-17 the CJPIA’s pooled retention is \$2 million per occurrence, with reinsurance to \$20 million, and excess insurance to \$50 million. The Authority’s reinsurance contracts are subject to the following additional pooled retentions: (a) \$2.5 million annual aggregate deductible in the \$3 million in excess of \$2 million layer, and (b) \$3 million annual aggregate deductible in the \$5 million in excess of \$10 million layer. There is a third annual aggregate deductible in the amount of \$2.5 million in the \$5 million in excess of \$5 million layer, however it is fully covered under a separate policy and therefore not retained by the Authority. The overall coverage limit for each member, including all layers of coverage, is \$50 million per occurrence. Costs of covered claims for subsidence losses have a sub-limit of \$30 million per occurrence.

City of Laguna Niguel
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2017

Note 7 – Liability, Property, and Workers’ Compensation Plan (Continued)

B. Self-Insurance Programs of the Authority (Continued)

Workers’ Compensation

Claims are pooled separately between public safety (police and fire) and general government exposures. (1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. (2) The first layer of losses includes incurred costs up to \$50,000 for each occurrence and is evaluated as a percentage of the pool’s total incurred costs within the first layer. (3) The second layer of losses includes incurred costs from \$50,000 to \$100,000 for each occurrence and is evaluated as a percentage of the pool’s total incurred costs within the second layer. (4) Incurred costs from \$100,000 to statutory limits are distributed based on the outcome of cost allocation within the first and second loss layers.

For 2016-17 the CJPIA’s pooled retention is \$2 million per occurrence, with reinsurance to statutory limits under California Workers’ Compensation Law. Employer’s Liability losses are pooled among members to \$2 million. Coverage from \$2 million to \$5 million is purchased as part of a reinsurance policy, and Employer’s Liability losses from \$5 million to \$10 million are pooled among members.

C. Purchased Insurance

Pollution Legal Liability Insurance

The City participates in the pollution legal liability insurance program which is available through the CJPIA. The policy covers sudden and gradual pollution of scheduled property, streets, and storm drains owned by the City. Coverage is on a claims-made basis. There is a \$50,000 deductible. The CJPIA has an aggregate limit of \$50 million for the 3-year period from July 1, 2014 through July 1, 2017. Each member of the Authority has a \$10 million sub-limit during the 3-year policy term.

Property Insurance

The City participates in the all-risk property protection program of the CJPIA. This insurance protection is underwritten by several insurance companies. City of Laguna Niguel property is currently insured according to a schedule of covered property submitted by the City to the CJPIA. The City property currently has all-risk property insurance protection in the amount of \$46,164,977. There is a \$5,000 deductible per occurrence except for non-emergency vehicle insurance which has a \$2,500 deductible.

Crime Insurance

The City purchases crime insurance coverage in the amount of \$1,000,000 with a \$2,500 deductible. The fidelity coverage is provided through the CJPIA.

D. Adequacy of Protection

During the past three fiscal years, none of the above programs of protection experienced settlements or judgments that exceeded pooled or insured coverage. There were also no significant reductions in pooled or insured liability coverage in fiscal year 2016-17.

City of Laguna Niguel
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2017

Note 8 – Classification of Fund Balance

Details of the fund balance classifications at June 30, 2017 are as follows:

	General Fund	Miscellaneous Grants	City Capital Projects	Nonmajor Governmental	Totals
Nonspendable					
Prepaid items	\$ 497,630	\$ -	\$ 467	\$ -	\$ 498,097
Deposits	16,960	-	152,740	-	169,700
Total nonspendable	<u>514,590</u>	<u>-</u>	<u>153,207</u>	<u>-</u>	<u>667,797</u>
Restricted					
Community development projects	-	-	355,093	85,353	440,446
Public safety - law enforcement	-	-	-	31,602	31,602
Public works - gas tax	-	-	-	23,301	23,301
Air quality improvement	-	-	-	469,297	469,297
Total restricted	<u>-</u>	<u>-</u>	<u>355,093</u>	<u>609,553</u>	<u>964,646</u>
Committed					
Compensated absences	104,282	-	-	-	104,282
Capital asset replacement	16,943,041	-	-	-	16,943,041
OPEB	1,064,774	-	-	-	1,064,774
CVCP master plan improvements	8,865,087	-	-	-	8,865,087
Economic uncertainty *	24,756,313	-	-	-	24,756,313
Total committed	<u>51,733,497</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>51,733,497</u>
Assigned					
Continuing appropriations:					
Special events operations	1,796	-	-	-	1,796
Public safety	13,596	-	-	-	13,596
Parks and recreation	40,012	-	-	-	40,012
Public works	9,702	-	-	-	9,702
Capital projects	17,693,394	-	-	-	17,693,394
Streets and roads	3,787,147	-	-	-	3,787,147
Senior citizen building	9,505	-	-	-	9,505
Total assigned	<u>21,555,152</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,555,152</u>
Unassigned (deficit)	<u>-</u>	<u>(1,154,582)</u>	<u>-</u>	<u>(404,245)</u>	<u>(1,558,827)</u>
Total fund balance	<u>\$ 73,803,239</u>	<u>\$ (1,154,582)</u>	<u>\$ 508,300</u>	<u>\$ 205,308</u>	<u>\$ 73,362,265</u>

* The City Council adopted the Financial Reserves Policy through resolution during the budget adoption process. The City will maintain a committed fund balance for Financial and Economic Uncertainty equal to no less than 50% of annual General Fund operating expenditures and transfers. City Council approval shall be required before expending any portion of the committed fund balance for Financial and Economic Uncertainty. Unforeseen circumstances that may require an expenditure of such amounts include, but are not limited to natural disasters, unforeseen deficiencies of a major revenue source, or unexpected operating or capital expenditures.

City of Laguna Niguel
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2017

Note 9 – Jointly Governed Organization

Orange County Fire Authority

In January 1995, the City entered into a joint powers agreement with the cities of Buena Park, Cypress, Dana Point, Irvine, Laguna Hills, 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 (“OCFA”). Since the creation of the OCFA, the cities of Laguna Woods, Rancho Santa Margarita, Westminster, Aliso Viejo and Santa Ana joined the OCFA as members eligible for fire protection services. The purpose of the OCFA 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 OCFA’s governing board consists of one representative from each City and two from the County. The operations of the OCFA 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, Westminster and Santa Ana. The County pays all structural fire fees it collects to the OCFA. The cities of Stanton, Tustin, San Clemente, Buena Park, Placentia, Seal Beach, Westminster and Santa Ana are considered “cash contract cities” and accordingly, make cash contributions based on the OCFA’s annual budget. No determination has been made as to each participant’s proportionate share of fund equity as of June 30, 2017. Upon dissolution of the OCFA, all surplus money and property of the OCFA will be conveyed or distributed to each member in proportion to all funds provided to the OCFA by that member or by the County on behalf of that member during its membership. The OCFA financial statements can be obtained from the OCFA at 1 Fire Authority Road, Irvine, CA 92602.

Summarized information of the OCFA for the fiscal year ended June 30, 2017 is as follows:

Total assets	\$ 408,041,995
Total deferred outflows of resources	122,197,259
Total liabilities	651,808,854
Total deferred inflows of resources	<u>55,204,447</u>
Total net position	<u>\$ (176,774,047)</u>
Total revenues	\$ 373,870,178
Total expenses	<u>389,980,307</u>
Net decrease in net position	<u>\$ (16,110,129)</u>

City of Laguna Niguel
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2017

Note 10 – Defined Benefit Pension Plans

The following is the summary of net pension liabilities and related deferred outflows and inflows of resources as of June 30, 2017:

	<u>Balance</u> <u>June 30, 2017</u>
Deferred outflows of resources:	
Pension contribution after measurement date	\$ 710,160
Differences between expected and actual experience	17,683
Difference in projected and actual earnings on pension investments	<u>1,129,470</u>
Total deferred outflows of resources	<u><u>\$ 1,857,313</u></u>
Net pension liabilities:	
Net pension liabilities	<u>6,528,796</u>
Total net pension liabilities	<u><u>\$ 6,528,796</u></u>
Deferred inflows of resources:	
Changes of assumptions	\$ 217,010
Adjustment due to differences in proportions	55,530
Employer contributions in excess/(under) proportionate contributions	<u>436,793</u>
Total deferred inflows of resources	<u><u>\$ 709,333</u></u>

General Information about the Pension Plan

Plan Description

The City contributes to CalPERS, a cost-sharing multiple-employer defined pension plan, for its' miscellaneous employees. CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by State statute and City ordinance. Copies of CalPERS' annual financial report may be obtained from its executive office at 400 "P" Street, Sacramento, California 95814.

Employees Covered by Benefit Terms

At June 30, 2015, the following employees were covered by the benefit terms:

	<u>Plans</u>		
	<u>Miscellaneous</u>		
	<u>Classic Tier 1</u>	<u>Classic Tier 2</u>	<u>PEPRA</u>
Active employees	52	10	28
Transferred and terminated employees	109	4	4
Retired employees and beneficiaries	36	0	0
Total	197	14	32

City of Laguna Niguel
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2017

Note 10 – Defined Benefit Pension Plans (Continued)

General Information about the Pension Plan (Continued)

Benefits Provided

CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. A first tier classic CalPERS member becomes eligible for service retirement upon attainment of age 55 with at least five years of credited service. A second tier classic CalPERS member becomes eligible for service retirement upon attainment of age 60 with at least five years of credited service. A PEPRA miscellaneous member becomes eligible for service retirement upon attainment of age 62 with at least five years of service. The service retirement benefit is a monthly allowance equal to the product of the benefit factor, years of service, and final compensation. The final compensation is the monthly average of the member's highest 12 - 36 months of full-time equivalent monthly pay.

The following are the benefit provisions for each plan:

- Classic Tier 1: 2.0% (at age 55) of the average final 12 months compensation.
- Classic Tier 2: 2.0% (at age 60) of the average final 36 months compensation.
- PEPRA: 2.0% (at age 62) of the average final 36 months compensation.

Participants are eligible for non-industrial disability retirement if they become disabled and have at least five years of credited service. There is no special age requirement. The standard non-industrial disability retirement benefit is a monthly allowance equal to 1.8 percent of final compensation, multiplied by service.

An employee's beneficiary may receive the basic death benefit if the employee dies while actively employed. The employee must be actively employed with the City to be eligible for this benefit. An employee's survivor who is eligible for any other pre-retirement death benefit may choose to receive that death benefit instead of this basic death benefit. The basic death benefit is a lump sum in the amount of the employee's accumulated contributions, where interest is currently credited at 7.5 percent per year, plus a lump sum in the amount of one month's salary for each completed year of current service, up to a maximum of six months' salary. For purposes of this benefit, one month's salary is defined as the member's average monthly full-time rate of compensation during the 12 months preceding death. Upon the death of a retiree, a one-time lump sum payment of \$500 will be made to the retiree's designated survivor(s) or to the retiree's estate.

Benefit terms provide for annual cost-of-living adjustments to each employee's retirement allowance. Beginning the second calendar year after the year of retirement, retirement and survivor allowances will be annually adjusted on a compound basis by 2.0 percent.

City of Laguna Niguel
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2017

Note 10 – Defined Benefit Pension Plans (Continued)

General Information about the Pension Plan (Continued)

Contributions

Section 20814(c) of the California Public Employees' Retirement Law ("PERL") requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following the 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 employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the measurement period ended June 30, 2016, the contribution rates were as follows:

Plans	Active Employee Contribution Rate	Employer Contribution Rate
Classic Tier 1	7.00%	8.988%
Classic Tier 2	7.00%	6.709%
PEPRA	6.25%	6.237%

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

Actuarial Methods and Assumption Used to Determine Total Pension Liability

For the measurement period ended June 30, 2016, the total pension liability was determined by rolling forward the June 30, 2015 total pension liability. The June 30, 2016 total pension liabilities were based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal in accordance with the requirements of GASB Statement No. 68
Actuarial Assumptions:	
Discount Rate	7.65%
Inflation	2.75%
Long-Term Investment Return	7.65% net of investment expenses, adjust for inflation.
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table ¹	Derived using CalPERS' Membership Data for all Funds.
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

¹The 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 2015 experience study report.

All other actuarial assumptions used in the June 30, 2015 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 CalPERS' website under Forms and Publications.

City of Laguna Niguel
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2017

Note 10 – Defined Benefit Pension Plans (Continued)

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

Discount Rate

The discount rate used to measure the total pension liability was 7.65 percent. 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 7.65 percent discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long-term expected discount rate of 7.65 percent is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called “GASB Crossover Testing Report” that can be obtained at 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 best-estimate ranges of 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, staff took into account both short-term and long-term market return expectations as well as the expected pension fund (Public Employees’ Retirement Fund) cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds’ asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 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 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 in the following page reflects 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 Board effective on July 1, 2015.

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 ¹	Real Return Years 11+ ²
Global Equity	51.00%	5.25%	5.71%
Global Fixed Income	19.00%	0.99%	2.43%
Inflation Sensitive	6.00%	0.45%	3.36%
Private Equity	10.00%	6.83%	6.95%
Real Estate	10.00%	4.50%	5.13%
Infrastructure and Forestland	2.00%	4.50%	5.09%
Liquidity	2.00%	-0.55%	-1.05%
	100.00%		

¹ An expected inflation of 2.5% used

² An expected inflation of 3.0% used

City of Laguna Niguel
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2017

Note 10 – Defined Benefit Pension Plans (Continued)

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

Sensitivity of the City's 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 of the Plan as of the measurement date, calculated using the discount rate of 7.65%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (6.65%) or one percentage-point higher (8.65%) than the current rate:

Plan's Net Pension Liability/(Asset)		
Discount Rate - 1% (6.65%)	Current Discount Rate (7.65%)	Discount Rate + 1% (8.65%)
\$ 10,171,693	\$ 6,528,796	\$ 3,518,123

Pension Plan Fiduciary Net Position

Detailed information about the plan's fiduciary net position is available in the separately issued CalPERS' financial report and can be obtained from CalPERS' website under Forms and Publications.

Proportionate Share of Net Pension Liability and Pension Expense

The following table shows the plan's proportionate share of the risk pool collective net pension liability over the measurement period:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (c) = (a) - (b)
Balance at June 30, 2015 (Valuation Date)	\$ 28,221,087	\$ 23,481,285	\$ 4,739,802
Balance at June 30, 2016 (Measurement Date)	30,349,621	23,820,825	6,528,796
Net changes from July 1, 2015 to June 30, 2016	<u>\$ 2,128,534</u>	<u>\$ 339,540</u>	<u>\$ 1,788,994</u>

City of Laguna Niguel
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2017

Note 10 – Defined Benefit Pension Plans (Continued)

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

Proportionate Share of Net Pension Liability and Pension Expense (Continued)

The following is the approach established by the plan actuary to allocate the net pension liability and pension expense to the individual employers within the risk pool:

- (1) In determining a cost-sharing plan's proportionate share, total amounts of liabilities and assets are first calculated for the risk pool as a whole on the valuation date (June 30, 2015). The risk pool's fiduciary net position ("FNP") subtracted from its total pension liability ("TPL") determines the net pension liability ("NPL") at the valuation date.
- (2) Using standard actuarial roll forward methods, the risk pool TPL is then computed at the measurement date (June 30, 2016). Risk pool FNP at the measurement date is then subtracted from this number to compute the NPL for the risk pool at the measurement date. For purposes of FNP in this step and any later reference thereto, the risk pool's FNP at the measurement date denotes the aggregate risk pool's FNP at June 30, 2016 less the sum of all additional side fund (or unfunded liability) contributions made by all employers during the measurement period (2015-16).
- (3) The individual plan's TPL, FNP and NPL are also calculated at the valuation date.
- (4) Two ratios are created by dividing the plan's individual TPL and FNP as of the valuation date from (3) by the amounts in step (1), the risk pool's total TPL and FNP, respectively.
- (5) The plan's TPL as of the Measurement Date is equal to the risk pool TPL generated in (2) multiplied by the TPL ratio generated in (4). The plan's FNP as of the Measurement Date is equal to the FNP generated in (2) multiplied by the FNP ratio generated in (4) plus any additional side fund (or unfunded liability) contributions made by the employer on behalf of the plan during the measurement period.
- (6) The plan's NPL at the Measurement Date is the difference between the TPL and FNP calculated in (5).

Deferred outflows of resources, deferred inflows of resources, and pension expense is allocate based on the City's share of contribution.

The City's proportionate share of the net pension liability was as follows:

June 30, 2015	0.06905%
June 30, 2016	0.07545%
Change - Increase (Decrease)	<u>0.00640%</u>

For the year ended June 30, 2017, the City recognized pension expense in the amount of \$757,078.

City of Laguna Niguel
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2017

Note 10 – Defined Benefit Pension Plans (Continued)

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

Proportionate Share of Net Pension Liability and Pension Expense (Continued)

The Expected Average Remaining Service Lifetime (“EARSL”) is calculated by dividing the total future service years by the total number of plan participants (active, inactive, and retired) in the risk pool. The EARSL for risk pool for the June 30, 2016 measurement period is 3.7 years, which was obtained by dividing the total service years of 475,689 (the sum of remaining service lifetimes of the active employees) by 127,009 (the total number of participants: active, inactive, and retired).

At June 30, 2017, 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
Contribution made after the measurement date	\$ 710,160	\$ -
Difference between expected and actual experience	17,683	-
Changes of assumptions	-	(217,010)
Net difference between projected and actual earnings on pension plan investments	1,129,470	-
Adjustment due to differences in proportions	-	(55,530)
Employer contributions in excess/(under) proportionated contributions	-	(436,793)
Total	\$ 1,857,313	\$ (709,333)

Deferred outflows of resources related to pensions resulting from the City’s contributions made subsequent to the measurement date in the amount of \$710,160 will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30	Deferred Outflows/(Inflows)	
	of Resources	
	Miscellaneous Plan	
2018	\$ (205,039)	
2019	(119,537)	
2020	469,850	
2021	292,546	
2022	-	
Thereafter	-	
	\$ 437,820	

City of Laguna Niguel
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2017

Note 10 – Defined Benefit Pension Plans (Continued)

CalPERS Discount Rate

On December 16, 2016, the CalPERS Board of Administration (the “Board”) approved lowering the CalPERS discount rate assumption, the long-term rate of return, from 7.50 percent over the next three years. This will increase the City’s employer contribution costs beginning in fiscal year 2018-19. The phase in of the discount rate change approved by the Board for the next three fiscal years is as follow:

Valuation Date	Required Contribution Rate	Discount Rate
June 30,2016	2018-19	7.375%
June 30,2017	2019-20	7.250%
June 30,2018	2020-21	7.000%

Lowering the discount rate means plans will see increases in both normal costs, the cost of pension benefit accruing in one year for active members and the accrued liabilities. These increase will result in higher required employer contribution.

Note 11 – Other Postemployment Benefits

Plan Descriptions

The City provides postretirement medical benefits to employees who retire directly from the City under CalPERS under a single-employer defined benefit postemployment benefits plan. Eligible retirees can continue participation in the City’s medical plans (“PEMHCA”). For miscellaneous retirees, the City contributes up to a capped dollar amount which varies by bargaining unit, medical coverage, and years of service.

City’s Funding Policy

The contribution requirements of plan members and the City are established and may be amended by the City Council. For year ended June 30, 2017, the City contributed \$12,727 to the plan.

City of Laguna Niguel
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2017

Note 11 – Other Postemployment Benefits (Continued)

Annual OPEB Cost and Net OPEB Obligation

The City's annual Other Postemployment Benefit ("OPEB") cost (expense) for each plan is calculated based on the *Annual Required Contribution of the Employer* ("ARC"), an amount determined based on alternative measurement method. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (or funding excesses) over a period not to exceed thirty years. The City's annual OPEB cost for the current year and the related information for the plan are as follows:

Annual Required Contribution (ARC)	\$ 296,238
Interest Adjustment on Net OPEB Obligation	46,156
Amortization Adjustment to ARC	<u>(93,563)</u>
Annual OPEB Cost	248,831
Contributions Made	<u>(12,727)</u>
Increase in Net OPEB Obligation	236,104
Net OPEB Obligation:	
Beginning of Year	<u>1,538,520</u>
End of Year	<u><u>\$ 1,774,624</u></u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2017 and the two preceding years were as follows:

Fiscal Year Ending	Annual OPEB Cost	Actual Contribution		Percentage of APC Contributed	Net OPEB (Assets) Obligation
		(Net of Adjustments)			
6/30/2015	\$ 333,255	\$ 9,228	2.77%	\$ 1,441,263	
6/30/2016	108,689	11,432	10.52%		1,538,520
6/30/2017	248,831	12,727	5.11%		1,774,624

Assumptions for Alternative Measurement Methods

Valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. The City calculates the OPEB obligation based on the alternative measurement method and not through an actuarial valuation due to the limited size of the plan. This method uses an amortization period of 30 years, discount rate of 3.00%, and salary increase of 3.30% to calculate the ARC. This method assumes premium increases of 6.5% every year.

City of Laguna Niguel
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2017

Note 12 – Contingencies

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

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

Note 13 – Outstanding Commitments

Prior to the end of the fiscal year, the City awarded several consulting and capital project contracts. At June 30, 2017, the unspent balances of the significant contracts are as follows:

Projects with Outstanding Contracts	Balances
Marina Hills Neighborhood Pavement Rehabilitation	\$3,738,000
Crown Valley Parkway Pavement Rehabilitation	1,633,055
Construction of Gateway Freeway Pylon Signs Improvement	705,011
Laguna Niguel Regional Park Pickleball Court	259,710
Environmental Permitting and Technical Support for Wetlands Maintenance	127,990
	<hr/>
	\$ 6,463,766

These commitments have been recorded as encumbrances at the year-end in the General Fund. They are included in fund balance assigned to continuing appropriations.

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REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

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City of Laguna Niguel
Required Supplementary Information (Unaudited)
Budgetary Comparison Schedule
For the Year Ended June 30, 2017

Budgetary Comparison Schedule - General Fund

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Taxes	\$ 34,223,852	\$ 35,055,129	\$ 35,577,102	\$ 521,973
Licenses and permits	2,173,700	2,173,700	2,052,662	(121,038)
Intergovernmental	10,300	72,765	85,700	12,935
Charges for services	1,370,150	1,461,093	1,214,619	(246,474)
Use of money and property	834,546	834,546	616,966	(217,580)
Fines and forfeitures	254,000	288,200	334,394	46,194
Contributions	7,700	6,990	9,820	2,830
Miscellaneous	300,700	301,098	535,249	234,151
Total revenues	39,174,948	40,193,521	40,426,512	232,991
EXPENDITURES:				
Current:				
General government	4,840,642	4,935,903	3,948,320	987,583
Public safety	12,449,913	12,394,446	12,509,815	(115,369)
Community development	3,407,548	3,447,421	2,896,362	551,059
Parks and recreation	4,140,556	4,133,017	3,873,182	259,835
Public works	9,092,778	9,577,187	8,210,984	1,366,203
Capital outlay	651,550	753,156	380,707	372,449
Total expenditures	34,582,987	35,241,130	31,819,370	3,421,760
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	4,591,961	4,952,391	8,607,142	3,654,751
OTHER FINANCING SOURCES (USES):				
Transfer in	-	49,500	15,556	(33,944)
Transfers out	(14,404,105)	(35,315,287)	(17,720,429)	17,594,858
Total other financing sources (uses)	(14,404,105)	(35,265,787)	(17,704,873)	17,560,914
NET CHANGE IN FUND BALANCE	\$ (9,812,144)	\$ (30,313,396)	(9,097,731)	\$ 21,215,665
FUND BALANCE:				
Beginning of Year			82,900,970	
End of Year			\$ 73,803,239	

City of Laguna Niguel
Required Supplementary Information (Unaudited)
Budgetary Comparison Schedule
For the Year Ended June 30, 2017

Budgetary Comparison Schedule - Miscellaneous Grants Special Revenue Fund

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final	Positive (Negative)	
REVENUES:				
Intergovernmental	\$ 700,000	\$ 700,000	\$ 810,304	\$ 110,304
Total revenues	<u>700,000</u>	<u>700,000</u>	<u>810,304</u>	<u>110,304</u>
OTHER FINANCING SOURCES (USES):				
Transfer in	-	-	286,336	286,336
Transfers out	(700,000)	(1,623,727)	(923,025)	700,702
Total other financing sources (uses)	<u>(700,000)</u>	<u>(1,623,727)</u>	<u>(636,689)</u>	<u>987,038</u>
NET CHANGE IN FUND BALANCE	<u><u>\$ -</u></u>	<u><u>\$ (923,727)</u></u>	173,615	<u><u>\$ 1,097,342</u></u>
FUND BALANCE:				
Beginning of Year			(1,328,197)	
End of Year			<u><u>\$ (1,154,582)</u></u>	

City of Laguna Niguel
Required Supplementary Information (Unaudited)
Notes to the Required Supplementary Information
For the Year Ended June 30, 2017

Note 1 – Budget Policy and Control

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America and are used as a management control device. Annual budgets are adopted for the General Fund, all Special Revenue Funds, and the Capital Projects Fund. The City Manager and Director of Finance prepare and submit a proposed budget to the City Council. The City Council conducts a noticed public hearing to invite public input before the City Council conducts its detailed review of the proposed budget at a special meeting where additional public input is invited. After reviewing the proposed budget and making such revisions that it deems advisable, the City Council approves each year's budget by resolution before the first meeting of the new fiscal year. The City Council has the legal authority to amend the budget at any time during the fiscal year.

The City Manager is authorized to adjust appropriations between functions within each program (i.e. general government, public safety, public works, community development, parks and recreation and capital outlay), provided that the total appropriations for each program does not exceed the amounts approved in the budget or any amending resolutions. Adjustments to appropriations between programs and funds require City Council approval. Transfers of each or unappropriated fund balance from one fund to another can only be made with City Council's approval. Unexpended appropriations for authorized, but uncompleted, projects in the Capital Improvement Program budget and some unexpended operating appropriations can be carried forward to the next succeeding budget year upon recommendation of the City Manager and approval of the City Council. All other appropriations lapse at the end of the fiscal year. Total appropriations approved for the fiscal year ended June 30, 2017, less prior year carryovers, were \$55,497,567.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation, is employed in the governmental funds. Significant encumbrances at year-end are disclosed as part of outstanding commitments. Encumbrances do not constitute expenditures or liabilities.

City of Laguna Niguel
Required Supplementary Information (Unaudited)
Schedule of the City's Proportionate Share of the Net Pension Liability and Related Ratios
For the Year Ended June 30, 2017

	June 30, 2014 ¹	June 30, 2015	June 30, 2016
City's Proportion of the Net Pension Liability/(Asset)	0.07294%	0.06905%	0.07545%
City's Proportionate share of the Net Pension Liability/(Asset)	\$ 4,538,778	\$ 4,739,802	\$ 6,528,796
City's Covered Payroll	<u>\$ 5,358,655</u>	<u>\$ 5,256,476</u>	<u>\$ 5,508,425</u>
City's Proportionate share of the Net Pension Liability/(Asset) as a percentage of Covered Payroll	<u>84.70%</u>	<u>90.17%</u>	<u>118.52%</u>
Plan's proportionate share of the fiduciary net position as a percentage of the total pension liability	<u>83.03%</u>	<u>83.02%</u>	<u>78.49%</u>

¹ Historical information is presented only for measurement periods for which GASB 68 is applicable. Additional years' information will be displayed as it becomes available.

Notes to Schedules:

Change in Benefit Terms: The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2015 valuation date. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes of Assumptions: In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense.) In 2014, amounts reported were based on the 7.5 percent discount rate.

City of Laguna Niguel
Required Supplementary Information (Unaudited)
Schedule of Contributions
For the Year Ended June 30, 2017

	2013-14 ¹	2014-15	2015-16	2016-17
Actuarially determined contribution:				
Miscellaneous Tier 1 Plan	\$ 520,739	\$ 496,258	\$ 342,524	\$ 322,907
Miscellaneous Tier 2 Plan	40,763	52,805	58,843	81,272
Miscellaneous PEPRA	10,164	27,511	52,055	73,523
Total actuarially determined contribution	<u>571,666</u>	<u>576,574</u>	<u>453,422</u>	<u>477,702</u>
Contribution in relation to the actuarially determined contribution	<u>571,666</u>	<u>576,574</u>	<u>453,422</u>	<u>710,160</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (232,458)</u>
Covered payroll	<u>\$ 5,358,655</u>	<u>\$ 5,256,476</u>	<u>\$ 5,508,425</u>	<u>\$ 5,759,712</u>
Contributions as a Percentage of Covered Payroll	<u>10.67%</u>	<u>10.97%</u>	<u>8.23%</u>	<u>8.29%</u>

¹ Historical information is presented only for measurement periods for which GASB 68 is applicable. Additional years' information will be displayed as it becomes available.

Notes to Schedule

Change in Benefit Terms: The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2015 valuation date. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes of Assumptions: In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense.) In 2014, amounts reported were based on the 7.5 percent discount rate.

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SUPPLEMENTARY INFORMATION

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City of Laguna Niguel
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
City Capital Projects Fund
For the Year Ended June 30, 2017

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES				
Capital outlay	\$ 16,480,540	\$ 39,824,937	\$ 20,093,605	\$ 19,731,332
Total expenditures	16,480,540	39,824,937	20,093,605	19,731,332
OTHER FINANCING SOURCES (USES):				
Transfers in	16,455,540	39,699,937	19,877,089	(19,822,848)
Total other financing sources (uses)	16,455,540	39,699,937	19,877,089	(19,822,848)
NET CHANGE IN FUND BALANCE	\$ (25,000)	\$ (125,000)	(216,516)	\$ (39,554,180)
FUND BALANCE:				
Beginning of Year			724,816	
End of Year			\$ 508,300	

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City of Laguna Niguel
Nonmajor Governmental Funds
For the Year Ended June 30, 2017

Special Revenue Funds

Measure "M" Special Revenue Fund - Accounts for revenues received and expenditures made for various City transportation projects fully or partially funded by Orange County Transportation Authority grants and County 1/2 cent local fair share sales tax apportionments.

State Gasoline Tax Fund ("Gas Tax") - Accounts for revenues received and expenditures made for general street maintenance. Financing is provided by the City's share of state gasoline taxes collected under the Street and Highway Code, Sections 2103, 2105, 2106, 2107 and 2107.5.

Prop 1B Fund - Accounts for revenues received and expenditures made for street improvements. Financing is provided by City's allocation of State Proposition 1B funds.

Air Quality Improvement Fund - Accounts for revenues received under AB2766 and expenditures made for air quality improvements. AB2766 was enacted to authorize air pollution control districts to impose fees on motor vehicles. The California Department of Motor Vehicles collects the fees by assessing an amount on each registered vehicle in the South Coast District. This fee is distributed by the South Coast Air Quality Management District to local governments on a prorated basis based on population in the area.

Law Enforcement Fund - Accounts for various law enforcement revenues received and expenditures made for certain law enforcement and crime prevention expenditures for Police Services. Funding is provided by the State of California's Citizens' Option for Public Safety ("COPS") program and the Regional Narcotics Suppression Program ("RNSP").

Community Development Block Grant Fund - Accounts for revenues received and expenditures made for Community Development Block Grant eligible grants and capital projects. Funding is provided by the U.S. Department of Housing and Urban Development.

Senior Transportation Fund - Accounts for the grant proceeds and outlays as designated in the Senior Mobility Program (SMP) grant, which is funded through the Orange County Transportation Authority from the County's local ½-cent transportation sales tax measure.

City of Laguna Niguel
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2017

	Special Revenue Funds			
	Measure "M"	Gas Tax	Prop 1B	Air Quality Improvement
ASSETS				
Cash and investments	\$ -	\$ 253,583	\$ -	\$ 451,013
Accounts receivable	- -	1,041	- -	- -
Due from the other governments	718,219	- -	- -	21,471
Total assets	\$ 718,219	\$ 254,624	\$ - -	\$ 472,484
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ - -	\$ 231,323	\$ - -	\$ 3,187
Due to other funds	598,482	- -	- -	- -
Unearned revenues	639	- -	- -	- -
Total Liabilities	599,121	231,323	- -	3,187
Deferred Inflows of Resources:				
Unavailable revenues	523,343	- -	- -	- -
Total Deferred Inflows of Resources	523,343	- -	- -	- -
Fund Balances:				
Restricted for:				
Public safety	- -	- -	- -	- -
Public works	- -	23,301	- -	- -
Air quality improvement	- -	- -	- -	469,297
Community development	- -	- -	- -	- -
Unassigned (deficit)	(404,245)	- -	- -	- -
Total Fund Balances	(404,245)	23,301	- -	469,297
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 718,219	\$ 254,624	\$ - -	\$ 472,484

City of Laguna Niguel
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2017

	Special Revenue Funds			Total Nonmajor Governmental Funds
	Law Enforcement	Community Development Block Grant	Senior Transportation	
ASSETS				
Cash and investments	\$ 52,169	\$ -	\$ 82,211	\$ 838,976
Accounts receivable	-	-	-	1,041
Due from the other governments	41,822	14,339	13,049	808,900
Total assets	\$ 93,991	\$ 14,339	\$ 95,260	\$ 1,648,917
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 22,239	\$ 14,339	\$ 9,907	\$ 280,995
Due to other funds	-	-	-	598,482
Unearned revenues	-	-	-	639
Total liabilities	22,239	14,339	9,907	880,116
Deferred Inflows of Resources:				
Unavailable revenues	40,150	-	-	563,493
Total Deferred Inflows of Resources	40,150	-	-	563,493
Fund Balances:				
Restricted for:				
Public safety	31,602	-	-	31,602
Public works	-	-	-	23,301
Air quality improvement	-	-	-	469,297
Community development	-	-	85,353	85,353
Unassigned (deficit)	-	-	-	(404,245)
Total Fund Balances	31,602	-	85,353	205,308
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 93,991	\$ 14,339	\$ 95,260	\$ 1,648,917

City of Laguna Niguel
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2017

	Special Revenue Funds			
	Measure "M"	Gas Tax	Prop 1B	Air Quality Improvement
REVENUES:				
Intergovernmental	\$ 3,726,022	\$ 1,270,455	\$ -	\$ 84,463
Use of money and property	-	(44)	-	1,404
Total Revenues	3,726,022	1,270,411	-	85,867
EXPENDITURES:				
Current:				
Public safety	-	-	-	-
Community development	-	-	-	-
Public works	42,699	1,439,484	-	17,171
Total Expenditures	42,699	1,439,484	-	17,171
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	3,683,323	(169,073)	-	68,696
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	(1,597,841)	-	(1,828)	-
Total Other Financing Sources (Uses)	(1,597,841)	-	(1,828)	-
Net Change in Fund Balance	2,085,482	(169,073)	(1,828)	68,696
FUND BALANCE:				
Beginning of Year	(2,489,727)	192,374	1,828	400,601
End of Year	\$ (404,245)	\$ 23,301	\$ -	\$ 469,297

City of Laguna Niguel
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2017

	Special Revenue Funds			Total Nonmajor Governmental Funds
	Law Enforcement	Community Development Block Grant	Senior Transportation	
REVENUES:				
Intergovernmental	\$ 131,580	\$ 77,800	\$ 73,436	\$ 5,363,756
Use of money and property	290	-	254	1,904
Total Revenues	131,870	77,800	73,690	5,365,660
EXPENDITURES:				
Current:				
Public safety	155,736	-	-	155,736
Community development	-	67,177	55,516	122,693
Public works	-	-	-	1,499,354
Total Expenditures	155,736	67,177	55,516	1,777,783
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	(23,866)	10,623	18,174	3,587,877
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	67,179	67,179
Transfers out	-	(3,037)	-	(1,602,706)
Total Other Financing Sources (Uses)	-	(3,037)	67,179	(1,535,527)
Net Change in Fund Balance	(23,866)	7,586	85,353	2,052,350
FUND BALANCE:				
Beginning of Year	55,468	(7,586)	-	(1,847,042)
End of Year	\$ 31,602	\$ -	\$ 85,353	\$ 205,308

City of Laguna Niguel
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Measure M Special Revenue Fund
For the Year Ended June 30, 2017

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 1,153,268	\$ 1,120,070	\$ 3,726,022	\$ 2,605,952
Use of money and property	863	863	-	(863)
Total revenues	<u>1,154,131</u>	<u>1,120,933</u>	<u>3,726,022</u>	<u>2,605,089</u>
EXPENDITURES				
Current:				
Public works	-	49,500	42,699	6,801
Total expenditures	<u>-</u>	<u>49,500</u>	<u>42,699</u>	<u>6,801</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,154,131</u>	<u>1,071,433</u>	<u>3,683,323</u>	<u>2,611,890</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	(1,154,131)	(2,415,517)	(1,597,841)	817,676
Total other financing sources (uses)	<u>(1,154,131)</u>	<u>(2,415,517)</u>	<u>(1,597,841)</u>	<u>817,676</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ (1,344,084)</u>	<u>2,085,482</u>	<u>\$ 3,429,566</u>
FUND BALANCE:				
Beginning of Year			(2,489,727)	
End of Year			<u>\$ (404,245)</u>	

City of Laguna Niguel
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Gas Tax Special Revenue Fund
For the Year Ended June 30, 2017

	Budget Amounts		Actual Amounts		Variance with Final Budget
	Original	Final	Original	Final	Positive (Negative)
REVENUES					
Intergovernmental	\$ 1,334,469	\$ 1,334,469	\$ 1,270,455	\$ (64,014)	
Use of money and property	323	323	(44)	(367)	
Total revenues	<u>1,334,792</u>	<u>1,334,792</u>	<u>1,270,411</u>	<u>(64,381)</u>	
EXPENDITURES					
Current:					
Public works	1,334,792	1,334,792	1,439,484	(104,692)	
Total expenditures	<u>1,334,792</u>	<u>1,334,792</u>	<u>1,439,484</u>	<u>(104,692)</u>	
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>-</u>	<u>(169,073)</u>	<u>(169,073)</u>	
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>(169,073)</u>	<u>\$ (169,073)</u>	
FUND BALANCE:					
Beginning of Year			192,374		
End of Year			<u>\$ 23,301</u>		

City of Laguna Niguel
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Prop 1B Special Revenue Fund
For the Year Ended June 30, 2017

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final	Amounts	Positive (Negative)
REVENUES				
Use of money and property	\$ 12	\$ 12	\$ -	\$ (12)
Total revenues	<u>12</u>	<u>12</u>	<u>-</u>	<u>(12)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES				
	12	12	-	(12)
OTHER FINANCING SOURCES (USES):				
Transfers out	-	-	(1,828)	(1,828)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(1,828)</u>	<u>(1,828)</u>
NET CHANGE IN FUND BALANCE	<u><u>\$ 12</u></u>	<u><u>\$ 12</u></u>	(1,828)	<u><u>\$ (1,840)</u></u>
FUND BALANCE:				
Beginning of Year			1,828	
End of Year			<u>\$ -</u>	

City of Laguna Niguel
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Air Quality Improvement Special Revenue Fund
For the Year Ended June 30, 2017

	Budget Amounts		Actual Amounts		Variance with Final Budget
	Original	Final	Original	Final	Positive (Negative)
REVENUES					
Intergovernmental	\$ 75,000	\$ 75,000	\$ 84,463	\$ 84,463	\$ 9,463
Use of money and property	2,020	2,020	1,404	1,404	(616)
Total revenues	77,020	77,020	85,867	85,867	8,847
EXPENDITURES					
Current:					
Public works	77,020	77,020	17,171	17,171	59,849
Total expenditures	77,020	77,020	17,171	17,171	59,849
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES					
	-	-	68,696	68,696	68,696
NET CHANGE IN FUND BALANCE	\$ -	\$ -	68,696	68,696	\$ 68,696
FUND BALANCE:					
Beginning of Year			400,601		
End of Year			\$ 469,297		

City of Laguna Niguel
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Law Enforcement Special Revenue Fund
For the Year Ended June 30, 2017

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 100,000	\$ 137,000	\$ 131,580	\$ (5,420)
Use of money and property	270	270	290	20
Total revenues	100,270	137,270	131,870	(5,400)
EXPENDITURES				
Current:				
Public safety	100,270	155,737	155,736	1
Total expenditures	100,270	155,737	155,736	1
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES				
	-	(18,467)	(23,866)	(5,399)
NET CHANGE IN FUND BALANCE	\$ -	\$ (18,467)	(23,866)	\$ (5,399)
FUND BALANCE:				
Beginning of Year			55,468	
End of Year			\$ 31,602	

City of Laguna Niguel
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Community Development Block Grant Special Revenue Fund
For the Year Ended June 30, 2017

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 281,416	\$ 281,416	\$ 77,800	\$ (203,616)
Total revenues	281,416	281,416	77,800	(203,616)
EXPENDITURES				
Current:				
Community development	84,112	84,112	67,177	16,935
Total expenditures	84,112	84,112	67,177	16,935
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	197,304	197,304	10,623	(186,681)
OTHER FINANCING SOURCES (USES):				
Transfers out	(197,304)	(394,906)	(3,037)	391,869
Total other financing sources (uses)	(197,304)	(394,906)	(3,037)	391,869
NET CHANGE IN FUND BALANCE	\$ -	\$ (197,602)	7,586	\$ 205,188
FUND BALANCE:				
Beginning of Year				(7,586)
End of Year				\$ -

City of Laguna Niguel

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual Senior Transportation Special Revenue Fund For the Year Ended June 30, 2017

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 74,736 191	\$ 74,736 191	\$ 73,436 254	\$ (1,300) 63
Total revenues	74,927	74,927	73,690	(1,237)
EXPENDITURES				
Current:				
Community development	74,927	74,927	55,516	19,411
Total expenditures	74,927	74,927	55,516	19,411
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES				
	-	-	18,174	18,174
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	67,179	67,179
Total other financing sources (uses)	-	-	67,179	67,179
NET CHANGE IN FUND BALANCE				
	\$ -	\$ -	85,353	\$ 85,353
FUND BALANCE:				
Beginning of Year				-
End of Year			\$ 85,353	

STATISTICAL SECTION (UNAUDITED)

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City of Laguna Niguel
Statistical Section Overview
(Unaudited)

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

<u>Contents</u>	<u>Page</u>
Financial Trends Information - These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	104
Revenue Capacity Information - These schedules contain information to help the reader assess the City's most significant local revenue source, property taxes.	112
Debt Capacity Information - These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	118
Demographic and Economic Information - These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	121
Operating Information - These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	124

City of Laguna Niguel
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year				
	2008	2009	2010	2011	2012
Governmental activities:					
Investment in capital assets	\$ 506,824,050	\$ 523,617,408	\$ 528,963,587	\$ 545,932,670	\$ 550,198,842
Restricted:					
Public safety	\$ 254,851	\$ 242,315	\$ 266,768	\$ 265,628	\$ 279,242
Public works ¹	556,515	832,601	374,801	-	-
Streets	-	-	-	1,753	856,606
Community development	11,910	13,201	16,319	-	15
Parks and recreation	49,902	50,351	50,574	-	-
Air quality improvement	-	-	-	296,113	295,413
Total restricted	<u>\$ 873,178</u>	<u>\$ 1,138,468</u>	<u>\$ 708,462</u>	<u>\$ 563,494</u>	<u>\$ 1,431,276</u>
Unrestricted	92,012,756	86,238,908	85,320,021	68,802,806	68,347,126
Total governmental activities net position	<u>\$ 599,709,984</u>	<u>\$ 610,994,784</u>	<u>\$ 614,992,070</u>	<u>\$ 615,298,970</u>	<u>\$ 619,977,244</u>

The City does not have any *Business-Type* activities.

Therefore, all governmental activities comprise the primary government of the City of Laguna Niguel.

¹ Public works was reclassified as Streets in 2011.

City of Laguna Niguel
Net Position by Component (Continued)
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year				
	2013	2014	2015	2016	2017
Governmental activities:					
Investment in capital assets	\$ 553,534,310	\$ 555,099,763	\$ 563,204,034	\$ 564,600,741	\$ 566,781,948
Restricted:					
Public safety	\$ 280,129	\$ 290,147	\$ 66,898	\$ 85,186	\$ 71,752
Public works ¹	-	-	-	-	-
Streets	782,342	821,234	403,095	290,728	142,399
Community development	-	303,007	143,890	590,853	440,446
Parks and recreation	-	-	-	-	-
Air quality improvement	300,312	275,453	328,041	400,601	469,297
Total restricted	<u>\$ 1,362,783</u>	<u>\$ 1,689,841</u>	<u>\$ 941,924</u>	<u>\$ 1,367,368</u>	<u>\$ 1,123,894</u>
Unrestricted	72,885,016	75,927,923	67,284,805	76,932,061	67,674,106
Total governmental activities net position	<u>\$ 627,782,109</u>	<u>\$ 632,717,527</u>	<u>\$ 631,430,763</u>	<u>\$ 642,900,170</u>	<u>\$ 635,579,948</u>

The City does not have any *Business-Type* activities.

Therefore, all governmental activities comprise the primary government of the City of Laguna Niguel.

¹ Public works was reclassified as Streets in 2011.

City of Laguna Niguel
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year				
	2008	2009	2010	2011	2012
Expenses:					
General government	\$ 4,025,047	\$ 3,691,205	\$ 3,764,859	\$ 4,033,765	\$ 4,955,909
Public safety	9,666,896	9,649,131	9,918,884	10,006,318	9,867,718
Community development	3,068,149	2,808,628	2,810,506	2,762,995	3,970,610
Public works	14,039,913	16,400,713	15,142,252	17,138,184	13,434,792
Parks and recreation	4,546,457	3,239,746	4,181,757	3,841,949	4,088,348
Total expenses	\$ 35,346,462	\$ 35,789,423	\$ 35,818,258	\$ 37,783,211	\$ 36,317,377
Program Revenues:					
Charges for services:					
General government	\$ 4,692	\$ 4,692	\$ 4,692	\$ -	\$ 3,686
Public safety	469,455	367,029	439,378	375,499	404,197
Community development	1,499,456	1,022,861	1,037,657	1,153,439	1,143,063
Public works	234,525	149,584	251,728	17,950	218,091
Parks and recreation	1,039,992	1,027,064	959,966	1,014,934	1,107,502
Operating grants and contributions	4,801,996	3,190,546	2,853,272	3,267,503	3,376,509
Capital grants and contributions	1,192,587	5,834,702	2,789,723	1,297,942	3,848,007
Total program revenues	\$ 9,242,703	\$ 11,596,478	\$ 8,336,416	\$ 7,127,267	\$ 10,101,055
Net (expenses)/revenues	\$ (26,103,759)	\$ (24,192,945)	\$ (27,481,842)	\$ (30,655,944)	\$ (26,216,322)
General Revenues:					
Taxes:					
Property taxes	\$ 17,334,996	\$ 17,453,828	\$ 16,917,258	\$ 16,812,673	\$ 16,820,273
Sales taxes	11,222,628	10,279,476	9,406,994	9,673,445	11,044,440
Franchise fees	2,266,240	2,350,145	2,314,813	2,277,125	2,320,351
Other taxes	369,355	306,998	402,131	387,800	404,659
Motor vehicle license fee	295,283	227,505	197,444	308,560	33,476
Use of money and property ¹	5,873,313	4,391,413	1,976,063	1,181,878	953,081
Other	43,193	468,380	264,425	321,363	92,106
Total general revenues	\$ 37,405,008	\$ 35,477,745	\$ 31,479,128	\$ 30,962,844	\$ 31,668,386
Changes in net position	\$ 11,301,249	\$ 11,284,800	\$ 3,997,286	\$ 306,900	\$ 5,452,064

The City does not have any *Business-Type* activities.

Therefore, all governmental activities comprise the primary government of the City of Laguna Niguel.

¹ Use of money and property was called Investment income in years prior to 2011.

City of Laguna Niguel
Changes in Net Position (Continued)
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year				
	2013	2014	2015	2016	2017
Expenses:					
General government	\$ 3,883,888	\$ 4,260,378	\$ 4,778,543	\$ 5,049,643	\$ 4,721,188
Public safety	9,966,910	10,281,721	10,901,896	11,778,228	13,034,018
Community development	3,034,523	3,427,420	3,125,023	3,903,064	3,125,278
Public works	15,665,527	15,547,420	11,462,151	15,402,736	23,735,075
Parks and recreation	4,001,047	4,140,610	8,928,487	5,022,013	6,655,833
Total expenses	\$ 36,551,895	\$ 37,657,549	\$ 39,196,100	\$ 41,155,684	\$ 51,271,392
Program Revenues:					
Charges for services:					
General government	\$ -	\$ -	\$ 10,553	\$ 223,747	\$ -
Public safety	232,009	294,535	266,612	297,386	334,475
Community development	2,221,118	3,948,178	2,090,366	6,931,625	2,058,550
Public works	17,304	305	16,997	18,389	33,407
Parks and recreation	1,098,177	1,095,355	1,051,430	1,087,258	1,162,176
Operating grants and contributions	5,962,399	3,242,021	2,287,448	2,917,219	2,660,052
Capital grants and contributions	1,308,028	948,880	2,895,963	3,903,895	1,387,051
Total program revenues	\$ 10,839,035	\$ 9,529,274	\$ 8,619,369	\$ 15,379,519	\$ 7,635,711
Net (expenses)/revenues	\$ (25,712,860)	\$ (28,128,275)	\$ (30,576,731)	\$ (25,776,165)	\$ (43,635,681)
General Revenues:					
Taxes:					
Property taxes	\$ 17,139,167	\$ 17,733,088	\$ 18,840,320	\$ 19,965,053	\$ 20,786,789
Sales taxes	10,845,297	11,027,919	11,453,345	12,244,172	11,448,371
Franchise fees	2,301,967	2,368,527	2,518,177	2,519,116	2,270,993
Other taxes	499,787	526,490	578,597	642,043	625,562
Motor vehicle license fee	34,687	28,707	27,730	26,160	29,631
Use of money and property ¹	542,103	751,894	1,078,795	1,372,860	618,864
Other	2,800,505	627,067	424,658	476,168	535,249
Total general revenues	\$ 34,163,513	\$ 33,063,692	\$ 34,921,622	\$ 37,245,572	\$ 36,315,459
Changes in net position	\$ 8,450,653	\$ 4,935,417	\$ 4,344,891	\$ 11,469,407	\$ (7,320,222)

The City does not have any *Business-Type* activities.

Therefore, all governmental activities comprise the primary government of the City of Laguna Niguel.

¹ Use of money and property was called Investment income in years prior to 2011.

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

	Fiscal Year				
	2008	2009	2010	2011	2012
General Fund					
Reserved	\$ 9,229,510	\$ 2,825,279	\$ 15,121,604	\$ -	\$ -
Unreserved	74,772,758	75,905,913	62,086,055	-	-
Nonspendable	-	-	-	376,900	369,631
Committed	-	-	-	28,003,766	27,616,266
Assigned	-	-	-	26,880,508	26,900,314
Unassigned	-	-	-	13,383,939	13,381,821
Total General Fund	<u><u>\$ 84,002,268</u></u>	<u><u>\$ 78,731,192</u></u>	<u><u>\$ 77,207,659</u></u>	<u><u>\$ 68,645,113</u></u>	<u><u>\$ 68,268,032</u></u>
All other governmental funds					
Reserved	\$ 5,235,544	\$ 1,169,155	\$ 528,985	\$ -	\$ -
Unreserved, reported in:					
Special revenue funds	2,531,025	2,733,677	6,374,454	-	-
Capital projects funds	-	-	-	-	-
Nonspendable	-	-	-	-	-
Restricted	-	-	-	563,494	1,431,276
Unassigned	-	-	-	(429,360)	(624,687)
Total all other governmental funds	<u><u>\$ 7,766,569</u></u>	<u><u>\$ 3,902,832</u></u>	<u><u>\$ 6,903,439</u></u>	<u><u>\$ 134,134</u></u>	<u><u>\$ 806,589</u></u>

The City began reporting fund balances of the General Fund and other governmental funds under the following categories upon the implementation of GASB 54 for fiscal year ended June 30, 2011: nonspendable, restricted, committed, assigned and

The Streets and Roads Fund and Senior Citizen Building Fund, previously classified as special revenue funds, were combined with the General Fund, per GASB 54, in 2011.

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

	Fiscal Year				
	2013	2014	2015	2016	2017
General Fund					
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	- -	- -	- -	- -	- -
Nonspendable	1,149,113	1,279,616	570,062	250,345	514,590
Committed	31,335,413	31,383,297	53,147,941	57,492,610	51,733,497
Assigned	26,625,862	26,859,999	19,787,730	25,158,015	21,555,152
Unassigned	13,734,282	17,581,919	- -	- -	- -
Total General Fund	<u><u>\$ 72,844,670</u></u>	<u><u>\$ 77,104,831</u></u>	<u><u>\$ 73,505,733</u></u>	<u><u>\$ 82,900,970</u></u>	<u><u>\$ 73,803,239</u></u>
All other governmental funds					
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:					
Special revenue funds	- -	- -	- -	- -	- -
Capital projects funds	- -	- -	- -	- -	- -
Nonspendable	- -	- -	- -	137,000	153,207
Restricted	1,362,783	1,689,841	941,924	1,238,087	964,646
Unassigned	(2,766,483)	(3,121,116)	(2,651,602)	(3,825,510)	(1,558,827)
Total all other governmental funds	<u><u>\$ (1,403,700)</u></u>	<u><u>\$ (1,431,275)</u></u>	<u><u>\$ (1,709,678)</u></u>	<u><u>\$ (2,450,423)</u></u>	<u><u>\$ (440,974)</u></u>

The City began reporting fund balances of the General Fund and other governmental funds under the following categories upon the implementation of GASB 54 for fiscal year ended June 30, 2011: nonspendable, restricted, committed, assigned and unassigned.

The Streets and Roads Fund and Senior Citizen Building Fund, previously classified as special revenue funds, were combined with the General Fund, per GASB 54, in 2011.

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

	Fiscal Year				
	2008	2009	2010	2011	2012
Revenues:					
Taxes	\$ 28,803,731	\$ 28,379,587	\$ 26,475,488	\$ 29,616,877	\$ 30,106,150
Licenses and permits ²	-	-	-	1,062,646	1,289,809
Intergovernmental	6,661,794	5,090,654	8,703,015	6,094,250	7,516,035
Charges for services	2,711,824	2,134,061	2,186,186	1,014,934	1,100,414
Franchise fees ¹	2,266,240	2,350,145	2,314,813	-	-
Use of money and property	5,946,104	4,456,255	2,068,795	1,169,515	961,201
Fines and forfeitures	435,708	344,817	392,873	373,906	374,666
Developer participation	-	184,779	-	-	-
Contributions	-	-	-	12,070	12,155
Miscellaneous	324,699	413,575	504,205	319,363	157,250
Total revenues	47,150,100	43,353,873	42,645,375	39,663,561	41,517,680
Expenditures:					
Current:					
General government	3,981,079	3,654,397	3,733,894	4,249,263	4,514,765
Public safety	9,574,838	9,593,225	9,902,842	9,973,477	9,813,164
Community development	3,054,213	2,786,817	2,789,357	2,739,393	2,826,647
Public works	8,119,102	8,072,689	7,841,576	7,993,308	8,181,922
Parks and recreation	2,702,555	2,766,397	3,348,365	3,117,227	3,217,560
Capital outlay	11,537,051	25,615,161	13,414,439	26,922,744	12,668,248
Debt service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	38,968,838	52,488,686	41,030,473	54,995,412	41,222,306
Excess (deficiency) of revenues over (under) expenditures	8,181,262	(9,134,813)	1,614,902	(15,331,851)	295,374
Other Financing Sources (Uses):					
Transfers in	11,680,228	25,437,407	13,469,346	27,683,833	12,708,765
Transfers out	(11,680,228)	(25,437,407)	(13,607,174)	(27,683,833)	(12,708,765)
Total other financing sources (uses)	-	-	(137,828)	-	-
Net change in fund balances	\$ 8,181,262	\$ (9,134,813)	\$ 1,477,074	\$ (15,331,851)	\$ 295,374
Debt service as a percentage of noncapital expenditures	0.01%	0.00%	0.00%	0.00%	0.00%

¹ Franchise fees included in Taxes beginning in 2011.

² Licenses and permits reported as part of Charges for Services in years prior to 2011.

City of Laguna Niguel
Changes in Fund Balances of Governmental Funds (Continued)
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year				
	2013	2014	2015	2016	2017
Revenues:					
Taxes	\$ 30,729,950	\$ 31,813,371	\$ 33,213,255	\$ 35,446,201	\$ 35,577,102
Licenses and permits ²	2,058,568	3,856,232	1,894,529	3,548,393	2,052,662
Intergovernmental	4,519,055	4,478,944	5,314,331	5,590,258	6,259,760
Charges for services	1,098,177	1,095,474	1,128,334	4,105,706	1,214,619
Franchise fees ¹	-	-	-	-	-
Use of money and property	539,450	747,079	1,068,984	1,372,862	618,870
Fines and forfeitures	231,309	294,321	266,558	297,239	334,394
Developer participation	163,250	80,727	185,891	366,129	-
Contributions	13,188	9,345	33,960	6,440	9,820
Miscellaneous	2,800,505	597,024	424,658	476,168	535,249
Total revenues	<u>42,153,452</u>	<u>42,972,517</u>	<u>43,530,500</u>	<u>51,209,396</u>	<u>46,602,476</u>
Expenditures:					
Current:					
General government	3,641,524	3,370,414	3,840,177	4,134,758	3,948,320
Public safety	9,962,786	10,264,183	10,869,382	11,727,774	12,665,551
Community development	3,022,599	3,402,203	3,104,828	3,909,385	3,019,055
Public works	8,775,276	8,984,960	9,142,623	8,644,212	9,710,338
Parks and recreation	3,250,443	3,378,029	3,385,205	3,386,718	3,873,182
Capital outlay	11,134,475	9,597,265	16,808,664	10,752,057	20,474,312
Debt service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	<u>39,787,103</u>	<u>38,997,054</u>	<u>47,150,879</u>	<u>42,554,904</u>	<u>53,690,758</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,366,349</u>	<u>3,975,463</u>	<u>(3,620,379)</u>	<u>8,654,492</u>	<u>(7,088,282)</u>
Other Financing Sources (Uses):					
Transfers in	11,009,755	9,785,587	17,179,568	10,802,763	20,246,160
Transfers out	(11,009,755)	(9,785,587)	(17,179,568)	(10,802,763)	(20,246,160)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ 2,366,349</u>	<u>\$ 3,975,463</u>	<u>\$ (3,620,379)</u>	<u>\$ 8,654,492</u>	<u>\$ (7,088,282)</u>
Debt service as a percentage of noncapital expenditures	0.00%	0.00%	0.00%	0.00%	0.00%

¹ Franchise fees included in Taxes beginning in 2011.

² Licenses and permits reported as part of Charges for Services in years prior to 2011.

City of Laguna Niguel
Tax Revenues by Source – Governmental Funds
Last Ten Fiscal Years
(accrual basis of accounting)

Fiscal Year	Property Taxes		Sales Taxes		Franchise Fees ¹		Other Taxes ²		Total	
	Actual	% Change	Actual	% Change	Actual	% Change	Actual	% Change	Actual	% Change
2008	17,334,996	6.1%	11,222,628	1.9%	-	-	369,355	-28.3%	28,926,979	3.8%
2009	17,453,828	0.7%	10,279,476	-8.4%	-	-	306,998	-16.9%	28,040,302	-3.1%
2010	16,917,258	-3.1%	9,406,994	-8.5%	-	-	402,132	31.0%	26,726,384	-4.7%
2011	16,812,673	-0.6%	9,673,445	2.8%	2,277,124	n/a	387,800	-3.6%	29,151,042	9.1%
2012	16,820,273	0.0%	11,044,440	14.2%	2,320,351	1.9%	397,936	2.6%	30,583,000	4.9%
2013	17,139,167	1.9%	10,845,297	-1.8%	2,301,967	-0.8%	499,787	25.6%	30,786,218	0.7%
2014	17,733,088	3.5%	11,027,919	1.7%	2,368,527	2.9%	526,490	5.3%	31,656,023	2.8%
2015	18,840,320	6.2%	11,453,345	3.9%	2,518,177	6.3%	578,597	9.9%	33,390,439	5.5%
2016	19,965,053	6.0%	12,244,172	6.9%	2,519,116	0.0%	642,043	11.0%	35,370,384	5.9%
2017	20,786,789	4.1%	11,448,371	-6.5%	2,270,993	-9.8%	625,562	-2.6%	35,131,715	-0.7%
<i>Change</i>										
2008-2017		19.9%		2.0%		-0.3%		69.4%		21.4%

¹ Franchise Fees included in Taxes beginning in 2011.

² Other Taxes includes Real Property Transfer Taxes and Transient Occupancy Taxes.

City of Laguna Niguel
Assessed Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year	Residential	Commercial	Industrial	Other	Unsecured	Taxable Assessed Value	Total Direct Tax Rate		
							City	LNCSD	Total
2008	\$ 10,778,543,263	\$ 543,566,388	\$ 85,864,384	\$ 538,347,363	\$ 129,484,621	\$12,075,806,019	0.13463%	0.00000%	0.13463%
2009	10,843,796,570	553,932,057	87,366,673	597,373,481	143,335,952	12,225,804,733	0.13463%	0.00000%	0.13463%
2010	10,518,498,308	651,650,711	89,240,368	473,981,671	146,266,109	11,879,637,167	0.13463%	0.00000%	0.13463%
2011	11,014,107,392	638,048,664	93,114,560	11,482,330	135,827,926	11,892,580,872	0.13463%	0.00000%	0.13463%
2012	11,117,732,120	638,400,300	94,093,029	11,004,369	130,694,433	11,991,924,251	0.13463%	0.00000%	0.13463%
2013	11,229,883,033	646,458,647	97,332,857	12,725,531	130,417,989	12,116,818,057	0.13463%	0.00000%	0.13463%
2014	11,445,351,932	641,714,733	89,523,605	89,399,329	135,097,159	12,401,086,758	0.13463%	0.00000%	0.13463%
2015	12,227,948,146	709,563,753	104,299,283	84,698,416	144,285,367	13,270,794,965	0.13463%	0.00000%	0.13463%
2016	12,908,323,391	748,131,051	133,378,348	92,189,497	136,727,885	14,018,750,172	0.13463%	0.00000%	0.13463%
2017	13,476,324,468	810,527,445	106,755,978	89,220,631	143,473,801	14,626,302,323	0.13463%	0.00000%	0.13463%

Notes:

Exempt values are not included in totals.

In 1978 the voters of the State of California passed Proposition 13 which limited taxes to a total maximum rate of 1%, based upon the assessed value of the property being taxed. Each year, the assessed value of property may be increased by an "inflation factor" (limited to a maximum of 2%). With few exceptions, property is only reassessed as a result of new construction activity or at the time it is sold to a new owner. At that point, the property is reassessed based upon the added value of the construction or at the purchase price (market value) or economic value of the property sold. The assessed valuation data shown above represents the only data currently available with respect to the actual market value of taxable

Source: Orange County Assessor 2007/08 - 2016/17 combined tax rolls, through HdL, Coren & Cone.

City of Laguna Niguel
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years

Year	City Share of Direct Rate	County Direct Rate	Overlapping Rates			
			Capistrano Unified	Capistrano Valley Water	Laguna Beach Unified	Laguna Beach Unified 2010 GO Refunding
2008	0.13463%	1.00%	0.01019%	0.00000%	0.01808%	0.00000%
2009	0.13463%	1.00%	0.00971%	0.00000%	0.01544%	0.00000%
2010	0.13463%	1.00%	0.01077%	0.00000%	0.01683%	0.00000%
2011	0.13463%	1.00%	0.01105%	0.00000%	0.00570%	0.01012%
2012	0.13463%	1.00%	0.01101%	0.00000%	0.01601%	0.00000%
2013	0.13463%	1.00%	0.01171%	0.00000%	0.01694%	0.00000%
2014	0.13463%	1.00%	0.00972%	0.00000%	0.01567%	0.00000%
2015	0.13463%	1.00%	0.00900%	0.00000%	0.01461%	0.00000%
2016	0.13463%	1.00%	0.00845%	0.00000%	0.01396%	0.00000%
2017	0.13463%	1.00%	0.00843%	0.00000%	0.01371%	0.00000%

(Continued)

Notes:

Overlapping rates are those that apply to property owners within the City.

Not all overlapping rates apply to all city property owners.

Total direct rate is the weighted average of all individual direct rates applied by the City.

In 1978, California voters passed Proposition 13 which set the property tax rate at a 1.00% fixed amount. This 1.00% is shared by all taxing agencies for which the subject property resides within. In addition to the 1.00% fixed amount, property owners are charged taxes as a percentage of assessed property values for the payment of any voter approved bonds.

Source: Orange County Assessor 2007/08 - 2016/17 Tax Rate Tables, through HdL, Coren & Cone

City of Laguna Niguel
Direct and Overlapping Property Tax Rates (Continued)
Last Ten Fiscal Years

Year	Overlapping Rates				Total Direct and Overlapping Rates
	Moulton Niguel Water Dist	Saddleback Valley Unified	South Coast Water	Metro Water	
2008	0.07810%	0.02668%	0.00963%	0.00900%	0.15168%
2009	0.10469%	0.02834%	0.00925%	0.00430%	0.17173%
2010	0.14832%	0.03043%	0.00919%	0.00430%	0.21984%
2011	0.12802%	0.03194%	0.00910%	0.00370%	0.19963%
2012	0.11957%	0.03163%	0.00828%	0.00370%	0.19020%
2013	0.12280%	0.03265%	0.00819%	0.00350%	0.19579%
2014	0.10972%	0.03207%	0.00787%	0.00350%	0.17855%
2015	0.06975%	0.02806%	0.00722%	0.00350%	0.13214%
2016	0.06270%	0.03008%	0.00665%	0.00350%	0.12534%
2017	0.09377%	0.02688%	0.00207%	0.00350%	0.14836%

(Concluded)

Notes:

Overlapping rates are those that apply to property owners within the City.

Not all overlapping rates apply to all city property owners.

Total direct rate is the weighted average of all individual direct rates applied by the City.

In 1978, California voters passed Proposition 13 which set the property tax rate at a 1.00% fixed amount. This 1.00% is shared by all taxing agencies for which the subject property resides within. In addition to the 1.00% fixed amount, property owners are charged taxes as a percentage of assessed property values for the payment of any voter approved bonds.

Source: Orange County Assessor 2007/08 - 2016/17 Tax Rate Tables, through HdL, Coren & Cone

City of Laguna Niguel
Principal Property Tax Payers
Current Year and Nine Years Ago

Taxpayer	2017			2008			% of Total City Taxable Assessed Value	
	Assessed Value	Estimated Revenue	Rank	% of Total City Taxable Assessed Value				
				Assessed Value	Estimated Revenue	Rank		
BRE Properties, Inc.	\$109,559,570	\$ 147,500	1	0.75%	\$ 68,649,291	\$ 92,423	2 0.57%	
Sequoia Equities	84,894,261	114,293	2	0.58%			0.00%	
Costco Wholesale Corporation	50,668,747	68,215	5	0.35%	44,850,419	60,382	5 0.37%	
Rancho Niguel Office Partners	50,577,142	68,092	3	0.35%				
BRE California Office Owner LLC	49,453,193	66,579	8	0.34%				
Shapell Industries, Inc.	48,597,548	65,427	4	0.33%	52,580,109	70,789	3 0.44%	
Seaside Meadows Partners	47,521,326	63,978	6	0.33%	41,853,299	56,347	6 0.35%	
Laguna Niguel Investors No. 1 & 2 LLC	42,316,831	56,971	7	0.29%	36,888,704	49,663	7 0.31%	
Ocean Ranch II	40,738,962	54,847	9	0.28%	34,050,304	45,842	10 0.28%	
FG Laguna Niguel Senior Apt. LP	39,965,663	53,806	10	0.27%	35,312,397	47,541	8 0.29%	
Stonebridge Investors Limited					90,630,181	122,015	1 0.75%	
EQR Bond Partnership					34,889,163	46,971	9 0.29%	
Arden Realty Limited Partnership					48,969,633	65,928	4 0.41%	
Total	<u><u>\$564,293,243</u></u>	<u><u>\$ 759,708</u></u>		<u><u>3.87%</u></u>	<u><u>\$488,673,500</u></u>	<u><u>\$ 657,901</u></u>	<u><u>4.05%</u></u>	

Source: Orange County Assessor 2007/2008 and 2016/2017 Combined Tax Rolls through HdL, Coren & Cone

City of Laguna Niguel
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy			Total Collections to Date		
		Amount	Percentage of Levy	Collections in Subsequent Years	Amount	Percentage of Levy	
2007	\$ 16,342,200	\$ 15,920,638	97.42%	\$ 175,573	\$ 16,096,211	98.49%	
2008	17,563,197	16,987,530	96.72%	289,467	17,276,997	98.37%	
2009	17,454,987	16,896,217	96.80%	460,886	17,357,103	99.44%	
2010	16,780,290	14,751,943	87.91%	451,782	15,203,725	90.60%	
2011	16,816,232	16,448,130	97.81%	288,571	16,736,701	99.53%	
2012	16,892,644	16,520,601	97.80%	205,001	16,725,601	99.01%	
2013	17,483,577	16,903,941	96.68%	186,450	17,090,392	97.75%	
2014	17,830,970	17,556,458	98.46%	135,732	17,692,190	99.22%	
2015	18,985,609	18,686,825	98.43%	116,427	18,803,252	99.04%	
2016	20,253,052	19,817,313	97.85%	116,490	19,933,803	98.42%	
2017	21,044,889	20,646,100	98.11%	95,185	20,741,285	98.56%	

Notes:

Tax ledgers do not identify the tax year for which delinquent taxes are paid, therefore, this schedule reflects the cumulative collections from delinquent taxes.

Source: Orange County Auditor Controller Tax Ledgers

City of Laguna Niguel
Ratio of Outstanding Debt by Type
Governmental Activities
Last Ten Fiscal Years

Fiscal Year	Capital Leases	Percentage of Assessed Property Value	^a	Per Capita	^b
2007	\$ -	0.00000%		-	
2008	-	0.00000%		-	
2009	-	0.00000%		-	
2010	-	0.00000%		-	
2011	-	0.00000%		-	
2012	-	0.00000%		-	
2013	-	0.00000%		-	
2014	-	0.00000%		-	
2015	-	0.00000%		-	
2016	353,262	0.00252%		5.34	
2017	276,999	0.00189%		4.15	

Notes:

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

The City does not have any *Business-Type* activities. All debt is reported as governmental activities.

^a See "Assessed Value of Taxable Property" schedule for assessed property value data. This ratio is calculated using assessed property value for the prior calendar year.

^b See "Demographic and Economic Statistics" schedule for population data. This ratio is calculated using population as of January of each fiscal year as reported by the State Department of Finance.

City of Laguna Niguel
Direct and Overlapping Governmental Activities Debt
June 30, 2017

2016-2017 Assessed Valuation: \$14,571,803,337

DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:	Total Debt 6/30/17	% Applicable(1)	City's Share of Debt 6/30/17 (2)
Metropolitan Water District	\$ 74,905,000	0.564%	\$ 422,464
Capistrano Unified School District School Facilities Improvement District No. 1	27,212,966	26.115%	7,106,666
Laguna Beach Unified School District	24,755,000	0.015%	3,713
Saddleback Valley Unified School District	118,585,000	0.064%	75,894
Moulton Niguel Water District, Improvement District No. 7	4,105,000	86.725%	3,560,061
South Coast Water District	220,000	5.968%	13,130
City of Laguna Niguel	-	100.000%	-
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT			\$ 11,181,930
OVERLAPPING GENERAL FUND DEBT:			
Orange County General Fund Obligations	\$ 227,516,000	2.775%	\$ 6,313,569
Orange County Pension Obligation Bonds	762,302,539	2.775%	21,153,895
Orange County Board of Education Certificates of Participation	14,440,000	2.775%	400,710
Capistrano Unified School District Certificates of Participation	9,945,000	17.886%	1,778,763
Moulton Niguel Water District Certificates of Participation	74,190,000	42.608%	31,610,875
TOTAL GROSS OVERLAPPING GENERAL FUND DEBT			\$ 61,257,812
GROSS COMBINED TOTAL DEBT		(3)	\$ 72,439,741

(1) Percentage of overlapping agency's assessed valuation located within boundaries of the City.
 (2) Amount of debt applicable to citizens residing in Laguna Niguel. This is not City of Laguna Niguel debt.
 (3) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

Ratios to 2015-2016 Assessed Valuation:

Direct Debt	0.00%
Total Direct and Overlapping Tax and Assessment Debt	0.08%
Gross Combined Total Debt	0.50%

Source: MuniServices, LLC

**City of Laguna Niguel
Legal Debt Margin Information
Last Ten Fiscal Years
(dollars in thousands)**

Legal Debt Margin Calculation for Fiscal Year 2017

Assessed value	\$	14,571,803
Debt limit (3.75% of assessed value)		546,443
Debt applicable to limit		-
Legal debt margin	\$	546,443

Note:

The general laws of the State of California for municipalities provide for a legal debt limit of 15% of gross assessed valuation. However, this provision was enacted when assessed valuation was established based on 25% of market value. Effective with FY 1981-82, taxable property is assessed at 100% of market value. Although the debt limit provision has not been amended by the State since this change, the percentage has been proportionately modified to 3.75% for the purpose of this calculation for the consistency with the original intent of the State's debt limit.

City of Laguna Niguel
Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population	Personal Income (in thousands)	Per Capita Income	Taxable Sales Per Capita	Registered Voters	Housing Units	Median Home Value	Unemployment Rate
2008	66,522	\$ 3,506,042	\$ 52,705	\$ 16,597	41,472	24,908	\$ 556,000	4.10%
2009	67,117	3,423,303	51,005	15,821	42,351	24,982	510,000	7.00%
2010	67,666	3,235,788	47,820	13,531	42,102	25,035	495,000	7.50%
2011	63,228	3,880,866	55,196	16,036	42,996	25,363	515,000	7.20%
2012	63,691	3,172,067	49,804	16,652	41,913	25,374	490,500	6.80%
2013	64,065	3,236,436	50,518	16,989	37,840	25,392	609,000	4.40%
2014	64,460	3,280,305	50,889	17,188	37,431	25,424	652,000	3.90%
2015	64,449	3,215,232	49,888	17,653	37,676	25,456	689,000	5.00%
2016	66,142	3,327,443	50,307	17,724	39,915	25,458	695,000	4.10%
2017	66,689	3,337,813	50,050	17,167	37,397	25,884	745,500	3.70%

Notes

^a Taxable sales is based upon sales tax revenue reported by the City on the modified accrual basis of accounting.

^b Median home value includes both single family and condo/townhouse units.

Year 2007 was calculated from information from the OC Assessors office.

Data for years 2008-2011 and 2013-2017 were obtained from Hdl.

Data for year 2012 was obtained from CLR Search.

^c Data for years 2012-2017 were obtained from OC Registrar of Voters.

^d Data for years 2012-2017 were obtained from Hdl, Coren & Cone.

^e Data for years 2007-2017 were obtained from State Department of Finance/Center for Demographic Research.

Source: State Department of Finance
 HdL, Coren & Cone
 Center for Demographic Research
 Orange County Assessor
 O.C. Registrar of Voters

City of Laguna Niguel
Principal Employers
Current Year and Nine Years Ago

Employer	2017			2008		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
United States Government	2,200	1	6.27%			
Costco Wholesale Corporation	637	2	1.81%	500	2	3.07%
Capistrano Unified School District	375	3	1.07%	245	3	1.50%
Life Time Fitness	307	4	0.87%			
YMCA	292	5	0.83%			
Wal-Mart Stores, Inc.	277	6	0.79%	280	4	1.72%
Mercedes-Benz of Laguna Niguel	225	7	0.64%			
Whole Foods Market	224	8	0.64%			
Home Depot USA, Inc.	210	9	0.60%	400	3	2.45%
Albertsons, Inc.	165	10	0.47%	210	6	1.29%
County of Orange				1,201	1	7.37%
First Team Real Estate, Inc.				140	7	0.86%
Miguel's Auto Broker				137	8	0.84%
State of California				124	9	0.76%
Kohl's Department Stores, Inc.				121	10	0.74%
Total	<u>4,912</u>		<u>13.99%</u>	<u>3,358</u>		<u>20.60%</u>

Note

Source: MuniServices, LLC

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City of Laguna Niguel
Full-Time Equivalent City Government Employees by Function / Program
Last Ten Fiscal Years

	Fiscal Year				
	2008	2009	2010	2011	2012
General Government					
City Council	1.0	1.0	1.0	1.0	1.0
City Manager	4.0	4.0	4.0	4.0	4.0
City Clerk	3.5	2.5	2.5	2.5	2.5
Finance	4.5	4.5	4.5	4.5	5.0
Management Services	-	-	-	-	-
Public Safety					
Police Services	1.0	1.0	1.0	1.0	1.0
Emergency Preparedness	0.5	0.5	0.5	0.5	0.5
Community Development					
Administration	3.0	3.0	3.0	3.0	3.0
Planning	10.2	10.2	9.2	9.2	8.2
Building and Safety	2.0	2.0	2.0	2.0	2.0
Public works					
Administration	3.0	3.0	3.0	3.0	3.0
Engineering / Water Quality	7.5	7.5	7.5	7.0	7.0
Median Maintenance	0.4	0.4	0.4	0.4	-
Park Maintenance	3.0	3.0	3.0	3.0	4.0
Slope Maintenance	0.6	0.6	0.6	0.6	-
City Hall	-	-	-	-	-
Parks and Recreation					
Administration	3.0	2.5	3.0	3.0	3.0
Recreational Programs	12.0	11.0	11.0	14.0	11.0
Aquatics	9.0	9.0	9.0	9.0	9.0
Skateboard Park	6.0	5.0	5.0	5.0	4.0
Sea Country Senior & Community Center	7.0	7.0	8.0	8.0	11.0
Totals	<u>81.2</u>	<u>77.7</u>	<u>78.2</u>	<u>80.7</u>	<u>79.2</u>

Note:

For part-time employees, full-time equivalent employment is calculated by dividing part-time labor costs by average hourly wage and total labor hours of 2,080. The City is a full contract City and contracts out the following services: Police and Fire Services; Street Maintenance, including Street Sweeping; Park, Slope and Median Landscape Maintenance; Metrolink Station and Park Building Maintenance, and Building and Planning Inspection Services.

Source: Finance Department

City of Laguna Niguel
Full-Time Equivalent City Government Employees by Function / Program (Continued)
Last Ten Fiscal Years

	Fiscal Year				
	2013	2014	2015	2016	2017
General Government					
City Council	1.0	1.0	1.0	0.5	0.5
City Manager	4.0	4.0	4.0	4.5	3.8
City Clerk	2.5	2.5	3.0	2.0	2.0
Finance	5.0	5.0	5.5	7.0	6.0
Management Services	-	-	-	-	2.4
Public Safety					
Police Services	1.0	1.0	-	2.0	2.0
Emergency Preparedness	0.5	0.5	1.0	1.0	1.0
Community Development					
Administration	3.0	3.0	4.0	2.8	4.0
Planning	8.2	8.2	8.2	9.8	8.0
Building and Safety	2.0	2.0	1.0	1.0	1.0
Public works					
Administration	3.0	3.0	2.0	3.0	3.3
Engineering / Water Quality	8.0	8.0	6.0	8.3	9.0
Median Maintenance	0.8	0.8	0.8	0.8	0.8
Park Maintenance	3.0	3.0	3.0	2.0	3.0
Slope Maintenance	0.8	0.8	0.8	0.8	0.8
City Hall	1.5	1.5	1.5	1.5	1.5
Parks and Recreation					
Administration	3.0	3.0	2.5	4.0	4.0
Recreational Programs	11.0	13.0	11.5	14.0	14.0
Aquatics	7.0	9.0	10.0	10.8	9.0
Skateboard Park	5.0	5.0	5.0	5.5	5.0
Sea Country Senior & Community Center	11.0	12.0	14.0	11.9	15.0
Totals	<u>81.3</u>	<u>86.3</u>	<u>84.8</u>	<u>93.1</u>	<u>96.0</u>

Note:

For part-time employees, full-time equivalent employment is calculated by dividing part-time labor costs by average hourly wage and total labor hours of 2,080. The City is a full contract City and contracts out the following services: Police and Fire Services; Street Maintenance, including Street Sweeping; Park, Slope and Median Landscape Maintenance; Metrolink Station and Park Building Maintenance, and Building and Planning Inspection Services.

Source: Finance Department

City of Laguna Niguel
Capital Asset Statistics by Function / Program
Last Ten Fiscal Years

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Public Safety: ¹										
Patrol motorcycles	3	3	3	3	3	3	3	3	3	4
PACT units	2	2	2	2	2	2	2	2	2	2
Public Works:										
Street miles	140	140	140	140	140	140	140	140	140	140
Traffic signals	78	78	78	78	78	78	78	78	78	78
Traffic signals - shared	2	2	2	2	2	2	2	2	2	2
Parks and Recreation:										
Acreage	135	135	135	135	135	135	135	135	135	135
City parks	29	29	29	29	29	29	29	29	29	29
Playgrounds	20	20	20	20	20	20	20	20	21	21
Swimming pool	1	1	1	1	1	1	1	1	1	1
Skateboard park	1	1	1	1	1	1	1	1	1	1
Baseball/softball diamonds	16	16	16	16	16	16	16	16	16	16
Soccer fields	16	16	16	16	16	16	16	16	16	16
Community centers	2	2	2	2	2	2	2	2	2	2

Note

No capital asset indicators are available for the general government or community development functions.

¹ The City contracts with the Orange County Sheriff's Department for its police services. The City does not own the patrol cars used by the County. Therefore, they are not included in this schedule, yet are part of the services provided to achieve the response times and issue the citations included in the "Operating Indicators By Function" schedule.

Sources: Various City departments

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

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Public Safety:										
Police priority one response time (minutes)	4.33	4.35	4.65	4.78	4.68	6.53	5.95	5.95	5.30	5.21
Fire response time (minutes)	6.54	6.03	6.67	6.40	6.05	6.57	6.12	6.24	6.03	6.00
Traffic citations	5,286	5,640	*	4,033	4,908	3,808	3,936	3,936	2,719	3,729
Parking citations	2,056	2,301	2,207	1,574	1,210	1,207	2,213	2,449	2,975	3,405
Community Development:										
Permits issued	2,837	1,992	1,850	1,988	2,230	2,242	2,914	3,406	3,755	4,139
Public Works:										
Streets - miles resurfaced	22.1	22.0	15.1	8.8	30.4	0.2	5.5	12.7	2.7	32.4

Notes:

* Data not available

Sources:

Orange County Fire Authority
Data Ticket
Public Works Department
Community Development Department

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