



CITY OF LAGUNA HILLS

City Council

MAYOR

Dore J. Gilbert, M.D.
MAYOR PRO TEMPORE
Barbara Kogerman

December 8, 2015

COUNCIL MEMBERS

Andrew Blount
Melody Carruth
Don Sedgwick

The Honorable Glenda Sanders
Presiding Judge of the Superior Court
700 Civic Center Drive West
Santa Ana, CA 92701

RE: California Penal Code Section 933 Response to the Orange County Grand Jury Report Entitled: "Unfunded Retiree Healthcare Obligations – A Problem for Public Agencies?"

Dear Judge Sanders:

As requested by the Orange County Grand Jury letter dated June 29, 2015, the City of Laguna Hills is responding to Finding F1 and Recommendation R1 of the Grand Jury Report entitled: "Unfunded Retiree Healthcare Obligations – A Problem for Public Agencies?" It should be noted that the City of Laguna Hills did not receive this report until November 30, 2015.

GRAND JURY FINDINGS

F1. Aliso Viejo, Dana Point, Laguna Hills, and Villa Park were not in compliance with GASB Statement No. 45 regarding the authorization of a study to determine other post-employment benefit liabilities. Aliso Viejo, Dana Point, Laguna Hills, Laguna Woods, and Villa Park were not in compliance with the disclosure of post-employment benefits in the Notes Section of their Comprehensive Annual Financial Report for FY 2012-2013.

Response:

As it pertains to Laguna Hills, the City wholly disagrees with this finding. Since the City does not offer, and has never offered, to its employees any other post-employment benefits (OPEB), there can be no associated liabilities and no need to engage such a

study. Since there are no liabilities, there is no requirement to make such a disclosure in the City's Comprehensive Annual Financial Report (CAFR). Furthermore, the City's financial reports are independently audited. The City's independent auditors (two different firms) have never suggested that the City is out of compliance with GASB Statement No. 45.

GRAND JURY RECOMMENDATIONS

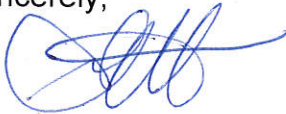
R1. The cities of Aliso Viejo, Dana Point, Laguna Hills, Villa Park, and Laguna Woods should measure and disclose their liability in accordance with Governmental Accounting Standards Board Statement No. 45.

Response:

As it pertains to Laguna Hills, this recommendation will not be implemented because it is not warranted. The City has no OPEB liability to measure and is, and always has been, in full compliance with GASB Statement No. 45.

Should you have any questions or need additional information, please contact Donald J. White, Assistant City Manager, at (949) 707-2610.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Dore J. Gilbert', with a stylized flourish at the end.

Dore J. Gilbert, M.D.
Mayor