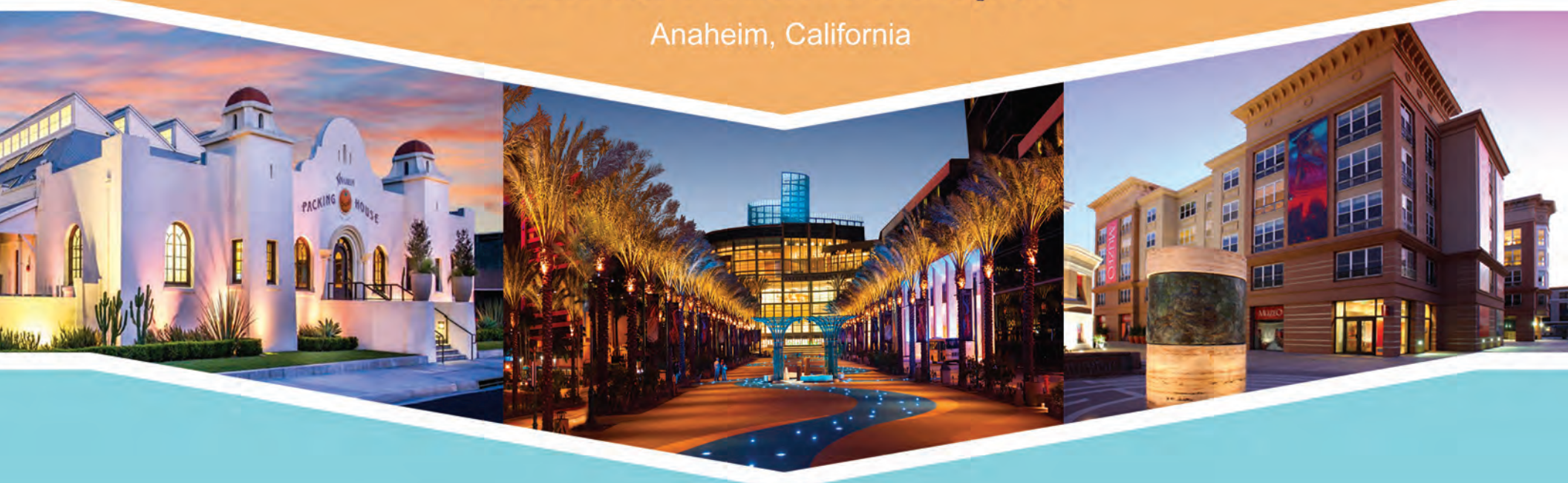


YEAR ENDED JUNE 30, 2016

Comprehensive Annual Financial Report

Anaheim, California



YEAR ENDED JUNE 30, 2016

Comprehensive Annual Financial Report

Anaheim, California



City Council



Tom Tait
Mayor



Lucille Kring
Mayor Pro Tem



Kris Murray
Council Member



Jordan Brandman
Council Member



James Vanderbilt
Council Member



Comprehensive Annual Financial Report

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Introductory Section



City of Anaheim, California Finance Department

December 20, 2016

To the Honorable Mayor and City Council
City of Anaheim
Anaheim, California

In accordance with the Charter of the City of Anaheim (City), please accept submission of the Comprehensive Annual Financial Report (CAFR) for the fiscal year ending June 30, 2016. Responsibility for the accuracy of the data, completeness, and fairness of the presentation, including all disclosures, rests with the City. We believe the data included is accurate in all material aspects, and is presented in a manner designed to fairly set forth the financial position and operational achievements of the City, as measured by the financial activity of its various funds. In addition, all disclosures necessary to enable the reader to gain maximum understanding of the City's financial activities have been included.

The City Charter requires an annual audit of the City's financial statements by an independent Certified Public Accountant. Accordingly, this year's audit was completed by KPMG LLP. In addition to meeting the requirements set forth in the City Charter, the audit was also designed to meet the requirements of the Single Audit Act Amendments of 1996 and related OMB Circular A-133. The auditors' report on the basic financial statements is included in the financial section of this report. The auditors' reports related specifically to the single audit are presented as a separate document.

Management's discussion and analysis (MD&A) immediately follows the independent auditors' report and provides a narrative introduction, overview, and analysis of the City's basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

ECONOMIC CONDITION AND OUTLOOK

Anaheim is located in northwestern Orange County, approximately 28 miles southeast of downtown Los Angeles and 90 miles north of San Diego. The City lies

on a coastal plain, which is bordered by the Pacific Ocean to the west and the Santa Ana Mountains to the east. The City is the oldest and most populous city in Orange County. Anaheim is home to the Disneyland Resort, the Anaheim Convention Center, the Anaheim Regional Transportation Intermodal Center (ARTIC), and two major league professional sports teams—the Los Angeles Angels of Anaheim Major League Baseball team, which utilizes Angel Stadium of Anaheim, and the Anaheim Ducks National Hockey League team, which utilizes the Honda Center.

Anaheim is a significant contributor to the diverse Orange County economy, which is home to more than 8,000 manufacturing plants. Product manufacturers include notable firms focused on defense and aerospace, biomedical, electronics, machinery, and computer products. The City has over 23,000 active business licenses, of which over 17,000 are businesses operating within the City's boundaries.

The economy continues to grow moderately and while there is little reason to believe that a recession is on the immediate horizon, we are cautious of the possibility in the coming years. Job growth nationally and locally has had a significant impact on the economy and should continue to bolster the economic outlook over the next few years.

The unemployment rate in Anaheim for June 2016 was 4.4%, which is below both the national average (4.9%) and the state average (5.4%).

The City will continue to build on the successes and achievements realized in the current year, and remain committed to efforts to grow service levels. The City's "Big Three" revenue sources of transient occupancy tax, property tax, and sales and use tax, have all shown steady growth this year. As the City moves through fiscal year 2016/17, we are optimistic about continued growth but will remain attentive to the prevailing economic climate and mindful of managing enhanced services within the limits of the City's General Fund.

MAJOR INITIATIVES

Under the direction of the Mayor and City Council, City management identifies the priorities that shape the path leading into the City's future. City initiatives are reevaluated regularly, and new items are frequently added to ensure that City efforts are consistent with the priorities of our policy body and the community. The City strives each year to better fulfill its mission of delivering outstanding municipal services that are responsive to our entire community by continuing its tradition of fostering innovation, ingenuity, and opportunity in its operations. This helps achieve the primary goals of focusing on community needs, building neighborhood connections, and governing for results that strengthen communities. The City's dedication to improvement and modernization creates an environment where residents and businesses are free to choose how best to enjoy all that Anaheim has to offer.

PUBLIC SAFETY:

Investing in public safety continues to be a priority for the Anaheim City Council, with our Police and Fire & Rescue Departments working diligently with the community to keep Anaheim safe. To further support strengthening the Anaheim Police Department’s capabilities, the Anaheim City Council authorized the hiring of 40 additional officers over 4 years. The fiscal year 2016/17 budget marks the third year of this four-year commitment demonstrating the Council’s and the City’s priority of providing the highest level of public safety services. These additional officers will directly impact the Anaheim Police Department’s core service, the Patrol Division, which will assist with the 11% increase in the number of calls for police services. Additionally, the Department will continue its focus on programs and initiatives including the Traffic Safety Program, Public Safety Pipeline Program, Cops 4 Kids, and Community Policing Teams among others. The City has invested in public safety through supplemental service enhancements since fiscal year 2013/14, with a total of 43 additional officers being added over the past four years. Through these programs and the additional officers, our public safety entities are actively facilitating community outreach and educational opportunities, further strengthening community relations.

The Anaheim Police Department’s Patrol Augmentation Program began in early 2016 and deploys detectives and investigators on a week-long rotation in patrol. This innovative program continues in fiscal year 2016/17, and seeks to foster a learning environment wherein seasoned detectives and investigators are able to mentor newer patrol officers. Additionally, the Police Department will leverage technology by setting up a Real Time Crime Center to apply data analytics to assist officers in the field responding to crimes in progress and other dynamic incidents. The Overt Camera Project at three Anaheim parks will enhance public safety through crime prevention and increased public awareness. Employing innovative operational enhancements and community engagement remains a priority for the Anaheim Police Department and these programs illustrate the Anaheim Police Department’s pledge to enhance public safety while strengthening relationships between officers and the community they serve.

Additionally, Anaheim Fire & Rescue will continue its focus on providing excellent service and care to the community. To support this effort, Anaheim Fire & Rescue will conduct another Fire Training Academy to fill 15 vacant firefighter positions. Filling these positions will provide support to the various programs available to the City, including the Community Care Response Unit (CCRU) program that was successfully launched as a pilot last year, the Community Emergency Response Team (CERT) that provides ongoing training and participation of our volunteer force to better prepare for and respond to disasters, the Home Safety Visit Program that provides fire safety education directly to Anaheim homeowners most vulnerable to fire and fire injuries, the Paramedic Membership Program, and others. The construction of Fire Station 12 will assist in improving emergency response times throughout the City. Anaheim Fire & Rescue also looks forward to the relocation of

Fire Station 5; as property has been purchased at 2540 East La Palma Avenue and the City is in the process of identifying qualified builders and architects. These additions and the ongoing installation of traffic signal preemption devices in major traffic corridors will help to improve response times and safety at arterial intersections for our City.

INVESTING IN OUR NEIGHBORHOODS

The fiscal year 2016/17 budget highlights substantial investments that enrich the lives of the residents in our city. A critical component of a vibrant city is providing an array of recreational and educational opportunities to help improve the health, safety, and well-being of families in Anaheim. The City of Anaheim has a long history of collaboration and partnership with school districts operating within the boundaries of the City. As part of these partnerships, the City invests significant financial resources to provide supplemental support to Anaheim schools. Over \$12.7 million dollars is included in the fiscal year 2016/17 adopted budget to support local schools by providing after school programs, campus support and programming, and pedestrian and infrastructure investments. Additionally, over the past six years the City has invested more than \$19 million in capital improvements near schools.

Featuring new developments along with improved services and infrastructure, Anaheim’s parks, community centers, and neighborhoods will continue to offer residents opportunities to partake in safe and healthy living activities. The addition of a 9,000 square foot skate park in Ponderosa Park and the development of a new Family Resource Center on the site will provide 18,000 square feet of much needed community space that will include the addition of a new gymnasium, playground, water spray park, community garden and flexible space for community activities and programs. Divided into three phases, the skate park opened in August 2016, the new Family Resource Center is expected to open summer 2017, and the remaining park improvements will be in place by early 2018.

In our ongoing efforts to offer open space for recreational and personal enrichment activities, the City is investing in a number of park upgrades to meet the needs of the community. Stoddard Park received a playground extension and a completely renovated restroom in early 2016 as part of ongoing efforts to replace aging facilities. Circle Park spent many years as a vacant city lot and at the request and input of area residents, it was designed and opened in April 2016 as a new pocket park that includes a small playground, four square court, barbecue area with new sidewalks, streetlights, and parking spaces. Lincoln Park had spent many years without a play area and in May 2016 it received a new playground as part of a collaboration with non-profit KaBOOM! that is dedicated to creating active play spaces for kids to thrive. The new playground is a welcome addition with a swing set and state of the art playground equipment for children to enjoy for years to come.

Little People’s Park was renovated with significant public input from residents and will include replacement of the gazebo shade structure, turf replacement, and

conversion of the half size basketball court to a full size court. Historic Anaheim light poles are integrated into the park with new energy efficient LED fixtures to create a safer, well-lit environment within the space. Manzanita Park upgrades and expansions will provide additional programming space, enhanced visibility and a welcoming entrance. The building will be completely upgraded with a new roof as well as energy efficient lighting, air conditioning and plumbing fixtures. These improvements will provide much needed programming space to better serve our youth.

Our libraries also received some much needed attention. The rehabilitation projects at Euclid Library in west Anaheim and the Sunkist Library in central Anaheim were completed and the projects will reconfigured the interior and exterior spaces to allow for more flexible use to meet a variety of community needs.

The City is committed to working on many new projects and will continue to collaborate with our residents to provide new and updated parks and community centers, including improvements and additional amenities at the Olive Hills Dog Park, Twila Reid Park, Founders' Park, Schweitzer Park, Palm Lane Park, Edison Park, and Brookhurst Community Center throughout fiscal year 2016/17. In east Anaheim, the City opened the much awaited Olive Hills Dog Park that features a walking/jogging path, artificial turf, separated small and large dog use areas with agility equipment and a new restroom, adjacent to the Olive Hills tennis courts.

At the request of community residents the abandoned basketball facilities at Twila Reid Park will be replaced with pickle ball courts. To further support a healthy lifestyle, a new exercise path at Edison Park will allow neighbors to become active outdoors. Finally, in summer 2017, the Brookhurst Community Center will see an expanded reception area, along with an improved back patio for community members who wish to utilize this unique location for family and special events.

Founders' Park, which celebrates Anaheim's heritage with its 1857 Mother Colony House and heritage Moreton Bay Fig tree, welcomed a new shade structure that is sure to keep park-goers cool in warmer temperatures. In addition, the City welcomed two new skate parks at Schweitzer Park and Palm Lane Park. The skate parks replaced underutilized park space and were designed with community input. We are excited about the many completed and upcoming projects in the City and look forward to more investments to come.

SUPPORTING OUR COMMUNITY:

In addition to engaging residential input on our many projects, the City believes in supporting our communities by providing resources via different program services and outreach platforms. With our newly redesigned website www.anaheim.net, the City provides a more user-friendly interface that allows individuals to easily access the important information they need. Our outreach strategies continue to provide valuable information to residents and utilize an array of easily accessible methods

including Facebook, Twitter, YouTube, Anaheim Magazine, and Your Community/Tu Comunidad publications.

Programs and services that support our youth continue to be a priority for the City. With the 2015 expansion of the mobile afterschool program from once a week in 10 neighborhoods to twice a week, it is anticipated to reach more than 6,000 youth annually. The mobile afterschool program, Fun on Wheels provides recreational activities, fitness fun and homework assistance to our developing youth in Anaheim. Increasing the reach of programs to strengthen our communities gives young people a safe, supportive environment to learn and grow. Additionally, STARS (Study-time, Arts, Recreation & Sports) is a free, drop-in program that offers children academic support, art enrichment, sports, and recreation opportunities year-round at eight parks, with two additional sites also being included. The current sites include Brookhurst, Juarez, Miraloma, Modjeska, Paul Revere, Pearson, Ponderosa, and Twila Reid Parks.

Another successful initiative is our Homeless Collaborative which continues to work in partnership with non-profit organizations to outreach and provide services to the homeless population in the City. To date, the Anaheim Homeless Collaborative has moved more than 540 homeless neighbors off the streets resulting in a net societal savings of more than \$3.5 million annually. The City has also taken steps to work closely with neighboring jurisdictions to explore and implement further innovative solutions to address homelessness. The County of Orange's first year-round emergency multi- resource homeless shelter was approved in fiscal year 2015/16 and we look forward to its opening in Anaheim in late 2017. The Homeless Outreach Team, Psychiatric Evaluation Response Team and Community Policing Team Officers will work in collaboration with other agencies, the community and non-profit organizations to facilitate the successful opening and ongoing operation of the County's first multi-resource homeless shelter in 2017. Over \$30.7 million dollars is included in the adopted budget comprised of grants, federal funding and general fund to support homeless outreach programs in the City.

ENHANCING OUR INFRASTRUCTURE:

The City is pleased with our ongoing efforts to maintain a beautiful Anaheim, a place residents can be proud to call home. The City is committed to working diligently to provide safe, reliable roadways, and barrier free sidewalks. This includes addressing aging infrastructure and undertaking repairs to streets, signs, sidewalks, curbs and gutters. These improvements enhance walkability of sidewalks, improve ride quality, and enhance the safety of our residential streets.

With the continued maintenance of our streets in fiscal year 2015/16, the City has trimmed 9,100 residential street trees, planted 349 trees, and installed 2,700 new street signs. In fiscal year 2016/17, Anaheim will introduce an additional 450 newly planted trees to the City. 10,600 trees will be pruned as a part of regular maintenance, and an additional 10,000 trees will be pruned for power line clearance.

Other projects include a new electric substation near the Interstate 5 freeway on Katella Avenue to accommodate new developments in the area, a new underground project on Lincoln Avenue and Rio Vista Street, sewer system improvements, and water storage improvement projects at the Windy Ridge Reservoir and La Palma Reservoir and Pump Station. These improvements ensure our streets remain attractive and accessible to all residents.

The City will fill cracks and potholes on approximately 5 million square feet of street and sidewalk pavement. Notable projects include the Anaheim Boulevard and Ball Road intersection improvements, the Brookhurst Street Widening project, the La Palma and State College intersection widening project, and street improvements at Riverdale Avenue and Cerritos Avenue.

In response to California's severe drought conditions, the State Water Board mandated emergency water conservation regulations in June 2015. Anaheim implemented a public outreach and water conservation program to reduce water demands by 20%, compared to usage in 2013. This water conservation goal equated to 3.3 billion gallons of water between June 2015 and February 2016. The City has continued to put into place efforts to reach our goal, including reduced landscape watering, mandatory water measure for restaurants and commercial lodging establishments, and resources for drought-tolerant gardening and turf removal. The City will continue turf rebates and loan programs that will allow customers to reduce outdoor irrigation and expand complimentary water audits for small businesses. Water conservation will continue to be an important priority for the City to stretch and protect our water supplies.

ENCOURAGING BUSINESS GROWTH:

As our local economy shows steady growth, the City continues to identify areas of improvement to encourage and incentivize businesses to make Anaheim their home. Fiscal Year 2016/17 welcomed ongoing projects and new additions that will allow business opportunities to flourish in our community. It is an exciting time to do business in Anaheim with growth and investment taking place in all sectors including entertainment, hospitality, dining along with retail, housing, and manufacturing.

On average, fiscal year 2015/16 saw a 7% increase in business licenses issued, signaling growth with businesses coming to Anaheim. In our effort to make it easier for businesses to operate in Anaheim, the City continued implementation of the Business Assistance Program, which has offered personalized assistance to more than 1,000 customers. Over 90% of customers that responded to a survey sited exceptional or impressive service. Furthermore, the City offers the option for the public to track their permits and the status of inspections online, improving user access and expediting transactions.

In city developments, the Anaheim Convention Center is currently in the midst of its seventh expansion. The project, Betterment VII, features 200,000 square feet of leasable, flexible convention space which will allow the center to continue to grow with our large annual events, attract large meeting intensive conventions that cannot currently be accommodated, and allow the ability to host concurrent events. The project is divided into two phases with Phase 1 providing a new parking tower, loading dock, and pedestrian bridge connection to the existing center. This phase was completed in Fall 2016. Phase 2 will provide for occupancy of the entire facility and will be completed in the fall of 2017.

Moreover, to continue neighborhood improvements, the City will approve specific plans, or land use planning documents that provide the framework for current and future developments. Specific plans are created with a goal of revitalizing and revamping a specified area. With the input of residents, specific plans are anticipated to remove obstacles to the reuse of existing structures and promote infill development of currently vacant or underutilized properties through the use of flexible, easy to process zoning standards. The Anaheim Canyon Specific Plan approved by the City Council in 2016 seeks to create a business environment attractive to a wide variety of industries while encouraging sustainable development in East Anaheim. The Beach Boulevard Specific Plan will help guide future development and stimulate economic activity along the Beach Boulevard corridor in West Anaheim. In addition, the Motel Best Practices program, introduced earlier this year, will guide the City's efforts in ensuring motels in Anaheim are meeting city standards and guidelines. These plans help ensure that businesses can grow throughout all of Anaheim.

The center of our City has seen a frenzy of development this past year, with a healthy balance of urban residential and commercial uses. Completed single-family residential and townhomes this past year include Domain and Circa, bringing hundreds of new homes to our downtown area. An additional seven apartment and condominium projects are planned throughout the City, offering approximately 2,900 new homes for residents.

CtrCity Anaheim, the new branding of Anaheim's downtown area features Center Street, the heart and soul of the ever-expanding downtown area. Center Street is home to one-of-a-kind boutiques, a coffee house, pubs, eateries, and barber shop, as well as St. Joseph Home Health, bringing over 900 jobs to the center of our city. Adding to our vibrant CtrCity will be a repositioning of over 20,000 square feet of retail along Center Street, drawing additional food and retail spaces.

With the continued success of the Packard Building and Packing House, the MAKE renovation adds to the vibrancy of the urban area. The MAKE renovation reinvented the former Sunkist Orange Marmalade factory into a 10,000 square foot commercial/retail establishment at 500 S. Anaheim Blvd. The building is designed to house a brewery, a winery, and a distillery, each with a tasting room and a 3,000 square foot

shared outdoor patio. This is the fourth component of the successful revitalization of the Packing District, which pays homage to Anaheim’s rich citrus, agricultural and maker/crafter culture.

This past year, Anaheim has welcomed several new breweries and many more are scheduled to open in the near future. Golden Road Brewery has opened its tasting room and the entire manufacturing facility is scheduled to open this summer. Karl Strauss Brewery also opened a facility on Orangewood near Anaheim Stadium this fall. The City continues its efforts to streamline processes and promote Anaheim as a Brew City and we are looking forward to many more breweries to come.

Finally, we are excited to announce that development in the resort area continues to thrive. It is anticipated that more than \$2.5 billion dollars will be invested in the Anaheim Resort over the next two years, with more than \$163.3 million dollars generated from the Anaheim Resort annually comprised of Transient Occupancy Taxes, Sales and Use Taxes, Property Taxes and Business License Taxes. The Resort has a positive impact on the City, generating more than \$70 million net annually, which represents nearly 24% of the General Fund. Transient Occupancy Taxes continue to be an important factor of the Anaheim economy; particularly the revenue generated in the Anaheim Resort provides core services across the City in areas including parks, libraries, streets, and public safety. Expected activities in the Resort include the redevelopment of the Park Vue Inn on Harbor Boulevard and the development of the four-star JW Marriot hotel on the GardenWalk site. The City has also received plans for additional hotel projects in the resort area and looks forward to exploring these plans and the growth these projects will bring.

FINANCIAL INFORMATION

Management of the City is responsible for establishing and maintaining internal control designed to ensure that the assets of the government are protected from loss, theft, or misuse, and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with U.S. generally accepted accounting principles. Internal control is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

This report consists of management’s representations concerning the finances of the City. As a result, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. Management asserts that, to the best of their knowledge and belief, this financial report is complete and reliable in all material respects.

BUDGETARY CONTROLS:

The City maintains budgetary controls, the objective of which is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council. Activities of the General Fund, special revenue funds, debt service funds, capital projects funds, and all the proprietary funds are included in the annual appropriated budget. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established at the departmental level. The City also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Encumbrances generally are re-appropriated as part of the following year’s budget.

RELEVANT FINANCIAL POLICIES:

Through sound fiscal management, the City of Anaheim positions itself to provide a positive atmosphere for economic development and the flexibility to strategically address budgetary challenges that result from fluctuations in the local, national, and global markets. As of June 30, 2016, the City’s General Fund has a spendable, unassigned fund balance of \$39.9 million, which represents 14% of the General Fund total fiscal year 2015/16 expenditures. Traditionally, the policy has been to maintain General Fund reserves at a minimum of 7 to 10% of expenditures.

Further, the City has a long-standing practice of recognizing and reserving for known and anticipated liabilities. The City fully funds its compensated absences and at an actuarially acceptable level for self-insurance. Additionally, the City has established an irrevocable trust for other post-employment benefits (also known as retiree medical) and continues to make the annual required contribution (ARC) to ensure this future obligation is fully funded.

LONG-TERM FINANCIAL PLANNING:

On June 21, 2016, the City Council adopted the fiscal year 2016/17 budget. Additionally, as a companion to approving the budget plan, a five-year Capital Improvement Plan was presented to the City Council. The five-year plan links anticipated expenditures for infrastructure development with community needs and desires, and provides a citywide perspective of recommended projects and proposed funding sources. The Capital Improvement Plan was finalized in June 2016, and totaled \$683.4 million for the five-year fiscal period ending June 30, 2021. The five-year Capital Improvement Plan has been submitted and annually updated, in its present form, since 1982, for effective long-range planning purposes. It is City Management’s belief that these two plans give City Council members an expanded opportunity to set policy and provide direction for implementation, resulting in improved management efficiency and improved financial results.

AWARD

GOVERNMENT FINANCE OFFICERS ASSOCIATION OF THE UNITED STATES AND CANADA (GFOA) CERTIFICATE OF ACHIEVEMENT AWARD: The GFOA awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Anaheim, California, for its comprehensive annual financial report for the fiscal year ended June 30, 2015. This was the 40th consecutive year that the City has achieved this prestigious award (fiscal years ended June 30, 1976 through 2015). In order to be awarded the Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both U.S. generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe our current comprehensive annual financial report continues to conform to the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

ACKNOWLEDGMENTS

The preparation of this report on a timely basis is a team effort involving many dedicated people across the entire organization. I would like to extend a special thanks to the talented finance professionals throughout the City, led by Peggy Au, Financial Accounting Manager. Appreciation is also expressed to Mayor Tom Tait, Council Member James Vanderbilt, and Assistant City Manager Kristine Ridge for their significant contributions as members of the Audit Committee. In closing, without the leadership and support of the City Council, preparation and results of this report would not have been possible. Its leadership has made possible the implementation of these important and innovative concepts in fiscal management by the City.

Respectfully submitted,



Paul S. Emery
City Manager



Deborah A. Moreno
Finance Director/City Treasurer



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Anaheim
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2015

Executive Director/CEO

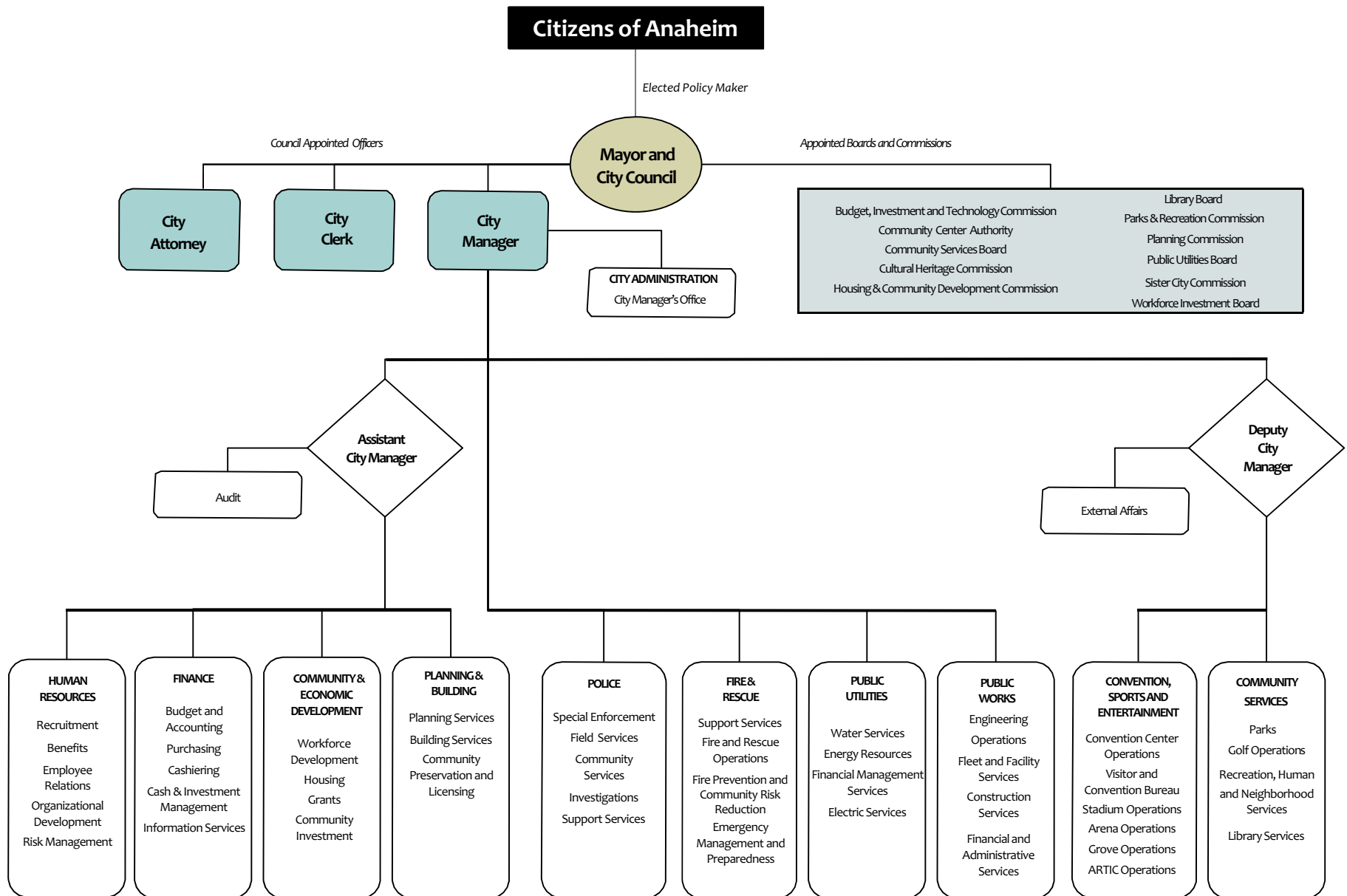
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Anaheim, California for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2015. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to Certificate of Achievement program requirements, and we are submitting it to GFOA.



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**Administrative Personnel
As of June 30, 2016**

City Manager	Paul S. Emery
Assistant City Manager	Kristine A. Ridge
Deputy City Manager	Gregory A. Garcia
Chief of Police	Raul Quezada
Acting City Attorney	Kristin A. Pelletier
City Clerk	Linda N. Andal
Community and Economic Development Executive Director	John E. Woodhead IV
Acting Community Services Director	Lawrence J. Pasco
Convention, Sports and Entertainment Executive Director	Tom Morton
Finance Director/City Treasurer	Deborah A. Moreno
Fire and Rescue Chief	Randy R. Bruegman
Acting Human Resources Director	Jason R. Motsick
Planning and Building Director	David Belmer
Public Utilities General Manager	Dukku Lee
Acting Public Works Director	Rudy Emami

Financial Section

Financial Section



KPMG LLP
Suite 700
20 Pacifica
Irvine, CA 92618-3391

Independent Auditors' Report

Honorable Mayor and City Council
City of Anaheim, California:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Anaheim, California (the City), as of and for the year ended June 30, 2016, 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 U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the 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, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Anaheim, California as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General and Housing Authority for the year then ended, in accordance with U.S. generally accepted accounting principles.

Emphasis of Matter

As discussed in note 2 to the financial statements, effective July 1, 2015, the City adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*, GASB Statement No. 73, *Accounting and Financial Reporting for Pension and related assets that are not within the scope of GASB Statement No. 68, and Amendments to Certain Provision of GASB Statement No. 67 and No. 68* and GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. Our opinion is not modified with respect to this matter.



Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that the management discussion and analysis on pages 13–24, the schedule of changes in net pension liability and related ratios on page 85, the schedule of pension plan contributions on page 86 and the schedule of funding progress on page 87 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the GASB 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.

Supplementary and 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 accompanying introductory section, supplementary information, the combining individual fund statements, and schedules and the statistical section as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relates 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 fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2016 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

KPMG LLP

Irvine, California
December 20, 2016

Management's Discussion and Analysis

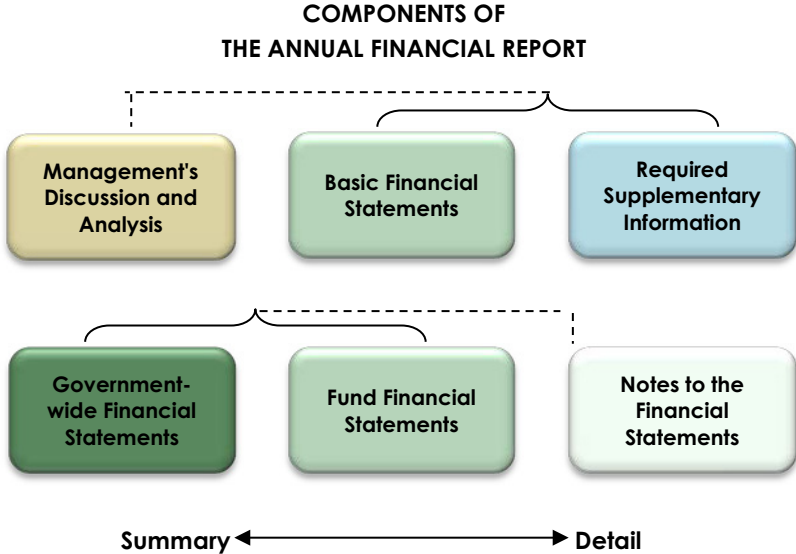
Management's Discussion and Analysis

(Unaudited)

As management of the City of Anaheim (City), we offer readers of the City's basic financial statements this narrative overview and analysis of the financial activities of the City as of and for the fiscal year ended June 30, 2016. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report, and the City's basic financial statements in the financial section of this report. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

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



Government-wide financial statements. The government-wide financial statements are comprised of the Statement of Net Position and the Statement of Activities. These two statements are designed to provide readers with a broad overview of the City's finances utilizing the full accrual method of accounting, in a manner similar to a private-sector business. Under the full accrual method of accounting, transactions are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, assets, liabilities, revenues and expenses are reported in these statements for some items

that will only result in cash flows in future fiscal periods (e.g. uncollected revenues and accrued but unpaid interest expense).

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

The Statement of Activities presents information showing how the City's net position changed during the most recent fiscal year. Functional activities are highlighted in this statement, whereby direct and indirect functional costs are shown net of related program revenue. This statement shows the extent to which the various functions depend on general taxes and non-program revenues for support.

The 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, Police, Fire, Community & Economic Development, Planning, Public Works, Community Services, Public Utilities (street lighting), Convention, Sports and Entertainment (Visitor and Convention Bureau and the Honda Center), and interest on related long-term debt. The business-type activities of the City include the electric, water and sanitation utilities, golf courses, convention, sports and entertainment venues (Anaheim Convention Center, Angel Stadium of Anaheim, and The City National Grove of Anaheim) operations, and the Anaheim Regional Transportation Intermodal Center (ARTIC) operation.

The government-wide financial statements include not only the City itself, but also the Anaheim Housing Authority, Community Center Authority, Anaheim Public Improvement Corporation, and Anaheim Public Financing Authority. Although these entities are legally separate, they function for all practical purposes as a part of the City, and therefore have been included as blended component units as an integral part of the primary government.

The government-wide financial statements can be found on pages 25-27 of this report.

Fund financial statements. The fund financial statements focus on current available resources and are organized and operated on the basis of funds, each of which is defined as a fiscal and accounting entity with a self-balancing set of accounts, established for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the governmental funds financial statements utilize the modified accrual basis of

accounting, which focuses on near-term inflow and outflow 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 the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for the governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds Balance Sheet and the governmental funds Statement of Revenues, Expenditures and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains 20 individual governmental funds. Information is presented separately in the governmental funds Balance Sheet and in the governmental funds Statement of Revenues, Expenditures and Changes in Fund Balances for the General Fund and the Housing Authority Special Revenue Fund, which are considered to be major funds. Data for the remaining 18 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of supplementary combining statements on pages 89-92, 97-98, and 101-102 of this report.

The City adopts an annually appropriated budget for all governmental and proprietary funds. Budgetary comparison statements for the General Fund and the major special revenue fund (Housing Authority) are required to be presented; these schedules are included in the basic financial statements on pages 33-34 of this report. Additionally, budgetary schedules for the other governmental funds have been provided to demonstrate compliance with the budget and can be found as part of other supplementary schedules on pages 93-96, 99-100, and 103-106 of this report.

The governmental funds financial statements can be found on pages 29-32 of this report.

Proprietary funds. The City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses its enterprise funds to account for its electric, water and sanitation utilities, golf courses, convention, sports and entertainment venues and ARTIC operations. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its general benefits and insurance, motorized equipment, information services, and municipal facilities maintenance functions. Because these services predominantly benefit governmental rather than business-type functions, they have been included with governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary funds financial statements provide separate information for all of the enterprise funds, which are considered to

be major funds of the City. Conversely, all of the internal service funds are combined into a single, aggregated presentation in the proprietary funds financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

The proprietary funds financial statements can be found on pages 35-39 of this report.

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

The City maintains three different types of fiduciary funds. The Investment Trust Fund is used to account for the external portion of the City's investment pool; the Private-Purpose Trust Fund is used to account for the assets and liabilities held in trust for the Successor Agency to the former Redevelopment Agency (Successor Agency); the Agency Fund is used to account for monies collected and disbursed in a custodial capacity for the Mello-Roos districts in the City.

The fiduciary fund financial statements can be found on pages 40-41 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 42-83 of this report.

Other supplementary information. In addition to the basic financial statements and accompanying notes, this report also presents combining individual fund statements referred to earlier in connection with nonmajor governmental funds and internal service funds. Also included are the budgetary comparison Schedules of Revenues, Expenditures and Changes in Fund Balances for all nonmajor special revenue funds, all debt service funds, and all capital projects funds. These statements and schedules can be found on pages 89-110 of this report.

FINANCIAL HIGHLIGHTS (Amounts in thousands)

- The City's total assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at the end of the current fiscal year by \$1,872,520.
- The City's governmental activities represent \$761,835 (41%) and the business-type activities represent \$1,110,685 (59%) of the City's total net position.
- The City's net position increased by \$139,954 (8%) as a result of the current fiscal year's operations. The net position of the City's governmental activities increased \$104,067 (16%) and the business-type activities net position increased \$35,887 (3%).
- The City's restricted net position of \$288,087 represents amounts available for ongoing programs and obligations with external restrictions.

- The City’s total capital assets increased by \$110,299 (3%). Capital assets in the City’s governmental activities increased by \$52,957 (8%) and business-type activities capital assets increased by \$57,342 (3%) during the current fiscal year.
- The City’s total long-term liabilities decreased by \$7,488 (less than 1%) during the current fiscal year; of this amount, long-term liabilities in the City’s governmental activities increased by \$5,120 (less than 1%), and business-type activities decreased by \$12,608 (less than 1%).
- At the close of the current fiscal year, the City’s governmental funds reported a combined fund balance of \$352,899, an increase of \$60,520 in comparison with the prior fiscal year. Approximately 6% of this amount (\$21,859) is available for spending at the City’s discretion (unassigned fund balance).
- At the end of the current fiscal year, unrestricted fund balance (total of committed, assigned and unassigned fund balance) for the General Fund was \$47,292 or 16% of total General Fund expenditures. Unassigned fund balance was \$39,850 or 14% of total General Fund expenditures.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

**NET POSITION
JUNE 30, 2016 AND 2015**

	Governmental Activities		Business-type Activities		Total Government	
	2016	2015	2016	2015	2016	2015
Current and other assets	\$ 629,710	\$ 573,861	\$ 794,529	\$ 848,069	\$ 1,424,239	\$ 1,421,930
Capital assets, net	1,379,887	1,326,930	1,906,655	1,849,313	3,286,542	3,176,243
Total assets	2,009,597	1,900,791	2,701,184	2,697,382	4,710,781	4,598,173
Deferred outflows of resources	47,112	40,420	27,806	21,319	74,918	61,739
Total assets and deferred outflows of resources	2,056,709	1,941,211	2,728,990	2,718,701	4,785,699	4,659,912
Other liabilities	79,606	45,355	94,132	107,955	173,738	153,310
Long-term liabilities	1,152,805	1,147,685	1,416,729	1,429,337	2,569,534	2,577,022
Total liabilities	1,232,411	1,193,040	1,510,861	1,537,292	2,743,272	2,730,332
Deferred inflows of resources	62,463	90,403	107,444	106,611	169,907	197,014
Total liabilities and deferred inflows of resources	1,294,874	1,283,443	1,618,305	1,643,903	2,913,179	2,927,346
Net position:						
Net investment in capital assets	968,473	894,651	997,292	993,075	1,965,765	1,887,726
Restricted	211,338	210,934	76,749	83,448	288,087	294,382
Unrestricted	(417,976)	(447,817)	36,644	(1,725)	(381,332)	(449,542)
Total net position	\$ 761,835	\$ 657,768	\$ 1,110,685	\$ 1,074,798	\$ 1,872,520	\$ 1,732,566

At the end of fiscal year 2016, the City’s net position totaled \$1,872,520 which reflects a net increase of \$139,954 or 8% from prior fiscal year.

The largest portion of the City’s net position of \$1,965,765 reflects its investment in capital assets (e.g. land, buildings, utility plant, machinery, equipment, and infrastructure), net of any related outstanding debt that was used to acquire those assets. The City uses these assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City’s investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Net investment in capital assets increased by \$78,039 (4%) primarily due to capital asset additions from unrestricted and grant funded resources, and reduction of the related outstanding debt due to current year principal payments.

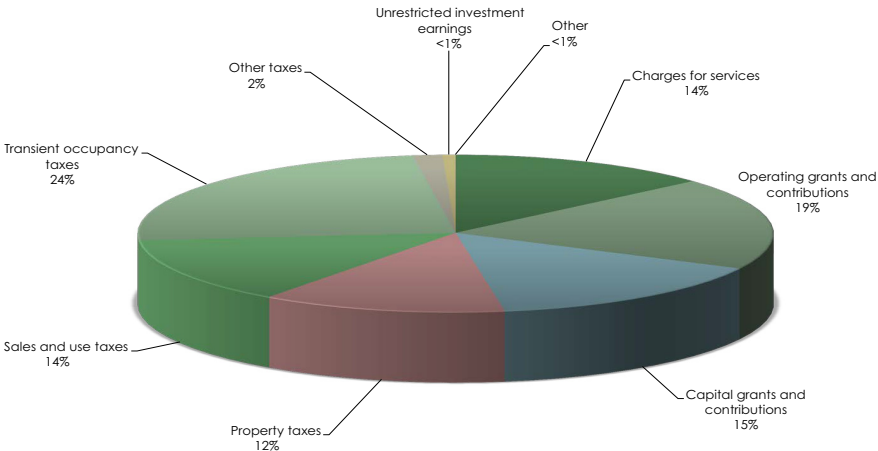
An additional portion of the City’s net position of \$288,087 represents resources that are subject to external restrictions on how they may be used. The decrease in restricted net position of \$6,295 is primarily due to restricted resources used for Public Benefits Programs and other infrastructure capital projects.

The remaining balance deficit of \$381,332 is the unrestricted net position, of which the unfunded pension liabilities and the related deferred inflows and outflows of resources account for \$573,642. The unrestricted net position deficit decreased by \$68,210 from prior fiscal year reflecting contributions from current year operations. The unfunded net pension liabilities are long-term obligations that will be funded annually in accordance with actuarially determined contribution rates. The positive component of the unrestricted net position, excluding the effects of pension liabilities, is \$192,310 and may be used to meet the City’s ongoing obligations to citizens and creditors.

**CHANGE IN NET POSITION
YEAR ENDED JUNE 30, 2016 AND 2015**

	Governmental Activities		Business-type Activities		Total Government	
	2016	2015	2016	2015	2016	2015
REVENUES						
Program revenues:						
Charges for services	\$ 76,981	\$ 72,942	\$ 592,355	\$ 616,893	\$ 669,336	\$ 689,835
Operating grants and contributions	108,131	109,968	776	287	108,907	110,255
Capital grants and contributions	85,782	67,014	11,743	8,734	97,525	75,748
General revenues:						
Taxes:						
Property taxes	70,646	68,405			70,646	68,405
Sales and use taxes	77,162	72,356			77,162	72,356
Transient occupancy taxes	138,480	119,744			138,480	119,744
Motor vehicle license fees	142	145			142	145
Other taxes	8,731	8,318			8,731	8,318
Unrestricted investment earnings	3,692	2,725	5,710	8,086	9,402	10,811
Other	87	55			87	55
Total revenues	<u>569,834</u>	<u>521,672</u>	<u>610,584</u>	<u>634,000</u>	<u>1,180,418</u>	<u>1,155,672</u>
EXPENSES						
Program activities:						
Governmental activities:						
General government	10,331	12,370			10,331	12,370
Police	132,889	135,161			132,889	135,161
Fire	62,520	61,794			62,520	61,794
Community and Economic Development	111,528	80,976			111,528	80,976
Planning	20,049	18,303			20,049	18,303
Public Works	48,719	66,023			48,719	66,023
Community Services	34,212	31,587			34,212	31,587
Public Utilities	2,687	2,599			2,687	2,599
Convention, Sports and Entertainment	18,503	17,026			18,503	17,026
Interest on long-term debt	35,185	35,340			35,185	35,340
Business-type activities:						
Electric Utility			390,732	401,243	390,732	401,243
Water Utility			61,620	68,011	61,620	68,011
Sanitation Utility			56,564	55,979	56,564	55,979
Golf Courses			4,405	4,418	4,405	4,418
Convention, Sports and Entertainment Venues			44,285	56,715	44,285	56,715
ARTIC Management			6,235	5,075	6,235	5,075
Total expenses	<u>476,623</u>	<u>461,179</u>	<u>563,841</u>	<u>591,441</u>	<u>1,040,464</u>	<u>1,052,620</u>
Excess before transfers	93,211	60,493	46,743	42,559	139,954	103,052
Transfers in (out)	10,856	(169,119)	(10,856)	169,119		
Increase (decrease) in net position	104,067	(108,626)	35,887	211,678	139,954	103,052
Net position at beginning of year	657,768	766,394	1,074,798	863,120	1,732,566	1,629,514
Net position at end of year	<u>\$ 761,835</u>	<u>\$ 657,768</u>	<u>\$ 1,110,685</u>	<u>\$ 1,074,798</u>	<u>\$ 1,872,520</u>	<u>\$ 1,732,566</u>

REVENUES BY SOURCE - GOVERNMENTAL ACTIVITIES



Governmental activities. Governmental activities increased the City's net position by \$104,067. Key elements of this increase are as follows:

The most significant revenues of the governmental activities are general taxes (52%), which include transient occupancy taxes (24%), property taxes (12%), sales and use taxes (14%), and other taxes (2%). Program revenues are 48% of the total revenues of the governmental activities, which include operating grants and contributions (19%), capital grants and contributions (15%), and charges for services (14%); unrestricted investment earnings is less than 1% of the total revenues.

Public safety (Police and Fire) expenses are the most significant (41%) of all governmental activities expenses, followed by Community Development (23%), Public Works (10%), interest on long-term debt (7%), Community Services (7%), and various other programs (12%). Included in these amounts is depreciation expense, which is 7% of the total expenses for governmental activities.

Governmental activities revenues increased \$48,162 (9%) as compared to the prior fiscal year due to the following:

- Taxes increased \$26,193 (10%) mainly due to the increase of \$18,736 (16%) in transient occupancy taxes (TOT). TOT increases are largely attributable to Disneyland's 60th Diamond Anniversary Celebration and the continued growth of the revitalized economy. Lodging industry growth has outpaced general economic growth, and in combination with lower interest rates, has led to increased development in the Anaheim Resort. The addition of six new hotels since 2014 provided an added boost to already

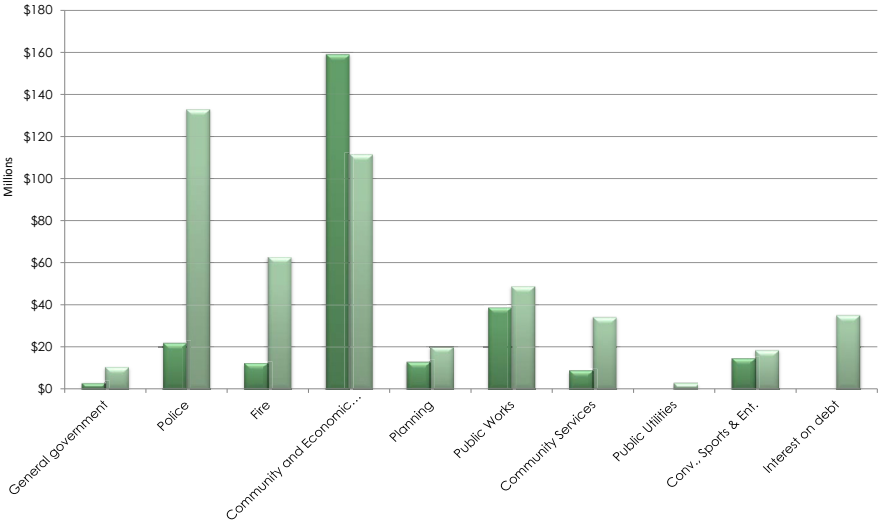
increasing room rates and occupancy. Sales and use tax increased \$4,806 (7%), primarily due to a general improvement across all business sectors, with the largest being general retail and construction-related sales. As the economy grows, development has increased and provided a stimulus for the sale of building materials. Finally, property taxes increased \$2,241 (3%) due to growth in home values and recapturing taxes that were reduced during the recession from reassessments; property tax revenues are also being assisted by new hotels and housing developments within the City.

- Operating grants and contributions decreased \$1,837 (2%) mainly due to a decrease of \$2,475 in gas tax distributions from the State of California, decreases of \$4,760 in various one-time grants (\$1,900 Building Equity and Growth in Neighborhoods Program, \$2,110 Home Investment Partnerships Program and \$750 California Home Buyer loan grants), and decrease of \$1,084 in Narcotic Asset Forfeiture revenues distribution from U.S. Treasury; offset by the decreases are increases of \$6,778 in additional funding from U.S. Department of Housing and Urban Development (HUD) Section 8 rental assistance and program support.
- Capital grants and contributions increased by \$18,768 (28%) primarily due to one-time capital asset transfer of \$47,976 from the Successor Agency to the Former Anaheim Redevelopment Agency on January 1, 2016. Refer to page 18 for the discussion related to the asset transfers; partially offset by the decrease of \$26,692 in grant reimbursements from the prior fiscal year with the completion of the construction of the Anaheim Regional Transportation Intermodal Center (ARTIC) in December 2014.

Governmental activities net transfers in increased \$179,975 primarily due to the followings:

- The increase of \$175,323 was due to a one-time transfer of capital assets (\$204,996) and the related long term debt (\$28,500) to the Anaheim Regional Transportation Intermodal Center (ARTIC) business-type activities in the prior fiscal year. The ARTIC capital assets, which were primarily funded by restricted grant resources, and the related long-term liability were previously accounted for in the governmental activities during construction. As the ARTIC operation functions as a user charge operation, the accounting activities are accounted for in an Enterprise Fund.
- The decrease of \$3,202 was due to lesser amounts needed by the Convention, Sports and Entertainment Venues Fund for debt services subsidy.

EXPENSES AND PROGRAM REVENUES - GOVERNMENTAL ACTIVITIES



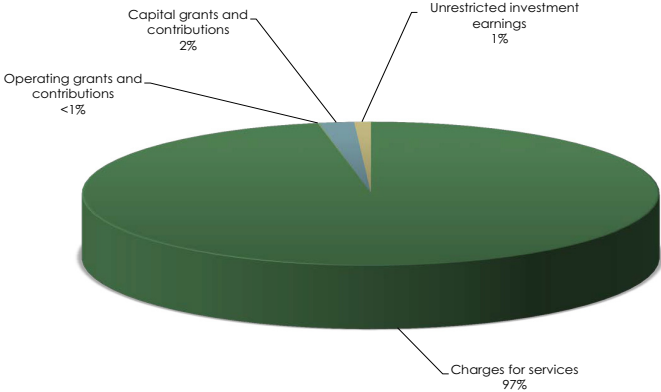
Governmental activities expenses increased \$15,444 (3%) as compared to the prior fiscal year due to the following:

- The increase in Community and Economic Development of \$30,552 is primarily due to the loss on sale of land held for resale of \$16,060, other taxing entities' share of future land sales of \$6,770 accrued liability for the Successor Agency land held for resale (refer to discussion below about assets transferred from the Successor Agency), and \$4,190 increase in Housing Authority rental assistance programs.
- The increase in Community Services of \$2,625 is mainly due to one-time increase for landscape maintenance (\$1,300) and an increase in labor and benefit costs of \$1,751.
- The decrease in Public Safety expenses of \$1,546 is attributable to lower pension expense of \$14,189 resulting from favorable changes in actuarial assumptions and favorable experience compared to expectations. Public Safety expenses other than pension increased by \$12,643 primarily due to service enhancements in public safety and emergency response services, and increase in public safety reimburseable services. Of this amount, salary and benefits costs increased approximately \$13,976 which includes the addition of 10 new sworn police officers.
- The decrease in Public Works expenses of \$17,304 is primarily due to one-time expense of transferring capital assets to be owned and maintained by another agency in prior fiscal year.

Assets Transferred from the Successor Agency to the Former Anaheim Redevelopment Agency:

- In accordance with the State of California Health and Safety Code Section 34191.5, the Successor Agency to the former Anaheim Redevelopment Agency (Successor Agency) prepared a Long Range Property Management Plan (LRPMP) and submitted it to the California Department of Finance (DOF) for approval. The DOF approved the Successor Agency's LRPMP on December 31, 2015 authorizing the Successor Agency's assets to be transferred to the City of Anaheim to be maintained for government use or utilized for future development. Book values of the capital assets identified for government use at the time of transfer were \$47,976 and for future development were \$43,028. The City records the land held for resale in the Long Range Property Management Plan nonmajor Special Revenue Fund with an offset to Use of money and property and records the capital assets in the Governmental activities with an offset to Capital Grants and Contributions.
- Subsequent to the asset transfers, on January 12, 2016, the City Council approved a Disposition and Development Agreement for the sale of four sites at a fair market value of \$10,100 to a developer. This sale includes 2 Anaheim Housing Authority assets. Sales price of the transferred Successor Agency sites was \$4,800 with a net book value of \$20,850. As such, the LRPMP Fund recognized the loss of \$16,050 on the sale of the land held for resale as a current Community and Economic Development expenditure.
- The State of California Health and Safety Code Section 34180(f) requires a compensation agreement to be reached with the other taxing entities to provide payments to them in proportion to their shares of the base property tax for all assets transferred to the City of Anaheim and used for future development purposes. If no compensation agreement is reached on valuation of those assets, the value will be the fair market value as of the 2011 property tax lien date as determined by an independent appraiser approved by the Successor Agency's Oversight Board. The 2011 fair market value of the transferred assets to be used for future development is estimated at \$32,526. This amount includes the sites that were sold.
- The City of Anaheim will seek negotiations with the other taxing entities to enter into a compensation agreement; however, no agreement has been implemented as of June 30, 2016. Consequently, the City of Anaheim has recognized a liability due to other governments totaling \$28,948 which sum represents the 2011 fair market value of all transferred assets to be used for future development less the City of Anaheim's proportionate share retained in its capacity as a taxing entity.
- The City of Anaheim recognized \$1,500 due to other governments in the LRPMP nonmajor Special Revenue Fund from the sales proceeds of the 2 sites that were sold and recorded the remaining \$27,448 in the government-wide activities with an offset to Other Revenues (\$22,178) and expense (\$5,270).

REVENUES BY SOURCE - BUSINESS-TYPE ACTIVITIES



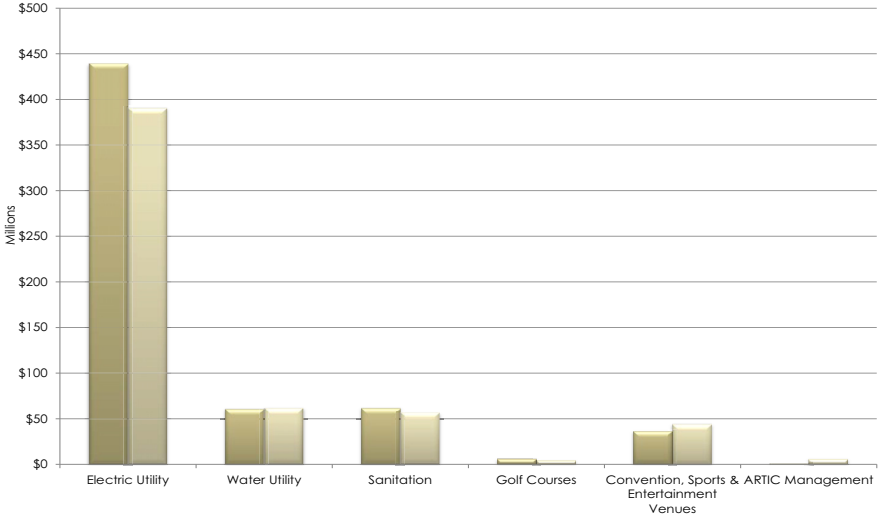
Business-type activities. Business-type activities increased the City’s net position by \$35,887 Key elements of this change are as follows:

Charges for services of \$592,355 decreased by \$24,538 (4%) due to the following:

- The decrease of \$23,212 (5%) in Electric Utilities charges for services is attributable to the following: a) retail sales, net of bad debt, totaled \$372,621 increased by \$48,414 (15%) resulting from a restructuring of rates effective September 1, 2015 in order to more effectively align the recovery of the Utility's costs with the nature of the costs incurred. The Power Cost Adjustment (PCA) and the Environmental Mitigation Adjustment (EMA) were reduced with corresponding increases to base rates. The restructuring was designed to be revenue neutral to the Electric Utility customers; b) as such, the Rate Stabilization Account (RSA) revenues decreased by \$58,000 (89%); \$7,000 of RSA was recognized for the current fiscal year. Additional information about the RSA can be found in note 1 of the notes to the financial statement on pages 48-49 of this report. Finally, Wholesale revenues decreased by \$16,232 (58%) mainly due to the decrease in wholesale energy coupled with lower wholesale prices.
- The decrease of \$2,986 (5%) in Water Utilities charges for services is primarily due to the 11.6% decrease in customer demand of water retail sales during the fiscal year resulting from strenuous conservation efforts in response to the ongoing drought conditions throughout the region.
- The increase of \$930 (2%) in Sanitation Utility charges for services is attributable to a 3% rate increase in solid waste revenues during the entire fiscal year.

Net Transfers out of \$10,856 decreased by \$179,975 as discussed in the government-wide financial analysis of governmental activities.

EXPENSES AND PROGRAM REVENUES - BUSINESS-TYPE



Total expenses of \$563,841 decreased \$27,600 (5%) due to the following:

- The decrease in the Electric Utility expenses of \$10,511 (3%) is mainly due to a decrease in power costs of \$25,007 (9%) resulting from lower natural gas prices and a corresponding reduction in wholesale power prices; and a decrease in interest expense of \$2,537 (11%) reflecting lower interest rates from continually reviewing and improving the debt management strategy. Partially offsetting the decreases were increase in maintenance, operations and administration expense of \$4,743 due to higher maintenance expense to ensure reliability of the electric system. Lastly, depreciation expense increased by \$14,451 due to the accelerated depreciation of the San Juan Generation Plant. Additional information about the accelerated depreciation of the San Juan Generation Plant can be found in note 12 of the notes to the financial statement on page 78 of this report.
- The decrease in Water Utility expenses of \$6,391 (9%) is attributable mainly to decreases of \$4,727 (13%) in purchase water and treatment and pumping costs due to lower customer demand from the drought and the conservation efforts that have been successful in reducing water use; maintenance, operations, administration expenses decreased by \$1,548 (10%) mainly due to overhead costs were capitalized during the fiscal year as a result of the increasing construction in progress (CIP) compared to maintenance activity. The Water Utility's CIP balance increased by \$7,711 (88%) primarily due to several major capital projects that were started during the year.

- The decrease in Convention, Sports and Entertainment Venues of \$12,430 was primarily attributable to the prior fiscal year loss on capital asset retirements for the parking structure demolition (\$7,135) related to the Convention Center Expansion, the Amtrak station demolition (\$2,346) within Sportstown, and the one-time cost of issuance \$1,359 for the 2014 Convention Center Expansion bonds. Interest expense also decreased by \$2,976 due to the higher amount of capitalized interest for construction related activity.

During fiscal year 2016, transient occupancy taxes (TOT) increased \$18,736 (16%), property taxes increased by \$2,279 (3%), sales and use taxes increased \$10,054 (14%) with the sales tax triple flip final distribution of \$9,790; and other taxes decreased by \$546 (7%).

- Licenses, fees, and permits increased \$3,777 (18%) due to increased construction activity within the City.

General Fund expenditures increased by \$23,429 (9%) primarily due to planned service enhancements in public safety and community services as discussed in the government-wide financial analysis of the governmental-activities.

The Housing Authority Fund revenues increased by \$7,193 (9%) primarily due to an increase in Section 8 rental assistance of \$6,778 and a loan principal payment received from the Successor Agency of \$5,660; partially offset by decreases of \$4,065 for the gain realized on sale of housing land held for resale, \$810 in homebuyer loan principal payments received and \$750 in state grant funding for homebuyer loans. Housing Authority expenditures increased by \$2,806 (4%) mainly due to an increase of \$4,190 in rental assistance program, as more Anaheim residents were provided assistance at a higher monthly rental cost per resident, and partially offset by decrease of \$1,260 in homebuyer loans provided in the prior fiscal year.

Total nonmajor governmental funds revenues decreased by \$2,829 (2%). Intergovernmental revenues decreased by \$39,482 (47%) mainly due to timing of the projects that receive reimbursements for grant funding; Other revenues decreased by \$8,205 primarily due to one-time developer contribution for the Mello-Roos projects in the prior fiscal year. These decreases are offset by increases of \$44,677 in Use of money and property primarily due to \$43,028 related to the land held for resale transferred from the Successor Agency as previously discussed. The most significant factors of other changes are discussed in the government-wide financial analysis of the governmental-activities.

Total nonmajor governmental funds other financing sources decreased by \$6,955 (10%) primarily due to \$23,544 of bond proceeds from the issuance of the 2014-A Lease Revenue Bonds for the City's infrastructure capital improvement in the prior fiscal year. Partially offsetting the decreases are increases of transfers in from the General Fund of \$7,850 for the Lease Payment Measurement Revenues (LPMR) set-aside for the Resort debt service (see note 8 for more information regarding LPMR), \$2,505 for various neighborhood improvement projects and \$3,234 for debt services related to accelerated repayments on refunding debt.

Total nonmajor governmental funds expenditures decreased by \$27,178 (16%) primarily due to a decrease in capital outlay of \$48,077 with the completion of the ARTIC and Brookhurst Street Widening construction projects and partially offset by an increase in expenses in Community and Economic Development of \$15,219 primarily due to a loss on the sale of land held for resale of \$16,060 that was discussed in the government-wide financial analysis of the governmental-activities.

Proprietary funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

Governmental funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the City's governmental funds reported total ending fund balances of \$352,899, an increase of \$60,520 in comparison with the prior fiscal year. Of the total fund balance of \$352,899, restricted fund balance totaled \$294,634 (83%) and indicates the use of resources are constrained by external parties, resource providers, constitutions or enabling legislations. Unassigned fund balance totaled \$21,859 (6%) and is available for spending at the City's discretion. The remaining fund balance is \$36,406 (10%), of which \$6,960 is not in spendable form, and \$29,446 that was assigned for particular purposes.

Governmental revenues totaled \$558,483 while expenditures were \$509,580.

The General Fund is the general operating fund of the City. At June 30, 2016, the General Fund reported a total ending fund balance of \$55,980 and consisted of the following:

- \$958 was nonspendable for inventory, prepaid and other assets and a long-term Interfund receivable
- \$6,635 was restricted for claims and judgments
- \$1,095 was restricted for grant purposes
- \$892 was assigned for encumbrances
- \$6,550 was assigned for subsequent year budget appropriation
- \$39,850 was unassigned

General Fund total revenues increased \$36,704 (12%) as compared to the prior fiscal year primarily attributable to the following:

- Total taxes increased by \$31,615 (12%) due to the growth in the overall economy. Taxes are the largest revenue sources of the General Fund and they accounted for \$298,436 or 85% of the total General Fund revenues.

The Electric Utility net position increased \$27,543 (8%) in the current fiscal year. The most significant factors of the change in fund net position are discussed in the government-wide financial analysis of business-type activities.

The Water Utility fund net position decreased \$103 (less than 1%) in the current fiscal year. The most significant factors of the change in fund net position are discussed in the government-wide financial analysis of business-type activities.

The Sanitation fund net position increased \$3,214 (3%) in the current fiscal year. The most significant factors of the change in fund net position are discussed in the government-wide financial analysis of business-type activities.

The Golf Courses fund net position increased \$1,464 (25%) in the current fiscal year mainly due to a \$2,007 one-time capital contribution from the California Friendly Landscape Incentive for an artificial turf project.

The Convention, Sports and Entertainment Venues fund net position increased \$1,819 (1%) in the current fiscal year. The most significant factors of the change in fund net position are discussed in the government-wide analysis of business-type activities.

The ARTIC Management fund increased net position by \$1,637 primarily due to an operating subsidy transfer in of \$6,106.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the year, the original budget was amended to increase appropriations by \$7,111 (2%). The increase in appropriations was primarily the result of the carryover of prior year appropriations and amendments amounting to \$5,380 and the reallocation of appropriations from other funds of \$1,731. These amendments were to be funded from savings in other programs of the General Fund during the year.

General Fund revenues of \$349,926 were greater than budgeted revenues of \$343,091 by \$6,835 (2%), primarily due to stronger than anticipated performance of transient occupancy taxes, sales taxes and other various revenue sources as the economy continued to grow.

General Fund expenditures were less than budgeted. Of the total appropriations of \$294,428, approximately 1%, or \$3,329, went unspent. There were no significant variances.

CAPITAL ASSETS AND DEBT ADMINISTRATION

**CAPITAL ASSETS
(net of accumulated depreciation)
JUNE 30, 2016 AND 2015**

	2016	2015	2016	2015	2016	2015
Land	\$ 647,289	\$ 631,038	\$ 89,505	\$ 90,933	\$ 736,794	\$ 721,971
Construction in Progress	50,033	56,579	207,644	112,134	257,677	168,713
Building, structures, and improvements	196,327	163,247	533,946	545,380	730,273	708,627
Utility plant			1,063,095	1,090,056	1,063,095	1,090,056
Machinery and equipment	37,018	35,873	12,465	10,810	49,483	46,683
Infrastructure	449,220	440,193			449,220	440,193
Total	\$ 1,379,887	\$ 1,326,930	\$ 1,906,655	\$ 1,849,313	\$ 3,286,542	\$ 3,176,243

Capital assets. The City’s investment in capital assets for its governmental and business-type activities at June 30, 2016 amounted to \$3,286,542 (net of accumulated depreciation). This investment in capital assets included land, construction in progress, buildings, structures and improvements, utility plant, machinery and equipment, and infrastructure. The total increase over the prior fiscal year was 3% (\$110,299), of which governmental activities increased 4% (\$52,957) and business-type activities increased 3% (\$57,342).

The increase of capital assets in governmental activities was primarily due to capital asset additions of \$90,880, capital assets transfer, net from business-type activities of \$125, capital asset retirements of \$957 offset by current year depreciation of

\$37,091. Major capital asset activities during the current fiscal year include the following:

- Additions of \$26,537 in construction work in progress including the Anaheim Fixed Guideway project (\$848), various street improvements and street widening including Lincoln Avenue-Brookhurst Street to Euclid (\$1,803), La Palma Potomac Circle to Weir Canyon Road (\$893), Tustin/La Palma Improvement (\$9,314), Green Leaf-Hampton, park developments including Manzanita Park (\$1,473), Olive Hills Park (\$1,242) and Ponderosa Park (\$1,134); and various software upgrades that includes the Enterprise

Resource Planning (ERP) System upgrade (\$1,131).

- Capital assets transferred in from the Successor Agency totaled \$47,976 of which \$9,612 were land assets, \$38,315 of building, structures and improvements, and \$49 of equipment.
- Acquisitions of various vehicles and equipment totaling \$8,793
- Completion of \$33,083 of construction were in progress that including the Katella Avenue to Lewis (\$8,511), Katella Street Widening (\$5,987), Santa Ana River Trail Improvement (\$1,697), Tustin/La Palma Street Improvement (\$9,314), Sage Park Improvement (\$1,085) and various other infrastructure construction completions.
- Land transferred in from Electric Utility of \$1,428, completion of certain street lights newly constructed transferred to Electric Utility of \$415, and structural improvement of \$888 that were transferred to ARTIC Management Fund.

The increase in business-type activities is primarily due to increases in the following:

- The Electric Utility increase of \$2,292 (3%) is comprised of utility plant increases of \$58,311, and partially offset by \$56,019 for the current year addition to accumulated depreciation. Construction in progress increased by \$24,298 and is mainly due to \$54,992 in addition of capital projects for the replacement of aging overhead, electrical lines with state-of-the-art, underground projects on the Underground District #62 Phase 2 at Miraloma Avenue, Underground District #57 Phase 2 at Dale Avenue, as well as the ongoing replacement of aging circuit breakers and switches throughout the City and major improvements at substations. The Electric Utility also completed \$30,693 of construction work in progress including the completion of 2.9 circuit miles of underground conversion on West Westmont and Dale Street, installation of 15,312 feet direct buried cable, 448 new transformers; and the installation of fiber optic equipment, upgrading communication equipment, and improvements to general facilities. This updated system will provide more efficient and functional services to Anaheim’s customers.
- The Water Utility increase of \$1,329 is comprised of capital asset additions of \$12,403 and offsets by \$11,074 in additions to the current year accumulated depreciation. Construction work in progress increased by \$7,711 an is mainly due to current year additions for \$12,115 for bond

funded capital projects and offset by the completion of the rehabilitation and replacement of various pressure regulating stations (PRS) throughout the City (\$700); completion of the 12” main replacement project on Lincoln and State College (\$1,602) and completion of the replacement of various transmission and distribution water mains throughout the City (\$960).

- The Sanitation Utility increase of \$4,391 is comprised of capital asset additions of \$7,011 and partially offset by the current year additions to accumulated depreciation of \$2,620. Construction work in progress increased \$4,958 and is mainly due to additions of \$6,382 for bond funded sanitary system improvement projects including the sewer system improvements on Orangewood Avenue, Cerritos, and Rio Vista, and offset by \$1,424 for the completion of the sewer system improvement on Jackson-Frontera-La Palma.
- The Golf Courses increase of \$1,239 includes capital asset addition of \$1,795 that completed the landscape improvement in Anaheim Hills Golf Course, and partially offset by the current year additions to accumulated depreciation of \$556.
- The Convention, Sports and Entertainment Venues increase of \$49,412 is comprised of capital asset additions of \$62,332, and partially offset by the current year additions to accumulated depreciation of \$12,920. Work in progress additions for the fiscal year were \$58,738 primarily for the Convention Center Expansion bond funded project.

Additional information on the City’ Capital Assets can be found in notes 1 and 5 of the notes to the financial statements, on page 47 and page 58-59 of this report.

**LONG-TERM LIABILITIES
JUNE 30, 2016 AND 2015**

	Governmental Activities		Business-type Activities		Total Government	
	2016	2015	2016	2015	2016	2015
General obligation bonds	\$ 700	\$ 1,360			\$ 700	\$ 1,360
Revenue bonds	631,621	639,531	\$ 1,124,159	\$ 1,116,443	1,755,780	1,755,974
Interest payable			2,207	1,717	2,207	1,717
Capital lease obligations	2,088	2,346			2,088	2,346
Notes and loans payable	20,820	21,372	36,200	57,399	57,020	78,771
Self-insurance	50,616	46,035			50,616	46,035
Compensated absences	20,538	19,172			20,538	19,172
Decommissioning provision			119,994	134,414	119,994	134,414
Net pension liabilities	426,422	417,869	134,169	119,364	560,591	537,233
Total	\$ 1,152,805	\$ 1,147,685	\$ 1,416,729	\$ 1,429,337	\$ 2,569,534	\$ 2,577,022

Long-term liabilities. The City’s outstanding long-term liabilities, including bonds, capital leases, notes and loans payable, self-insurance, compensated absences, provision for decommissioning costs, and net pension liabilities totaled \$2,569,534 at June 30, 2016. Of this total, \$1,152,805 (45%) was in governmental activities and \$1,416,729 (55%) was in business-type activities.

The City’s governmental activities outstanding long-term liabilities increased \$5,120 (less than 1%) during the current fiscal year. The increases are primarily due to the accrued accretion payable of \$18,178 on the 1997 Anaheim Resort Improvement Bonds; an increase in net pension liabilities of \$8,553 as actuarially determined for the measurement date of June 30, 2015; self-insurance also increased by \$4,581 as actuarially determined primarily due to a change in the assumed discount rate from 3.00% to 1.75%. Principal payments of \$29,660 during the current fiscal year decreased the long-term liabilities.

The City’s business-type activities outstanding long-term liabilities decreased \$12,608 (1%). The decreases are primarily due to current year principal payments of \$48,953, payments for decommissioning costs of \$16,598, offset by increases in refunded bonds principal balance of \$29,820 and net pension liability of \$14,805.

Additional information on the City’s long-term liabilities can be found in notes 6, 8 and 10 of the notes to the financial statements, on pages 60, 61-70, 71-77 of this report.

ECONOMIC FACTORS

- There remains a focus on public pensions and their sustainability; many assumptions are used to estimate the ultimate liability of pensions and the contributions that will be required to meet those obligations. One of the most significant factors used in determining the liability and the funding requirements is the rate of return that investments will yield prior to making payments, known as the discount rate. The City’s pension plans currently utilize a discount rate of 7.5%, which is used in determining the unfunded pension liability and funding requirements. If it is determined in the future that an even lesser rate of return is more appropriate, there will be a significant increase in the unfunded liability and the contributions required to meet those obligations. The Governmental Accounting Standards Board also has issued newer standards related to the accounting and reporting for pensions that are reflected in the accompanying statement. Additional information about the City’s retirement plans can be found in note 10 of the notes to the financial statements on pages 71-77 of this report.
- The State of California enacted pension legislation that went into effect in January 2013 and applies mainly to new public employees. Some of the major changes include mandatory cost sharing by employees, reducing the overall benefit level (e.g. percentage of pay), increasing the retirement age, and placing a cap on the salary used to determine retirement benefits. The

impacts to the City for these changes for future employees have yet to be determined.

- For the 2017 fiscal year, the City appropriated \$318,613 in estimated available resources of \$354,552 for General Fund spending. This leaves approximately \$35,939 in estimated available reserves, which is 11% of General Fund appropriations. The City’s long-standing policy is to maintain General Fund reserves of at least 7% to 10% of annual appropriations.
- The City annually reviews all of its fees as part of the budget adoption process. Developer, construction, and other fees applicable to residents and development doing business in the City are adjusted in June of each year to reflect recurring costs.
- Tourism plays a significant role in the economies of California, Orange County and the City of Anaheim. While Anaheim has been able to compete for and capture a significant portion of tourism revenue, Anaheim has long recognized its inability to robustly tap into the upscale convention and tourism business. In May 2013, the City entered into two economic assistance agreements for up to 866 hotel rooms, of a four-diamond quality, in two phases at the GardenWalk. These agreements provide for City assistance in an amount equal to 70% of the Transient Occupancy Tax (TOT) for the development of a Convention Hotel (of not less than 466 rooms) and a Resort Hotel (of not less than 350 rooms). The City’s assistance ends on the earlier of twenty years from completion of construction or, provision of assistance up to a not to exceed amount of approximately \$158 million.

Further, in June 2015, the City established the Hotel Incentive Program to bring other four-diamond quality hotels to Anaheim. In accordance with the Hotel Incentive Program, the City entered into three additional economic assistance agreements in July 2016 with similar terms for 580 rooms at 1700 South Harbor with an estimated assistance amount of \$145 million, 634 rooms at 1030 West Katella Avenue with an estimated assistance amount of \$148 million, and approximately 700 rooms to the north of the Disneyland Hotel with an estimated assistance amount of \$267 million; thereby, creating the desired number of luxury rooms within the City. As such the program was rescinded for terminated for future developments in December 2016.

Provision of economic assistance is contingent upon completion of construction of the hotels, the commencement of and continued operations as a four-diamond quality, and the generation of and payment to the City of TOT. The contemplated hotels have yet to be built, and therefore cannot operate, generate nor pay TOT, and as such no economic assistance is required by the City at this time. Once the hotels are constructed and

operated at the required quality level, the City will use an amount equal to 70% of the TOT generated and paid to the City to fund the corresponding economic assistance referenced above.

- California Senate Bill 1X 2 signed into law in April 2011 mandated that all California utilities are required to reach 25% renewable power in their power portfolios by 2016, 33% by 2020 and 50% by 2030. The higher renewable power costs will increase future power supply costs. The Electric Utility has a number of strategies to mitigate the potential cost impacts.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City’s finances for all those with an interest in the government’s finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Office of the Finance Director, City of Anaheim, 200 South Anaheim Boulevard, Suite 643, Anaheim, California, 92805.

Basic Financial Statements

Statement of Net Position

June 30, 2016 (In thousands)

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 49,509	\$ 37,977	\$ 87,486
Investments	203,450	144,989	348,439
Accounts receivable, net	23,178	62,660	85,838
Accrued interest receivable	643	1,502	2,145
Internal balances, net	15,596	(15,596)	
Due from other governments	51,570		51,570
Inventories	1,026	18,512	19,538
Land held for resale, net	28,365		28,365
Pipeline receivable		20	20
Prepaid and other assets	8,063	98,254	106,317
Restricted cash and cash equivalents	36,268	83,076	119,344
Restricted investments	94,691	362,718	457,409
Unamortized prepaid bond insurance	1,318	417	1,735
Net other post-employment benefits (OPEB) asset	11,244		11,244
Notes receivable, net	88,769		88,769
Due from Successor Agency	16,020		16,020
Capital assets, net:			
Nondepreciable	697,322	297,149	994,471
Depreciable	682,565	1,609,506	2,292,071
Total assets	<u>2,009,597</u>	<u>2,701,184</u>	<u>4,710,781</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding bonds	1,813	9,628	11,441
Deferred pension related items	45,299	18,178	63,477
Total deferred outflows of resources	<u>47,112</u>	<u>27,806</u>	<u>74,918</u>
LIABILITIES			
Accounts payable	25,176	67,617	92,793
Wages payable	7,519	1,275	8,794
Due to other governments	28,948		28,948
Interest payable	5,308	11,619	16,927
Arbitrage rebate liability		508	508
Deposits	9,067	8,232	17,299
Unearned revenues	3,588	4,881	8,469
Long-term liabilities:			
Due within one year	52,909	50,897	103,806
Due in more than one year	673,474	1,229,456	1,902,930
Interest payable		2,207	2,207
Net pension liabilities	426,422	134,169	560,591
Total liabilities	<u>1,232,411</u>	<u>1,510,861</u>	<u>2,743,272</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Regulatory credits		93,379	93,379
Deferred pension related items	62,463	14,065	76,528
Total deferred inflows of resources	<u>62,463</u>	<u>107,444</u>	<u>169,907</u>
NET POSITION			
Net investment in capital assets	968,473	997,292	1,965,765
Restricted for:			
Debt service	958	16,538	17,496
Capital projects	49,557	51,145	100,702
Community and economic development	110,363		110,363
Streets, roads and transportation improvement projects	34,089		34,089
Other purposes	16,371	9,066	25,437
Unrestricted	(417,976)	36,644	(381,332)
Total net position	<u>\$ 761,835</u>	<u>\$ 1,110,685</u>	<u>\$ 1,872,520</u>

The accompanying notes are an integral part of these financial statements.



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Statement of Activities

Year Ended June 30, 2016 (In thousands)

Functions/Programs	Expenses	Indirect Expenses Allocation	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:								
General government	\$ 25,378	\$ (15,047)	\$ 1,892	\$ 1,049		\$ (7,390)		\$ (7,390)
Police	128,646	4,243	11,775	9,979	\$ 249	(110,886)		(110,886)
Fire	61,587	933	9,814	850	1,459	(50,397)		(50,397)
Community and Economic Development	111,210	318	10,210	80,241	68,826	47,749		47,749
Planning	19,026	1,023	11,515	1,389		(7,145)		(7,145)
Public Works	48,511	208	15,817	13,904	8,900	(10,098)		(10,098)
Community Services	33,565	647	3,430	719	4,483	(25,580)		(25,580)
Public Utilities	2,687					(2,687)		(2,687)
Convention, Sports and Entertainment	18,186	317	12,528		1,865	(4,110)		(4,110)
Interest on long-term debt	35,185					(35,185)		(35,185)
Total governmental activities	483,981	(7,358)	76,981	108,131	85,782	(205,729)		(205,729)
Business-type activities:								
Electric Utility	386,335	4,397	430,485		8,771		\$ 48,524	48,524
Water Utility	60,521	1,099	60,509		293		(818)	(818)
Sanitation Utility	56,194	370	61,006	712			5,154	5,154
Golf Courses	4,292	113	4,114		2,007		1,716	1,716
Convention, Sports and Entertainment Venues	42,906	1,379	35,363	64	672		(8,186)	(8,186)
ARTIC Management	6,235		878				(5,357)	(5,357)
Total business-type activities	556,483	7,358	592,355	776	11,743		41,033	41,033
Total government	\$ 1,040,464	\$ (7,358)	\$ 669,336	\$ 108,907	\$ 97,525	(205,729)	41,033	(164,696)
General revenues:								
Taxes:								
Property taxes						70,646		70,646
Sales and use taxes						77,162		77,162
Transient occupancy taxes						138,480		138,480
Motor vehicle license fees						142		142
Other taxes						8,731		8,731
Unrestricted investment earnings						3,692	5,710	9,402
Other						87		87
Transfers						10,856	(10,856)	
Total general revenues and transfers						309,796	(5,146)	304,650
Change in net position						104,067	35,887	139,954
Net position at beginning of year						657,768	1,074,798	1,732,566
Net position at end of year						\$ 761,835	\$ 1,110,685	\$ 1,872,520

The accompanying notes are an integral part of these financial statements.



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Balance Sheet
Governmental Funds
June 30, 2016 (In thousands)

	General	Housing Authority	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 6,992	\$ 11,138	\$ 14,738	\$ 32,868
Investments	28,477	45,364	61,832	135,673
Accounts receivable, net	15,688	24	1,624	17,336
Accrued interest receivable	117	137	200	454
Due from other funds	2,550	1,500	19,664	23,714
Due from other governments	26,368	48	25,154	51,570
Inventories	236			236
Land held for resale, net		6,187	22,178	28,365
Prepaid and other assets	177	5	6,000	6,182
Restricted cash and cash equivalents		1,947	34,321	36,268
Restricted investments			94,691	94,691
Notes receivable, net		59,045	29,724	88,769
Due from Successor Agency	2,384	1,905	11,731	16,020
Total assets	<u>\$ 82,989</u>	<u>\$ 127,300</u>	<u>\$ 321,857</u>	<u>\$ 532,146</u>
LIABILITIES				
Accounts payable	\$ 7,374	\$ 732	\$ 10,247	\$ 18,353
Wages payable	3,063	79	222	3,364
Deposits	7,563	317	1,187	9,067
Due to other funds	1,524		21,008	22,532
Due to other governments			1,500	1,500
Unearned revenue	1,278	107		1,385
Total liabilities	<u>20,802</u>	<u>1,235</u>	<u>34,164</u>	<u>56,201</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues	3,823	10	14,424	18,257
Unavailable resources- long-term notes receivable		59,045	29,724	88,769
Unavailable resources - due from Successor Agency	2,384	1,905	11,731	16,020
Total deferred inflows of resources	<u>6,207</u>	<u>60,960</u>	<u>55,879</u>	<u>123,046</u>
FUND BALANCES:				
Nonspendable :				
Interfund receivable	545			545
Inventory	236			236
Prepaid and other assets	177	2	6,000	6,179
Restricted:				
Anaheim Resort maintenance and improvement			6,292	6,292
Capital projects			15,387	15,387
Claims and judgments	6,635			6,635
Community and economic development projects			25,674	25,674
Debt service			107,227	107,227
Development impact projects			47,662	47,662
Grant purposes	1,095		6,907	8,002
Homebuyer assistance programs		452	2,476	2,928
Low and moderate income housing		47,205		47,205
Rental assistance		1,317		1,317
Streets, roads and transportation improvement projects			26,305	26,305
Assigned:				
Capital projects			4,620	4,620
Debt service			1,255	1,255
Housing projects		16,129		16,129
Other purposes	7,442			7,442
Unassigned	39,850		(17,991)	21,859
Total fund balances	<u>55,980</u>	<u>65,105</u>	<u>231,814</u>	<u>352,899</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 82,989</u>	<u>\$ 127,300</u>	<u>\$ 321,857</u>	<u>\$ 532,146</u>

The accompanying notes are an integral part of these financial statements.

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position

June 30, 2016 (In thousands)

Total fund balances - governmental funds		\$ 352,899
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in the operation of governmental funds are not current financial resources and, therefore, are not reported in the funds. These assets consist of:		
Land	\$ 647,289	
Construction in progress	48,712	
Buildings, structures and improvements	330,698	
Machinery and equipment	57,632	
Infrastructure	853,545	
Accumulated depreciation	<u>(583,814)</u>	
Total capital assets, net		1,354,062
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as deferred inflows of resources in the funds.		123,046
Unamortized prepaid bond insurance (\$1,318) and deferred charge on refunding bonds (\$1,813) are not current financial resources, and, therefore, are not reported in the funds.		3,131
Internal service funds are used by management to charge the costs of certain activities, such as insurance, employee benefits, and fleet services, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position.		37,510
Compensated absences, not otherwise included in the internal service funds, are not due and payable in the current period and, therefore, are not reported in the funds.		(486)
Certain liabilities are not due and payable in the current period, and therefore, are not reported in the funds.		(27,448)
Effects of net pension obligation are not due and payable in the current period, and therefore, are not reported in the funds.		
Deferred outflows of resources	43,258	
Net pension obligation	(407,133)	
Deferred inflows of resources	<u>(58,555)</u>	(422,430)
Long-term liabilities of governmental funds, including bonds (\$632,321), notes and loans payable (\$20,820), and accrued interest payable (\$5,308) are not due and payable in the current period and, therefore, are not reported in the funds.		<u>(658,449)</u>
Net position of governmental activities		<u>\$ 761,835</u>

The accompanying notes are an integral part of these financial statements.

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2016 (In thousands)

	General	Housing Authority	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:				
Property taxes	\$ 69,901		\$ 745	\$ 70,646
Sales and use taxes	82,031			82,031
Transient occupancy taxes	138,480			138,480
Other taxes	8,024			8,024
Licenses, fees and permits	24,633	\$ 53	5,967	30,653
Intergovernmental revenues	2,913	73,680	44,462	121,055
Charges for services	15,144		21,003	36,147
Fines, forfeits and penalties	2,875			2,875
Use of money and property	4,414	3,853	46,785	55,052
Other	1,005	9,716	2,799	13,520
Total revenues	349,420	87,302	121,761	558,483
Expenditures:				
Current:				
City Council	268			268
City Administration	3,322			3,322
City Attorney	6,248		120	6,368
City Clerk	897			897
Human Resources	1,449			1,449
Finance	6,352		23	6,375
Police	132,510		7,265	139,775
Fire	65,501		898	66,399
Community and Economic Development	1,484	80,182	26,788	108,454
Planning	18,486		1,636	20,122
Public Works	17,298		13,090	30,388
Community Services	30,517		1,463	31,980
Public Utilities	2,727			2,727
Convention, Sports and Entertainment	889		12,200	13,089
Capital outlay	3,151	5	29,433	32,589
Debt service:				
Principal retirement			28,448	28,448
Interest charges			16,930	16,930
Total expenditures	291,099	80,187	138,294	509,580
Excess (deficiency) of revenues over (under) expenditures	58,321	7,115	(16,533)	48,903
Other financing sources (uses):				
Transfers in	28,289		67,631	95,920
Transfers out	(78,420)		(6,983)	(85,403)
Issuance of loan payable			1,100	1,100
Total other financing sources (uses)	(50,131)		61,748	11,617
Net change in fund balances	8,190	7,115	45,215	60,520
Fund balances at beginning of year	47,790	57,990	186,599	292,379
Fund balances at end of year	\$ 55,980	\$ 65,105	\$ 231,814	\$ 352,899

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities

Year Ended June 30, 2016 (In thousands)

Net change in fund balances - total governmental funds	\$ 60,520
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 is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay (\$32,589) exceeded depreciation (\$32,295) in the current period.	294
Transfers of capital assets between governmental funds and proprietary funds do not require the use of financial resources and are not reported as transfers in the funds.	339
The net effect of other miscellaneous transactions involving capital assets (i.e., sales, trade-in, retirements and contributions) is to increase net position.	26,707
Revenues in governmental funds provide current financial resources but have been included in the Statement of Activities in prior fiscal year.	(9,026)
Collections of notes and long-term receivables provide current financial resources to governmental funds but reduce receivables in the Statement of Net Position.	(8,103)
Proceeds from long-term debt provide current financial resources to governmental funds, but the issuance of debt increases long-term liabilities in the Statement of Net Position	(1,100)
Payments of principal on long-term debt use current financial resources in the governmental funds, but the repayments reduce long-term liabilities in the Statement of Net Position.	28,448
Certain 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.	(19,871)
Net effect of accrued net pension liabilities and the related deferred outflows and deferred inflows of resources are not reported as expenditures in the funds.	24,345
Internal service funds are used by management to charge the costs of certain activities, such as insurance, employee benefits, and fleet services, to individual funds. The net expense of the internal service funds is reported with governmental activities.	1,514
Change in net position of governmental activities	<u>\$ 104,067</u>

The accompanying notes are an integral part of these financial statements.

Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Budgetary Basis Actual - General Fund
Year Ended June 30, 2016 (In thousands)

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:				
Property taxes	\$ 68,897	\$ 71,197	\$ 69,901	\$ (1,296)
Sales and use taxes	77,206	78,706	82,031	3,325
Transient occupancy taxes	132,989	138,689	138,480	(209)
Other taxes	7,505	7,505	8,024	519
Licenses, fees and permits	22,030	22,030	24,633	2,603
Intergovernmental revenues	2,066	2,066	2,913	847
Charges for services	12,897	15,497	15,144	(353)
Fines, forfeits and penalties	2,915	2,915	2,875	(40)
Use of money and property	2,817	2,817	4,414	1,597
Other	4,169	1,669	1,511	(158)
Total revenues	333,491	343,091	349,926	6,835
Expenditures:				
City Council	486	486	268	(218)
City Administration	3,673	3,673	3,322	(351)
City Attorney	6,045	6,439	6,339	(100)
City Clerk	905	905	897	(8)
Human Resources	1,384	1,449	1,449	
Finance	6,966	6,966	6,352	(614)
Police	128,038	132,543	132,543	
Fire	64,403	66,102	66,102	
Community and Economic Development	1,840	1,840	1,484	(356)
Planning	18,812	19,012	18,486	(526)
Public Works	19,787	19,881	19,633	(248)
Community Services	31,129	31,236	30,518	(718)
Public Utilities	2,680	2,727	2,727	
Convention, Sports and Entertainment	1,169	1,169	979	(190)
Total expenditures	287,317	294,428	291,099	(3,329)
Excess of revenues over expenditures	46,174	48,663	58,827	10,164
Other financing sources (uses):				
Transfers in	26,650	26,650	28,289	1,639
Transfers out	(72,840)	(75,740)	(78,420)	(2,680)
Total other financing uses	(46,190)	(49,090)	(50,131)	(1,041)
Net change in fund balance	(16)	(427)	8,696	9,123
Fund balance at beginning of year	47,790	47,790	47,790	
Fund balance at end of year	\$ 47,774	\$ 47,363	56,486	\$ 9,123
Adjustment to reconcile to GAAP:				
Receipt of interfund receivable			(506)	
Ending fund balance - GAAP basis			\$ 55,980	

The accompanying notes are an integral part of these financial statements.

Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Budgetary Basis Actual - Housing Authority
Year Ended June 30, 2016 (In thousands)

	<u>Original Budgeted Amounts</u>	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Revenues:				
Licenses, fees and permits	\$ 25	\$ 25	\$ 53	\$ 28
Intergovernmental revenues	71,390	71,390	73,680	2,290
Use of money and property	1,446	1,446	4,901	3,455
Other	1,519	1,519	9,716	8,197
Total revenues	<u>74,380</u>	<u>74,380</u>	<u>88,350</u>	<u>13,970</u>
Expenditures:				
Current:				
Community and Economic Development	87,008	86,053	77,551	(8,502)
Total expenditures	<u>87,008</u>	<u>86,053</u>	<u>77,551</u>	<u>(8,502)</u>
Excess of revenues over expenditures	<u>(12,628)</u>	<u>(11,673)</u>	<u>10,799</u>	<u>22,472</u>
Net change in fund balance	(12,628)	(11,673)	10,799	22,472
Fund balance at beginning of year	57,990	57,990	57,990	
Fund balance at end of year	<u>\$ 45,362</u>	<u>\$ 46,317</u>	68,789	<u>\$ 22,472</u>
Adjustments to reconcile to GAAP:				
Cost of land held for resale sold			(3,548)	
Decline in value of land held for resale			(136)	
Ending fund balance - GAAP basis			<u>\$ 65,105</u>	

The accompanying notes are an integral part of these financial statements.

**Statement of Net Position
Proprietary Funds
June 30, 2016** (In thousands)

	Business-type Activities - Enterprise Funds						Total	Governmental Activities - Internal Service Funds
	Electric Utility	Water Utility	Sanitation Utility	Golf Courses	Convention, Sports and Entertainment Venues	ARTIC Management		
ASSETS								
Current assets:								
Cash and cash equivalents	\$ 14,385	\$ 4,868	\$ 11,046	\$ 4	\$ 6,961	\$ 713	\$ 37,977	\$ 16,641
Investments	58,587	19,553	33,581	15	33,253		144,989	67,777
Restricted cash and cash equivalents	4,756	1,086	4,346		23		10,211	
Restricted investments	23,276	3,115	5,149		12,082		43,622	
Accounts receivable, net	47,528	4,919	7,897	112	2,064	140	62,660	2,691
Accrued interest receivable	1,033	89	138		242		1,502	189
Interfund receivable	3,097						3,097	7
Inventories	17,734	776			2		18,512	790
Prepaid and other assets	25,590	1,589			2,531	140	29,850	1,881
Total current assets	195,986	35,995	62,157	131	57,158	993	352,420	89,976
Noncurrent assets:								
Restricted cash and cash equivalents, less current portion	66,053	1,023	5,789				72,865	
Restricted investments, less current portion	160,432	31,794			126,870		319,096	
Unamortized prepaid bond insurance	344		73				417	
Pipeline receivable		20					20	
Accounts receivable, less current portion								3,151
Interfund receivable, less current portion								17
Prepaid and other assets	68,404						68,404	
Net other post-employment benefits (OPEB) asset								11,244
Capital assets:								
Land	34,243	2,339	316	1,949	18,135	32,523	89,505	
Buildings, structures and improvements			108,514	18,826	498,279	170,952	796,571	8,695
Utility plant	1,312,890	448,553					1,761,443	
Machinery and equipment			6,963	1,068	28,377	2,482	38,890	67,979
Construction in progress	84,945	16,512	9,068		97,052	67	207,644	1,321
Total capital assets	1,432,078	467,404	124,861	21,843	641,843	206,024	2,894,053	77,995
Less accumulated depreciation	(550,220)	(148,128)	(19,052)	(12,117)	(254,368)	(3,513)	(987,398)	(52,170)
Capital assets, net	881,858	319,276	105,809	9,726	387,475	202,511	1,906,655	25,825
Total noncurrent assets	1,177,091	352,113	111,671	9,726	514,345	202,511	2,367,457	40,237
Total assets	1,373,077	388,108	173,828	9,857	571,503	203,504	2,719,877	130,213
DEFERRED OUTFLOWS OF RESOURCES:								
Deferred charge on refunding bonds	3,139	5,709			780		9,628	
Deferred pension related items	9,875	4,041	1,344	105	2,813		18,178	2,041
Total deferred outflows of resources	13,014	9,750	1,344	105	3,593		27,806	2,041

(continued)

Statement of Net Position

Proprietary Funds

June 30, 2016 (In thousands) (continued)

	Business-type Activities - Enterprise Funds						Total	Governmental Activities - Internal Service Funds
	Electric Utility	Water Utility	Sanitation Utility	Golf Courses	Convention, Sports and Entertainment Venues	ARTIC Management		
LIABILITIES								
Current liabilities (payable from current assets):								
Accounts payable	\$ 39,001	\$ 10,411	\$ 4,017	\$ 354	\$ 939	\$ 362	\$ 55,084	\$ 6,823
Wages payable	441	198	95	8	367		1,109	4,155
Interest payable					535		535	
Compensated absences								15,186
Long-term liabilities	10,007		609		15,402	3,000	29,018	11,339
Line of credit payable								
Unearned revenues					4,872	9	4,881	2,203
Deposits	3,849	694	483	3	3,159	44	8,232	
Interfund payable		3,097		660			3,757	2
Total current liabilities (payable from current assets)	<u>53,298</u>	<u>14,400</u>	<u>5,204</u>	<u>1,025</u>	<u>25,274</u>	<u>3,415</u>	<u>102,616</u>	<u>39,708</u>
Current liabilities (payable from restricted assets):								
Accounts payable	1,604		575		10,354		12,533	
Wages payable	153		7		6		166	
Interest payable	7,002	1,523	814		1,745		11,084	
Arbitrage rebate liability	450	58					508	
Long-term liabilities	18,823	2,620	436				21,879	
Total current liabilities (payable from restricted assets)	<u>28,032</u>	<u>4,201</u>	<u>1,832</u>		<u>12,105</u>		<u>46,170</u>	
Total current liabilities	<u>81,330</u>	<u>18,601</u>	<u>7,036</u>	<u>1,025</u>	<u>37,379</u>	<u>3,415</u>	<u>148,786</u>	<u>39,708</u>
Noncurrent liabilities:								
Interfund payable, less current portion				544			544	
Interest payable						2,207	2,207	
Long-term obligations, less current portion	661,932	140,128	41,369		246,033	20,000	1,109,462	46,231
Net pension liabilities	71,235	24,808	11,510	932	25,684		134,169	19,289
Provision for decommissioning costs	119,994						119,994	
Total noncurrent liabilities	<u>853,161</u>	<u>164,936</u>	<u>52,879</u>	<u>1,476</u>	<u>271,717</u>	<u>22,207</u>	<u>1,366,376</u>	<u>65,520</u>
Total liabilities	<u>934,491</u>	<u>183,537</u>	<u>59,915</u>	<u>2,501</u>	<u>309,096</u>	<u>25,622</u>	<u>1,515,162</u>	<u>105,228</u>
DEFERRED INFLOWS OF RESOURCES								
Regulatory credits	90,480	2,899					93,379	
Deferred pension related items	7,272	2,532	1,529	104	2,628		14,065	3,908
Total deferred inflows of resources	<u>97,752</u>	<u>5,431</u>	<u>1,529</u>	<u>104</u>	<u>2,628</u>		<u>107,444</u>	<u>3,908</u>
NET POSITION								
Net investment in capital assets	280,350	212,761	63,394	9,727	251,549	179,511	997,292	23,737
Restricted for:								
Debt service	14,196	1,906	436				16,538	
Capital projects	15,938	3,029	13,439		18,739		51,145	
Other purposes	9,066						9,066	
Unrestricted	34,298	(8,806)	36,459	(2,370)	(6,916)	(1,629)	51,036	(619)
Total net position	<u>\$ 353,848</u>	<u>\$ 208,890</u>	<u>\$ 113,728</u>	<u>\$ 7,357</u>	<u>\$ 263,372</u>	<u>\$ 177,882</u>	<u>1,125,077</u>	<u>\$ 23,118</u>
Adjustment to reflect the consolidation of internal service fund							(14,392)	
Net position of business-type activities							<u>\$ 1,110,685</u>	

The accompanying notes are an integral part of these financial statements.

**Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
Year Ended June 30, 2016** (In thousands)

	Business-type Activities - Enterprise Funds							Governmental Activities - Internal Service
	Electric Utility	Water Utility	Sanitation Utility	Golf Courses	Convention, Sports and Entertainment Venues	ARTIC Management	Total	
Operating revenues:								
Sales of light and power	\$ 391,501						\$ 391,501	
Transmission revenues	31,122						31,122	
Sales of water		\$ 59,615					59,615	
Solid waste collection fees			\$ 43,322				43,322	
Wastewater fees			12,183				12,183	
Street cleaning fees			3,253				3,253	
Green fees and cart rentals				\$ 3,716			3,716	
Facilities rental					\$ 25,405	\$ 875	26,280	
Concession fees				193	8,131		8,324	
Charges for services								\$ 140,238
Other	7,862	894	2,248	205	1,827	3	13,039	463
Total operating revenues	<u>430,485</u>	<u>60,509</u>	<u>61,006</u>	<u>4,114</u>	<u>35,363</u>	<u>878</u>	<u>592,355</u>	<u>140,701</u>
Operating expenses:								
Cost of purchased power	239,863						239,863	
Fuel and generation of power	20,833						20,833	
Cost of purchased water		22,891					22,891	
Treatment and pumping of water		8,168					8,168	
Maintenance, operations and administration	52,635	14,384	52,507	3,832	29,567	3,468	156,393	40,290
Insurance premiums and claims								16,660
Compensated absences and other benefits								78,138
Depreciation and amortization	56,019	11,074	2,620	556	12,920	2,277	85,466	4,796
Total operating expenses	<u>369,350</u>	<u>56,517</u>	<u>55,127</u>	<u>4,388</u>	<u>42,487</u>	<u>5,745</u>	<u>533,614</u>	<u>139,884</u>
Operating income (loss)	<u>61,135</u>	<u>3,992</u>	<u>5,879</u>	<u>(274)</u>	<u>(7,124)</u>	<u>(4,867)</u>	<u>58,741</u>	<u>817</u>
Nonoperating income (expenses):								
Intergovernmental revenues			712				712	
Investment income	3,259	1,212	669		570		5,710	816
Debt service recovery					64		64	
Interest expense	(21,523)	(5,150)	(1,680)	(19)	(1,892)	(490)	(30,754)	(70)
Gain from disposal of capital assets								264
Cost of capital asset transferred to governmental funds	(1,428)						(1,428)	
Total nonoperating expenses	<u>(19,692)</u>	<u>(3,938)</u>	<u>(299)</u>	<u>(19)</u>	<u>(1,258)</u>	<u>(490)</u>	<u>(25,696)</u>	<u>1,010</u>
Income (loss) before contributions and transfers	<u>41,443</u>	<u>54</u>	<u>5,580</u>	<u>(293)</u>	<u>(8,382)</u>	<u>(5,357)</u>	<u>33,045</u>	<u>1,827</u>
Capital contributions	9,186	293		2,007	672	888	13,046	
Transfers in	110	600			10,696	6,106	17,512	
Transfers out	(23,196)	(1,050)	(2,366)	(250)	(1,167)		(28,029)	
Change in net position	<u>27,543</u>	<u>(103)</u>	<u>3,214</u>	<u>1,464</u>	<u>1,819</u>	<u>1,637</u>	<u>35,574</u>	<u>1,827</u>
Net position at beginning of year	<u>326,305</u>	<u>208,993</u>	<u>110,514</u>	<u>5,893</u>	<u>261,553</u>	<u>176,245</u>	<u>21,291</u>	
Net position at end of year	<u>\$ 353,848</u>	<u>\$ 208,890</u>	<u>\$ 113,728</u>	<u>\$ 7,357</u>	<u>\$ 263,372</u>	<u>\$ 177,882</u>	<u>\$ 23,118</u>	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.							313	
Change in net position of business type activities							<u>\$ 35,887</u>	

The accompanying notes are an integral part of these financial statements.

Statement of Cash Flows Proprietary Funds Year Ended June 30, 2016 (In thousands)

	Business-type Activities - Enterprise Funds						Governmental Activities - Internal Service Funds	
	Electric Utility	Water Utility	Sanitation Utility	Golf Courses	Convention, Sports and Entertainment Venues	ARTIC Management		Total
Cash flows from operating activities:								
Receipts from customers and users	\$ 442,376	\$ 58,821	\$ 58,932	\$ 3,715	\$ 34,505	\$ 887	\$ 599,236	
Receipts from interfund services provided	2,114	292	152				2,558	\$ 140,238
Payments to suppliers	(272,120)	(27,194)	(41,684)	(3,080)	(8,165)	(3,519)	(355,762)	(24,333)
Payments for salaries, wages and other benefits	(43,412)	(14,284)	(7,864)	(536)	(19,079)	(19)	(85,194)	(86,907)
Payments for interfund services used	(11,695)	(4,563)	(3,306)	(188)	(3,223)		(22,975)	(4,583)
Payments for insurance premiums and claims								(12,899)
Other receipts			2,073	385		3	2,461	450
Net cash provided by (used for) operating activities	<u>117,263</u>	<u>13,072</u>	<u>8,303</u>	<u>296</u>	<u>4,038</u>	<u>(2,648)</u>	<u>140,324</u>	<u>11,966</u>
Cash flows from noncapital financing activities:								
Proceeds from short-term borrowings from line of credit	11,008						11,008	
Payments on short-term borrowings from line of credit	(12,631)						(12,631)	
Receipt of interfund balances				110			110	18,972
Payment of interfund balances						(6)	(6)	
Receipt from Successor Agency loan receivable								2,801
Payments for decommissioning costs	(16,598)						(16,598)	
Transfers in		600				3,106	3,706	
Transfers out	(23,196)	(940)	(2,366)	(250)	(1,167)		(27,919)	
Operating grant receipts			92				92	
Net cash provided by (used for) noncapital financing activities	<u>(41,417)</u>	<u>(340)</u>	<u>(2,274)</u>	<u>(140)</u>	<u>(1,167)</u>	<u>3,100</u>	<u>(42,238)</u>	<u>21,773</u>
Cash flows from capital and related financing activities:								
Proceeds from sale of capital assets								428
Capital contributions	5,785	251		2,007			8,043	29
Capital purchases	(53,331)	(11,898)	(6,356)	(1,795)	(49,500)	(68)	(122,948)	(7,280)
Proceeds from issuance of bonds	106,837						106,837	
Transfer to refunded bond escrow agent	(66,973)						(66,973)	
Debt Issuance costs	(424)						(424)	
Principal payments on long-term debt	(25,240)	(8,774)	(1,005)		(10,934)	(3,000)	(48,953)	(1,213)
Interest payments	(27,330)	(6,037)	(1,995)	(24)	(12,618)		(48,004)	(70)
Debt service recovery					2,389		2,389	
Payment of interfund balances for capital purposes		(152)		(531)			(683)	
Transfers in for capital purposes	107				10,696	3,000	13,803	
Transfers out for capital purposes		(107)					(107)	
Net cash used for capital and related financing activities	<u>(60,569)</u>	<u>(26,717)</u>	<u>(9,356)</u>	<u>(343)</u>	<u>(59,967)</u>	<u>(68)</u>	<u>(157,020)</u>	<u>(8,106)</u>
Cash flows from investing activities:								
Purchase of investment securities	(111,574)	(12,797)	(16,479)		(15,073)		(155,923)	(48,455)
Proceeds from sale and maturity of investment securities	128,438	19,473	13,989	142	55,510		217,552	25,493
Interest received	4,275	1,097	493	1	2,052		7,918	422
Net cash provided by (used for) investing activities	<u>21,139</u>	<u>7,773</u>	<u>(1,997)</u>	<u>143</u>	<u>42,489</u>		<u>69,547</u>	<u>(22,540)</u>
Increase (decrease) in cash and cash equivalents	36,416	(6,212)	(5,324)	(44)	(14,607)	384	10,613	3,093
Cash and cash equivalents at beginning of the year	48,778	13,189	26,505	48	21,591	329	110,440	13,548
Cash and cash equivalents at end of the year	<u>\$ 85,194</u>	<u>\$ 6,977</u>	<u>\$ 21,181</u>	<u>\$ 4</u>	<u>\$ 6,984</u>	<u>\$ 713</u>	<u>\$ 121,053</u>	<u>\$ 16,641</u>

(continued)

Statement of Cash Flows

Proprietary Funds

Year Ended June 30, 2016 (In thousands) (continued)

	Business-type Activities - Enterprise Funds						Governmental Activities - Internal Service Funds	
	Electric Utility	Water Utility	Sanitation Utility	Golf Courses	Convention, Sports and Entertainmen Venues	ARTIC Management		Total
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:								
Operating income (loss)	\$ 61,135	\$ 3,992	\$ 5,879	\$ (274)	\$ (7,124)	\$ (4,867)	\$ 58,741	\$ 817
Adjustment to reconcile operating income (loss) to net cash provided by (used for) operating activities:								
Depreciation and amortization	56,019	11,074	2,620	556	12,920	2,277	85,466	4,796
Increase in provision for decommissioning costs	441						441	
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:								
Accounts receivable	(1,250)	1,581	214	(14)	(1,142)	(2)	(613)	(67)
Interfund receivable	(10)						(10)	
Inventories	(1,290)	(884)					(2,174)	(7)
Prepays and other assets	7,951				1	(9)	7,943	(1,714)
Accounts payable	(19,953)	136	298	57	102	(59)	(19,419)	1,165
Interfund payable		10					10	
Wages and benefits payable	(1,045)	140	(645)	(29)	(1,003)	(2)	(2,584)	847
Unearned revenues					(41)	1	(40)	277
Deposits	128	(136)	(63)		325	13	267	
Compensated absences, OPEB and self-insurance liability								5,852
Regulatory credits	15,137	(2,841)					12,296	
Total adjustments	56,128	9,080	2,424	570	11,162	2,219	81,583	11,149
Net cash provided by (used for) operating activities	\$ 117,263	\$ 13,072	\$ 8,303	\$ 296	\$ 4,038	\$ (2,648)	\$ 140,324	\$ 11,966
Schedule of noncash investing, capital and noncapital financing activities:								
Capital assets financed through capital leases								\$ 955
Capital contributions	\$ 3,401	\$ 42			\$ 672	\$ 888	\$ 5,003	
Transfers in (out)								
Transfers in (out) of capital assets	(1,425)	3					(1,422)	
Increase in fair value of investments	661	99	154		117		1,031	295
Reconciliation of cash and cash equivalents:								
Cash and cash equivalents	\$ 14,385	\$ 4,868	\$ 11,046	\$ 4	\$ 6,961	\$ 713	37,977	\$ 16,641
Restricted cash and cash equivalents, current portion	4,756	1,086	4,346		23		10,211	
Restricted cash and cash equivalents, noncurrent portion	66,053	1,023	5,789				72,865	
Total cash and cash equivalents	\$ 85,194	\$ 6,977	\$ 21,181	\$ 4	\$ 6,984	\$ 713	\$ 121,053	\$ 16,641

Statement of Fiduciary Net Position (Deficit)

Fiduciary Funds

June 30, 2016 (In thousands)

	Investment Trust Funds	Successor Agency Private Purpose Trust Fund	Agency Funds
ASSETS			
Restricted cash and cash equivalents	\$ 292	\$ 33,071	\$ 4,573
Restricted investments	1,188	1,063	31
Accrued interest receivable	6	22	
Accounts receivable, net		133	94
Notes receivable, net		741	
Prepaid and other assets		168	
Unamortized prepaid bond insurance		1,931	
Total assets	1,486	37,129	\$ 4,698
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding bonds		475	
Pension related items		1,175	
Total deferred outflows of resources		1,650	
LIABILITIES			
Accounts payable		591	
Wages payable		4	
Interest payable		6,036	
Deposits		398	
Due to bond holders			\$ 4,698
Long-term liabilities:			
Due within one year		9,617	
Due in more than one year		233,094	
Net pension liabilities		7,845	
Total liabilities		257,285	\$ 4,698
DEFERRED INFLOWS OF RESOURCES			
Pension related items		1,548	
Total deferred inflows of resources		1,548	
NET POSITION			
Held in trust for pool participants	1,486		
Held in trust for other purposes (deficit)		(220,354)	
Total net position (deficit)	\$ 1,486	\$ (220,354)	

The accompanying notes are an integral part of these financial statements.

Statement of Changes in Fiduciary Net Position (Deficit)
Fiduciary Funds
Year Ended June 30, 2016 (In thousands)

	Investment Trust Funds	Successor Agency Private Purpose Trust Fund
ADDITIONS		
Property taxes		\$ 26,256
Contributions to pooled investments	\$ 6,548	
Interest and investment income	25	423
Rental income		1,877
Other		379
Total additions	<u>6,573</u>	<u>28,935</u>
DEDUCTIONS		
Distributions from pool investments	6,439	
Salaries and administration		2,029
Program expenses		4,183
Book value of capital assets and land held for resale transferred to City of Anaheim		90,952
Interest expense		12,263
Depreciation		1,086
Total deductions	<u>6,439</u>	<u>110,513</u>
Change in net position	134	(81,578)
Net position (deficit) held in trust at beginning of year	<u>1,352</u>	<u>(138,776)</u>
Net position (deficit) held in trust at end of year	<u>\$ 1,486</u>	<u>\$ (220,354)</u>



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Notes to Financial Statements

(Amounts in thousands)

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The financial reporting entity

As defined by U. S. generally accepted accounting principles (GAAP) that are established by the Governmental Accounting Standards Board (GASB), the financial reporting entity consists of the primary government, as well as its component units, which are legally separate organizations for which the elected officials of the primary government are financially accountable. Financial accountability is defined as 1) appointment of a voting majority of the component unit's board, and either a) the ability to impose will by the primary government, or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government; and 2) the component unit is fiscally dependent on and there is a potential for the component unit to provide specific financial benefit to or impose financial burden on the primary government regardless of whether the component unit has a) a separately elected government board, b) a governing board appointed by a higher level of government, or c) a jointly appointed board.

The accompanying financial statements present the City of Anaheim (City), the primary government, and its component units. The financial data of the component units are included in the City's reporting entity because of the significance of their operational or financial relationships with the City.

The component units described below are each legally separate from the City, but are so intertwined with the City that they are, in substance, the same as the City. They are reported as part of and accountable to the City and blended into the government-wide and fund financial statements.

Anaheim Housing Authority (Housing Authority) is a separate entity primarily funded by the U.S. Department of Housing and Urban Development to administer funds received under the Federal Housing Assistance Payments program. City Council members, in separate session, serve as the governing board of the Housing Authority. All budgeting, accounting and administrative functions of the Housing Authority are performed by the City. The financial activity of the Housing Authority has been blended into the City's Comprehensive Annual Financial Report (CAFR) in the government-wide governmental activities and in the fund financial statements as the Housing Authority Special Revenue Fund.

Community Center Authority (CCA), a joint powers authority, was created primarily to finance the initial construction of the Anaheim Convention Center. A five-member board appointed by the City Council governs the CCA. The City has entered into a noncancelable long-term lease with the CCA, which provides for lease payments in amounts sufficient to meet the annual debt service requirements on the certificates of participation issued by the CCA to finance the construction of the facility. The lease is a financing arrangement, which transfers the ownership of the facility to the City at the end of the lease term, and the sole activity of the CCA is to provide financing for the City. As such, the financial data for the CCA has been blended into

the City's CAFR in the government-wide business-type activities and in the fund financial statements with the City's Convention, Sports and Entertainment Venues Fund, as all activity related to the Anaheim Convention Center is accounted for in this enterprise fund. The capital lease has been eliminated in the financial statements. For a copy of the CCA's separate financial statements, contact the Finance Director of the City.

Anaheim Public Improvement Corporation (APIC), a non-profit corporation, was created primarily to finance several construction projects in the City. City Council members, in separate session, serve as the governing board of APIC. The City has entered into noncancelable long-term leases with APIC, which provide for lease payments in amounts sufficient to meet the annual debt service requirements on the certificates of participation issued by APIC to finance these construction projects. The leases are financing arrangements, which transfer ownership of the constructed assets to the City at the end of the lease terms. The financial data of APIC has been blended into various governmental and business-type activities and funds of the City as applicable, and the capital leases have been eliminated.

Anaheim Public Financing Authority (APFA), a joint powers authority, was established as a vehicle to reduce local borrowing costs and promote greater use of existing and new financial instruments and mechanisms. City Council members, in separate session, serve as the governing board of the APFA. Financial activity of the APFA has been blended into the City's CAFR into various governmental and business-type activities and funds of the City as applicable.

The City is a participant in four joint ventures and jointly-owned properties (see note 12), which are not considered part of the financial reporting entity, as the City does not have significant equity interests in the joint ventures and jointly-owned properties.

The City is a participant in the California Municipal Finance Authority (CMFA), a non-profit Joint Power Authority created to strengthen local communities by assisting with the financing of economic development and charitable activities throughout the State of California. The CMFA acts as conduit issuer by assisting local governments, non-profits and businesses with the issuance of taxable and tax-exempt financing aimed at improving the quality of life in California. The City has no financial, budgeting and operational obligations and responsibilities of the CMFA. The CMFA is a jointly governed organization. The City has recorded assets and liabilities from the City's debt issuances through the CMFA in the business-type activities and funds of the City as applicable (see note 8).

Basic financial statements

In accordance with GASB Statement No. 34 – *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, the basic financial statements include both government-wide and fund financial statements.

The government-wide financial statements (Statement of Net Position and Statement of Activities) report on the City and its component units as a whole, excluding fiduciary activities. Governmental activities, which normally are supported

by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. All activities, both governmental and business-type, are reported in the government-wide financial statements using the economic resources measurement focus and the accrual basis of accounting, which includes long-term assets and receivables as well as long-term debt and obligations. The government-wide financial statements focus more on the sustainability of the City as an entity and the change in aggregate financial position resulting from the activities of the fiscal period.

Generally, the effect of interfund activity has been removed from the government-wide financial statements, except for interfund services provided and used. Net interfund activity and balances between governmental activities and business-type activities are shown as internal balances, net, in the government-wide financial statements. The “doubling up” effect of internal service fund activity has been eliminated from the government-wide financial statements with the expenses shown in the various functions and programs on the Statement of Activities.

Further, certain eliminations are also made to transfers of resources between funds in the fund financial statements so that only the net amount of the transfers are shown in the governmental activities and business-type activities columns.

The government-wide Statement of Net Position reports all financial and capital resources of the City (excluding fiduciary funds). It is displayed in a format of assets and deferred outflows of resources less liabilities and deferred inflows of resources equal net position, with the assets and liabilities shown in order of their relative liquidity. Net positions are required to be displayed in three components: 1) net investment in capital assets 2) restricted, and 3) unrestricted. Investment in capital assets represents capital assets net of accumulated depreciation which is reduced by outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Restricted net position is those with constraints placed on their use by either: 1) creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or 2) law through constitutional provisions or enabling legislation. All net positions not otherwise classified as restricted, are shown as unrestricted. Generally, the City would first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net positions are available.

The government-wide Statement of Activities demonstrates the degree to which both direct and indirect expenses of the various functions and programs of the City are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or program. Indirect expenses for administrative overhead are allocated among the functions and programs using a full cost allocation approach and are presented separately to enhance comparability of direct expenses between governments that allocate direct expenses and those that do not. Interest on general long-term debt is not allocated to the various functions. Program revenues include: 1) charges to customers or users who purchase, use or directly benefit from goods, services or privileges provided by a particular function or program and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or program. Taxes,

unrestricted investment income and other revenues not identifiable with particular functions or programs are included as general revenues. The general revenues support the net costs of the functions and programs not covered by program revenues.

Also, part of the basic financial statements are fund financial statements for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. The focus of the fund financial statements is on major funds, as defined by GASB Statement No. 34. Although this reporting model sets forth minimum criteria for determination of major funds (a percentage of assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues, or expenditures/expenses of fund category and of the governmental and enterprise funds combined), it also gives governments the option of displaying other funds as major funds. Other nonmajor funds, as well as the internal service funds, are combined in a single column on the fund financial statements.

The City reports the following major governmental funds:

The General Fund is the City’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Housing Authority Special Revenue Fund accounts for the providing of housing assistance to low and moderate-income families in the Anaheim area. Financing is provided primarily from Federal Section 8, U.S. Department of Housing and Urban Development (HUD) receipts.

The City reports the following major enterprise funds:

The Electric Utility Fund accounts for the operation of the City’s electric utility, a self-supporting activity, which renders services on a user charge basis to residents and businesses located in Anaheim.

The Water Utility Fund accounts for the operation of the City’s water utility, a self-supporting activity, which renders services on a user charge basis to residents and businesses located in Anaheim.

The Sanitation Utility Fund accounts for the operation of the City’s solid waste and sanitation program, a self-supporting activity, which provides for the collection and disposal of solid waste, street sweeping, and sanitary sewer cleaning on a user charge basis to residents and businesses located in Anaheim.

The Golf Courses Fund accounts for the operation of the Anaheim Municipal (“Dad Miller”) Golf Course and the Anaheim Hills Golf Course, a self-supporting activity that renders services on a user charge basis.

The Convention, Sports and Entertainment Venues Fund accounts for the operations of the Anaheim Convention Center, Angel Stadium of Anaheim, and The City National Grove of Anaheim. See note 13 for further discussions of the Angel Stadium of Anaheim and The City National Grove of Anaheim.

Anaheim Regional Transportation Intermodal Center (ARTIC) Management Fund accounts for the operation and maintenance of the ARTIC that serves as a rail station for Amtrak intercity rail, Metrolink commuter rail and bus station. The ARTIC renders services on a user charge basis.

The internal service funds, which provide services to the other funds of the City, are presented in a single column in the proprietary funds financial statements. Because the principal users of the internal service funds are the City's governmental activities, the assets and liabilities of the internal service funds are consolidated into the governmental activities column of the government-wide Statement of Net Position. The costs of the internal service fund services are spread to the appropriate function or program on the government-wide Statement of Activities and the revenues and expenses within the internal service funds are eliminated from the government-wide financial statements to avoid any doubling effect of these revenues and expenses. The City operates four internal service funds:

The General Benefits and Insurance Fund is used to account for employee compensated absences, retirement and health benefits, and self-insurance programs.

The Motorized Equipment Fund is used to account for motorized equipment used by City departments.

The Information and Communication Services Fund is used to account for data processing and telecommunication services provided to City departments.

The Municipal Facilities Maintenance Fund is used to account for office maintenance services and equipment used by City departments.

Fiduciary Funds account for assets held by the City in a trustee or agency capacity on behalf of others and, therefore, are not available to support City programs. The Fiduciary Funds are not included in the government-wide financial statements as they are not an asset of the City. The City reports the following fiduciary funds:

The Investment Trust Fund is used to account for the external portion of the City's investment pool, which commingles resources of legally separate entities administered by the City in an investment portfolio for the benefit of all participants. The entities include three Joint Powers Authorities (JPA) governed by local boards. The City separately maintains these entities' money in three individual funds; these funds represent the assets, primarily cash and investment, and the related net position held in trust by the City to disburse these monies on demand.

The Private Purpose Trust Fund is used to account for resources legally held in trust for use by the Successor Agency to the Former Anaheim Redevelopment Agency (Successor Agency). The Former Anaheim Redevelopment Agency, a former component unit of the City, dissolved on February 1, 2012 under the State of California Assembly Bill 1X26.

The Agency Fund is used to account for the monies collected and paid on behalf of the Mello-Roos Districts located in the City.

Measurement focus and basis of accounting

The governmental funds financial statements are prepared on a current financial resources measurement focus and modified accrual basis of accounting. To conform to the modified accrual basis of accounting, certain modifications must be made to the accrual method. These modifications are outlined below:

- Revenue is recorded when it becomes both measurable and available (received within 60 days after year-end). Revenue considered susceptible to accrual includes: property taxes, sales and use taxes, transient occupancy taxes, licenses, fees and permits, intergovernmental revenues (including motor vehicle license fees), charges for services, fines, forfeits and penalties, and interest.
- Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year.
- Disbursements for the purchase of capital assets providing future benefits are considered expenditures. Bond proceeds are reported as other financing source.

With this measurement focus, operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. This is the traditional basis of accounting for governmental funds and also is the manner in which these funds are normally budgeted. This presentation is deemed most appropriate to: 1) demonstrate legal and covenant compliance, 2) demonstrate the sources and uses of liquid resources, and 3) demonstrate how the City's actual revenues and expenditures conform to the annual budget. Since the governmental funds financial statements are presented on a different basis than the governmental activities column of the government-wide financial statements, a reconciliation is provided immediately following each fund statement. These reconciliations briefly explain the adjustments necessary to transform the fund financial statements into the governmental activities column of the government-wide financial statements.

The proprietary funds financial statements are prepared on the same basis (economic resources measurement focus and accrual basis of accounting) as the government-wide financial statements. Therefore, most lines for the total enterprise funds on the proprietary funds financial statements will directly reconcile to the

business-type activities column on the government-wide financial statements. Because the enterprise funds are combined into a single business-type activities column on the government-wide financial statements, certain interfund activities between these funds are eliminated in the consolidation for the government-wide financial statements, but are included in the fund columns in the proprietary funds financial statements. The net costs of the internal service funds are also partially allocated to the business-type activities column on the government-wide financial statements. A reconciliation of the total enterprise funds on the fund financial statements to the business-type activities column on the government-wide financial statements is provided on the face of the fund financial statements.

Enterprise funds account for operations where the intent of the City is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges and fees. Under GASB Statement No. 34, enterprise funds are also required for any activity whose principal revenue sources meet any of the following criteria: 1) any activity that has issued debt backed solely by the fees and charges of the activity, 2) the cost of providing services for an activity, including capital costs such as depreciation or debt service, must legally be recovered through fees and charges, or it is the policy of the City to establish activity fees or charges to recover the cost of providing services, including capital costs.

On the proprietary funds financial statements, operating revenues are those that flow directly from the operations of the activity, i.e. charges to customers or users who purchase or use the goods or services of that activity. Operating expenses are those that are incurred to provide those goods or services. Non-operating revenues and expenses are items such as investment income and interest expense that are not a result of the direct operations of the activity.

The Electric and Water Utility funds follow the uniform system of accounts prescribed by the Federal Energy Regulatory Commission (Electric Utility) and the California Public Utilities Commission (Water Utility). The utilities are not subject to the regulations of these commissions.

The reporting focus for the investment trust fund and the private-purpose trust fund is upon net position and changes in net position and employs accounting principles similar to proprietary funds. The agency fund has no measurement focus but utilizes the accrual basis of accounting for reporting its assets and liabilities.

Cash and investments

The City pools available cash from all funds for the purpose of increasing income through investment activities. Investments in U.S. Treasury obligations and agency securities and medium term corporate notes are carried at fair value based on quoted market prices. Nonparticipating guaranteed investment contracts, flexible repurchase agreements are carried at cost-based measure. Money market mutual funds and participating interest-earning investment contracts that have a remaining maturity at the time of purchase of one year or less are carried at amortized cost (which approximates fair value). The City's investment in the State of California Local Agency Investment Fund (LAIF) is carried at fair value based on the value of

each participating dollar as provided by LAIF. LAIF is authorized by California Government Code (Government Code) Section 16429 under the oversight of the Treasurer of the State of California. Commercial paper, participating guaranteed investment contracts and negotiable certificates of deposit are carried at amortized cost (which approximates fair value). Interest income, which includes changes in fair value, on investments is allocated to all funds on the basis of daily cash and investment balances. See note 3 for further discussion.

For purposes of the basic financial statements, the City considers cash equivalents to be highly liquid short-term investments that are readily convertible to known amounts of cash and mature within three months of the date they are acquired. Cash and cash equivalents are included in the City's cash and investments pool and in accounts held by fiscal agents.

Notes receivable

In the government-wide financial statements, notes receivable of \$88,769 includes accrued interest receivable of \$18,905, ranging from 3% to 10% interest per annum, and is net of allowances of \$19,772 for uncollectible accounts at June 30, 2016. Allowances for uncollectible accounts were estimated based on certain assumptions; therefore, actual results could differ from the estimates.

In the governmental funds financial statements, disbursements for providing notes and loan receivables are recorded as expenditures while the collections of these receivables are recorded as revenues. Due to the extended period of time over which notes receivable are to be collected and the contingent nature of certain sources of repayment, the City has recorded deferred inflows of resources equal to the outstanding principal and accrued interest balance, net of allowances of the notes receivable.

Inventories

Inventories are stated at average cost which consist of expendable supplies, electrical parts, and vehicle repair parts. The cost of such Inventories are recorded as expenditures/expenses when consumed rather than when purchased.

Prepaid and other assets

Certain payments to vendors such as insurance premiums, prepaid power, prepaid rents, and deposits for real property acquisitions reflect costs applicable to future periods and are recorded as prepaid and other assets in both government-wide and fund financial statements. These costs will be recognized in the period when services are received or when the City receives title to the real property.

Land held for resale

The Housing Authority has recorded parcels of land held for resale in their financial records. The properties held for resale are for the primary purpose of developing low and moderate income housing and are recorded at the lower of cost or estimated net realizable value. At June 30, 2016, land held for resale with an original cost of

\$12,171 was recorded net of the allowance for decline in value of \$5,984 and totaled \$6,187, with this amount offset by a restriction of fund balance for low and moderate income housing in the Housing Authority major governmental fund financial statement.

The Long Range Property Management Plan nonmajor Special Revenue Fund records parcels of land held for resale transferred from the Successor Agency to the former Anaheim Redevelopment Agency on January 1, 2016, as Use of money and property, under the authorization of the approved Long Range Property Management Plan of the State of California Health and Safety Code Section 34191.5. The parcels are approved for future developments. The City has recorded the land held for resale equal to the net realizable value of these assets as recorded in the Successor Agency's financial records in the amount of \$22,178 with a corresponding restriction in fund balance for future economic development.

Restricted assets

Certain proceeds of the City's bonds, as well as certain resources set aside for their repayment, are classified as restricted on the Statement of Net Position, or Balance Sheet, because they are maintained in separate bank accounts and their use is limited by applicable debt covenants. Additionally, resources set aside by the Electric Utility for future decommissioning of its former ownership share of the San Onofre Nuclear Generating Station, Units 2 and 3 (SONGS) and the San Juan Generating Station, Unit 4, are classified as restricted on both the government-wide Statement of Net Position and proprietary funds Statement of Net Position.

Capital assets

Under GASB Statement No. 34, all capital assets, whether owned by governmental activities or business-type activities are recorded and depreciated in the government-wide financial statements. No long-term capital assets or depreciation are shown in the governmental funds financial statements.

Capital assets, including public domain infrastructure (e.g., roads, bridges, sidewalks and other assets that are immovable and of value only to the City), are defined as assets with an initial, individual cost of more than \$5 (\$50 for infrastructure) and an estimated useful life of greater than one year. Capital assets are recorded at cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the capital asset or materially extend capital assets lives are not capitalized. Major improvements are capitalized and depreciated over the remaining useful lives of the related capital assets.

Major outlays for capital assets and improvements are capitalized as the projects are constructed. Interest incurred during the construction phase of projects is reflected in the capitalized value of the asset constructed for proprietary funds. For the year ended June 30, 2016, business-type activities capitalized net interest costs of

\$11,690 in the government-wide and fund financial statements. Total interest expense incurred by the business-type activities (and the enterprise funds on the proprietary funds statements) before capitalization was \$44,030. Capitalized interest in the Convention, Sports and Entertainment Venues Fund in the amount of \$7,982 was calculated by netting the actual interest expense on the bonds (\$9,568) with the actual investment earnings on the unspent proceeds of the bonds (\$1,586) as the 2014-A Lease Revenue Tax-Exempt Bonds was issued to finance the specific Convention Center Expansion .

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Buildings, structures and improvements	5 to 85 years
Utility plant	5 to 75 years
Machinery and equipment	2 to 40 years
Infrastructure	25 to 75 years

The net book value of capital assets retired or disposed of, related salvage value proceeds and the costs of removal are recorded in accumulated depreciation in the Electric Utility and Water Utility Funds. In all other cases, these amounts are recorded as gains or losses on disposal of capital assets.

Capital assets transferred between funds are transferred at their net book value (cost less accumulated depreciation), as of the date of the transfer.

Debt issuance costs

Debt issuance costs, with the exception of prepaid insurance costs, are recognized as outflow of resources (expense/expenditure) in the period when the debt is issued. Prepaid insurance costs are capitalized and amortized over the lives of the related debt issues on a basis that approximates the effective-interest method.

Bond refunding costs

Bond refunding costs are deferred and amortized over the life of the new bond or over the life of the old bond, whichever is shorter, on a basis that approximates the effective-interest method. These costs are shown as a deferred outflow of resources on the Statement of Net Position.

Accretion

Accretion is an adjustment of the difference between the price of a bond or certificate of participation (COP) issued at an original discount and the par value of the bond or COP. The accreted value is recognized as it accrues by fiscal year.

Deferred outflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial

statement element, deferred outflows of resources, represents consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. In the government-wide statement of net position, the City reported two items in this category:

1. Deferred charges on refunding bonds - A deferred charge on refunding bonds results from the difference in the carrying value of debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The City reported \$1,813 in governmental activities and \$9,628 in business-type activities in this category.
2. Deferred outflows of resources related to pension - these balances represent current fiscal year contribution to the pension plans that will be applied as a reduction in net pension liability in the next fiscal year; or other items arising from changes in actuarial assumptions, difference between actual and projected experience, difference between actual and projected investment gains/losses or changes in the Fund's proportionate share of the net pension liability; the amount will be amortized and reported as a component in pension expense in future fiscal years (refer to discussion of Pension Plans). The City reported \$45,299 in governmental activities and \$18,178 in business-type activities in this category.

Deferred inflows of resources

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents acquisitions of fund balance or net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City reported the following in these categories:

1. Unavailable revenues - (which include revenues, notes and long term receivables) measured under the modified accrual basis of accounting reported in governmental funds. These amounts are deferred and will be recognized as an inflow of resources in the period that the amounts become available.

	General Fund	Housing Authority	Nonmajor Governmental Funds	Total
Governmental Funds:				
Taxes	\$ 3,716			\$ 3,716
Grants		\$ 10	\$ 14,424	14,434
Other revenues	107			107
Notes and long term receivables	2,384	60,950	41,455	104,789
Total	<u>\$ 6,207</u>	<u>\$ 60,960</u>	<u>\$ 55,879</u>	<u>\$123,046</u>

2. Regulatory credits - accumulated from collections of the Electric and Water Utility customers reported in business-type activities. These amounts provide recovery in current period for costs to be incurred in future periods. (Refer to the discussion of Regulatory Credits).

Enterprise Funds:	Business-type activities
Electric Utility	\$ 90,480
Water Utility	2,899
Total	<u>\$ 93,379</u>

3. Deferred inflows of resources related to pension are certain changes in total pension liability and fiduciary net position that are to be recognized as an increase in pension expenses in future fiscal years. These are the balances arise from changes in actuarial assumptions; difference between actual and projected experience; difference between actual and projected investment gains/losses or changes in the Fund's proportionate share of the Plan's net pension liability. Refer to discussion of Pension Plans in note 10 of the notes to the financial statements on pages 71-77 of this report. The City reported \$62,463 in governmental activities and \$14,065 in business-type activities in this category.

Regulatory credits

The Electric Utility's Rates, Rules, and Regulations provide for the Rate Stabilization Account (RSA), which contains two components: the Power Cost Adjustment (PCA) that was adopted by City Council on April 1, 2001, and the Environmental Mitigation Adjustment (EMA) that was adopted by the City Council on January 13, 2009. The PCA has mitigated variations in the power supply or fuel costs. The EMA allows the recovery of environmental mitigation costs, such as greenhouse gas emissions costs, the marginal cost differential between renewable power and traditional fossil-fuel-based power. The RSA provides the City with operational and billing flexibility to mitigate material fluctuations in the cost of energy, loss of revenues, or unplanned costs including unexpected long-term loss of a generating facility, unplanned limits on the ability to transmit energy to the City, or major disasters. The RSA funded by PCA and EMA collections is billed to customers through standard rates.

As of September 1, 2015, PCA rates were decreased from \$0.0150 per kWh to \$0.0000 per kWh for all domestic customers and from \$0.0150 per kWh to \$0.0000 per kWh for all commercial, industrial and municipal customers. At June 30, 2016, the Electric Utility recorded deferred inflows of resources for regulatory credits related to PCA totaled \$23,140.

As of September 8, 2015, the EMA rate was \$0.0045 per kWh for all customers regardless of the amount of energy used. At June 30, 2016, the deferred inflows of resources recorded for regulatory credits related to EMA totaled \$67,340. During

fiscal year 2016, \$7,000 was recognized as RSA revenues to mitigate the impact of environmental mitigation costs.

The Water Utility's rates, rules and regulations provide for a water regulatory credit account to reflect variations in the cost of water to the Water Utility and provide more stable retail water rates to the customers of the City's Water Utility. This rate stabilization account (RSA) provides increased flexibility by allowing the Water Utility to maintain financial performance indicators and goals specified in bond covenants. The account is funded through expense reimbursements such as water supply cost refunds received from the Metropolitan Water District and Orange County Water District and other miscellaneous credits and revenue. At June 30, 2016 the deferred inflows of resources recorded for regulatory credits totaled \$2,899 for the Water Utility. During fiscal year 2016, the Water Utility recognized \$2,900 of PCA revenue in order to mitigate the impact of increased costs and reduced revenues.

Compensated absences

Compensated absences, vacation and sick pay, for all City employees are generally paid by the General Benefits and Insurance Fund, an internal service fund. The General Benefits and Insurance Fund is reimbursed through payroll charges to all other funds based on estimates of benefits to be earned and used during the fiscal year. It is the policy of the City to pay all accumulated vacation pay when an employee retires or terminates. Accumulated sick pay in excess of 175 hours per employee is paid to employees at their then current rate of pay in January each year or upon termination from the City. Employees are paid for all accumulated sick pay when they retire from the City. Vested vacation and sick pay benefits are accrued when incurred in the General Benefits and Insurance Fund and at June 30, 2016, totaled \$20,052 and is included in long-term liabilities in the Statement of Net Position. Also included in long-term liabilities in the Statement of Net Position at June 30, 2016, is compensatory time liability of \$486

Changes in the City's compensated absences liability in fiscal year 2016 were as follows:

Compensated absences liability at beginning of year	\$ 19,172
Estimated compensated absence benefits earned	24,410
Compensated absences used	<u>(23,044)</u>
Compensated absences liability end of year	<u>\$ 20,538</u>

Provision for decommissioning costs

Federal regulations require the Electric Utility to provide for the future decommissioning costs of its former ownership share of San Onofre Nuclear Generating Station (SONGS). The Electric Utility has established a provision for decommissioning costs of SONGS and restoration of the beachfront at San Onofre, California where it is located. A separate irrevocable trust account has been established for amounts funded and these amounts are classified as restricted assets in the accompanying statement of net position. At June 30, 2016, the Electric Utility has recorded a provision for decommissioning costs for SONG totaled \$114,714.

On June 7, 2013, the Southern California Edison (SCE) announced the permanent retirement of SONGS plant. The estimated retirement for the plant is approximately 30 to 40 years from today. The Electric Utility continues to fund the reserve until the end of the trust fund. On September 23, 2014, the SCE submitted a decommissioning cost analysis study to Nuclear Regulatory Commission (NRC). According to this new study for the decommissioning costs of SONGS, the Electric Utility's share of decommissioning costs is \$114,371 at June 30, 2016. The Electric Utility currently has \$114,714 in an irrevocable trust for the decommissioning costs.

During fiscal year 2016, the Electric Utility has paid \$16,598 in decommissioning obligations. The Electric Utility will continue to draw funds from the decommissioning trust for disbursements of decommissioning related obligations.

The Electric Utility has a 10.04% ownership interest of the San Juan Generating Station, Unit 4 (SJ). The Electric Utility is providing for the future demolition and reclamation costs of its ownership share of SJ. As of June 30, 2016, the Electric Utility has recorded a provision for decommissioning costs for SJ of \$5,280 of which \$1,623 was in irrevocable trust and \$3,657 in the City's restricted cash account. The amount was reported as restricted assets in the accompanying statement of net position. For the year ended June 30, 2016, the Electric Utility has recorded decommissioning costs incurred for SJ of \$440 in fuel and generation of power of the operating expenses.

Pension plan

Full-time City employees are members of the State of California Public Employees' Retirement System (CalPERS). The City's policy is to fund all required actuarially determined contribution; such costs to be funded are determined annually as of July 1 by the CalPERS's actuary. The City maintains three Pension Plans with CalPERS - Miscellaneous Plan, Police Safety Plan and Fire Safety Plan. See note 10 for further discussion.

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

Net position restricted by enabling legislation

The government-wide Statement of Net Position reports \$211,338 of governmental activities restricted net position, of which \$44,204 is restricted by enabling legislation.

Fund balances

In the fund financial statements, governmental funds report the following classifications:

- Nonspendable fund balance includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example, inventories, prepaid or long term loans and notes receivable.
- Restricted fund balance includes amounts when constraints placed on the use of the resources are either imposed by external resource providers, constitutional provisions or enabling legislation.
- Committed fund balance includes amounts that can be used only for the specific purposes pursuant to constraints imposed by formal action of the City’s highest level of the decision-making authority. The City Council is the highest level of decision-making authority that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action by the City Council to remove or revise the limitation.
- Assigned fund balance includes amounts that the City intends to use for specific purposes but do not meet the criteria to be classified as restricted or committed. The City Council has by Resolution authorized the City Manager or his designee to establish, modify or rescind an assigned fund balance.
- Unassigned fund balance accounts for the residual balance of the City’s general fund and includes all spendable amounts not contained in other classifications. In other governmental funds, the unassigned classification reports a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed or assigned.

Generally, the City would first apply restricted resources when expenditures incurred for which both restricted and unrestricted resources are available. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is applied first, followed by assigned fund balance. Unassigned fund balance is applied last.

In all governmental funds, encumbered amounts have been restricted or assigned for specific purposes for which resources have already been allocated. At June 30, 2016, encumbrances totaled \$872, \$0, and \$20,139 in the General Fund, Housing Authority Special Revenue Fund, and other nonmajor governmental funds, respectively.

The accumulated deficit fund balances at June 30, 2016 of \$8 in the Workforce Development Nonmajor Special Revenue Fund, \$5,096 in the Street Construction nonmajor Capital Project Fund, and \$7,658 in the Transportation Improvement Projects nonmajor Capital Project Fund, will be eliminated in future years by the receipt of reimbursements for grant expenditures.

Budgetary principles

The City is required by its charter to adopt an annual budget on or before June 30 for the ensuing fiscal year. The General, special revenue, debt service, and capital projects governmental fund types and proprietary fund types have legally adopted budgets approved by City Council. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established at the department level. From the effective date of the budget, the amounts stated herein as proposed expenditures/expenses become appropriations to the various City departments. Throughout the fiscal year the budget was amended to add supplemental appropriations. All amendments to the budget which change the total appropriation amount for any department require City Council approval and all increases in appropriations in operating expenditures must be accompanied by an increase in revenue sources of a like amount to maintain a balanced budget. The City Manager has the authority to change individual budget line items within a department as long as the total department’s appropriation amount is not changed.

The City utilizes an encumbrance system as a management control technique to assist in controlling expenditures. All appropriations lapse at the end of the fiscal year, except for capital projects which are carried forward until such time as the project is completed or terminated and for encumbered balances that are re-appropriated in the next fiscal year.

GASB Statement No. 34 allows that budgetary comparison statements for the General Fund and major special revenue funds be presented in the basic financial statements rather than as Required Supplementary Information. These statements must display original budget, amended budget and actual results.

Budgeted revenue amounts represent the original budget modified by City Council authorized adjustments during the year, which were contingent upon new or additional revenue sources. Budgeted expenditure amounts represent original appropriations adjusted for supplemental appropriations during the year. Budgets are generally prepared in conformity with GAAP using the modified accrual basis of accounting, with the exception of capital leases, or other similar instruments, and land held for resale, which are budgeted on a cash basis.

Property taxes

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on July 1 and are payable in two installments due on November 1 and February 1 and become delinquent after December 10 and April 10. The County of Orange, California (County) bills and collects the property taxes and remits them to the City in installments during the year. City property tax revenues are recognized when levied in the governmental funds to the extent that they result in current receivables collectible within 60 days after year-end. See note 8 for discussion of pledged property tax revenues.

The County is permitted by State law (Proposition 13) to levy taxes at 1% of full market value (at time of purchase) and can increase the property tax rate no more than 2% per year from the full market value at the time of purchase. The City

receives a share of this basic levy proportionate to what it received in the 1976 and 1978 periods.

Entitlements, shared revenues and grants

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized in the fund financial statements as revenue when the qualifying expenditures have been incurred, all eligibility requirements have been met, and reimbursement is received within the availability period.

Revenue recognition for Electric Utility, Water Utility, and Sanitation Utility Funds

Revenue is recorded in the period in which services are provided. Most residential and smaller commercial customers are billed bimonthly and all other customers monthly. At June 30, 2016 unbilled but earned service charges recorded in accounts receivable for the Electric Utility, Water Utility, and Sanitation Utility Funds amounted to \$27,551, \$1,551, and \$3,468, respectively. See note 8 for discussion of pledged revenues.

Use of estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of certain assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. As such, actual results could differ from those estimates.

NOTE 2 – NEW ACCOUNTING PRONOUNCEMENTS

On July 1, 2015, the city adopted the following new accounting pronouncements issued by the GASB:

- GASB Statement No. 72, Fair Value Measurement and Application. *The requirements of this Statement are effective for financial statements for fiscal years beginning after June 15, 2015.*
- GASB Statement No 73, Accounting and Financial Reporting for Pension and related assets that are not within the scope of GASB Statement No. 68, and Amendments to Certain Provision of GASB Statement No. 67 and No 68. The requirements of this Statement are effective for fiscal year beginning after June 15, 2015 except those provisions that address employers and governmental non-employer contributing entities for pensions that are not within the scope of GASB Statement No 68, which are effective for fiscal years beginning after June 15, 2016
- GASB Statement No. 76, The Hierarchy of Generally Accepted Accounting

Principles for State and Local Governments. The requirements of this Statement are effective for financial statements for fiscal year beginning after June 15, 2015

Implementation of these Statements has no material effect on amounts reported in the City's financial statements for fiscal year ended June 30, 2016.

The City is currently reviewing its accounting practices to determine the potential impacts on the financial statements for the following GASB Statements:

- Statement No. 74, Financial Reporting for Post-employment Benefit Plans Other Than Pension Plans . The requirements of this statement are effective for fiscal years beginning after June 15, 2016.
- Statement No. 75, Accounting and Financial Reporting for Post-employment Benefits Other Than Pension Plans. The requirements of this statement are effective for fiscal years beginning after June 15, 2017.
- Statement No. 77, Tax Abatement Disclosures. The requirements of this Statement are effective for fiscal year beginning after December 15, 2015.
- Statement No. 78, Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans. The requirements of this Statement are effective for fiscal year beginning after December 15, 2015.
- Statement No. 79, Certain External Investment Pools and Pool Participants. The requirements for this Statement are effective for fiscal year beginning after June 15, 2015, except for provisions in paragraphs 18,19,23-26 and 40, which are effective for fiscal year beginning December 15, 2015.
- Statement No. 80, Blending Requirements for Certain Component Units - An Amendment of GASB Statement No. 14. The requirements of this Statement are effective for fiscal year beginning after June 15, 2016.
- Statement No. 81, Irrevocable Split-Interest Agreement. The requirements of this Statement are effective for fiscal year beginning after December 15, 2016.
- Statement No. 82, Pension Issues - an amendment of GASB Statement No. 67, 68, and 73. The requirements of this Statement are effective for fiscal year beginning after June 15, 2016, except for the provision of paragraph 7 in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements of paragraph 7 are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017.

NOTE 3 – DEPOSITS AND INVESTMENTS:

The City maintains a cash and investment pool, which includes the cash balances of all funds, and is invested by the City Treasurer to enhance interest earnings. The pooled interest earned, net of administrative fees, is reallocated to each fund based on their respective average daily cash balances.

The City's pooled investment fund has been reviewed by Standard and Poor's Corporation (S&P) and received a credit rating of AAf/S1 in September 2014.

The City's investment policy further limits the permitted investments in Government Code Sections 53600 et al, 16429.1 and 53684 to the following: obligations of the United States government, federal agencies, and government sponsored enterprises; medium-term corporate notes; certificates of deposit; bankers' acceptances; commercial paper; LAIF; repurchase agreements; reverse repurchase agreements; and money market mutual funds.

Deposits and investments are comprised of the following at June 30, 2016:

	Cash and Cash		Restricted Cash and Cash		Total
	Equivalents	Investments	Equivalents	Investments	
Governmental activities:					
General Fund	\$ 6,992	\$ 28,477			\$ 35,469
Housing Authority	11,138	45,364	\$ 1,947		58,449
Nonmajor governmental funds	14,738	61,832	34,321	\$ 94,691	205,582
Internal service funds	16,641	67,777			84,418
Total governmental activities	49,509	203,450	36,268	94,691	383,918
Business-type activities:					
Electric Utility	14,385	58,587	70,809	183,708	327,489
Water Utility	4,868	19,553	2,109	34,909	61,439
Sanitation Utility	11,046	33,581	10,135	5,149	59,911
Golf Courses	4	15			19
Convention, Sports and Entertainment Venues	6,961	33,253	23	138,952	179,189
ARTIC Management	713				713
Total business-type activities	37,977	144,989	83,076	362,718	628,760
Government-wide totals	87,486	348,439	119,344	457,409	1,012,678
Fiduciary funds					
Total cash and investments	\$ 87,486	\$ 348,439	\$ 157,280	\$ 459,691	\$ 1,052,896

Deposits and investments are comprised of the following at June 30, 2016:

Deposits	\$ 36,454
Investments	1,016,442
Total deposits and investments	\$ 1,052,896

At June 30, 2016, deposits of \$36,454 with a corresponding bank balance of \$42,555 were maintained in various federally regulated financial institutions. The difference of \$6,101 represents deposits in transit, outstanding checks, and other

reconciling items. Deposits with bank balances of \$750 are insured by the Federal Depository Insurance Corporation. For deposits with bank balances totaling \$41,805 California state statutes require federally regulated financial institutions to secure a city's deposits by pledging collateral consisting of either government securities with a value of 110% of a city's total deposits or by pledging first trust deed mortgage notes having a value of 150% of a city's total deposits. The collateral is required by regulation to be held by the counterparty's agent in the name of the City.

Investments

The City Treasurer prepares an investment policy statement annually, which is presented to the Budget, Investment and Technology Commission for review and the City Council for approval. The approved investment policy Statement is submitted to the California Debt and Investment Advisory Committee in accordance with Government Code.

The policy provides the basis for the management of a prudent, conservative investment program. Public funds are invested for the maximum security of principal and to meet daily cash flow needs while providing a return. All investments are made in accordance with the Government Code and, in general, the City Treasurer's policy is more restrictive than Government Code.

Investments authorized by the Government Code and the City's investment policy

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

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio*	Maximum Investment in One Issuer	Minimum Rating (S&P/Moody's / Fitch)
U.S. Treasury obligations	5 Years	100%	100%	None
U.S. agency securities	5 Years	100%	40%	None
Banker's acceptances	180 days	40%	5%	None
Commercial paper	270 days	25%	5%	A-1;P-1;F-1
Negotiable certificates of deposit	360 days	25%	5%	None
Repurchase agreements	1 Year	30%	None	None
Reverse repurchase agreements	90 days	20%	None	None
Medium-term corporate notes	5 Years	30%	5%	A
Money market mutual funds	N/A	20%	10%	None
LAIF	N/A	\$50 million per account	\$50 million per account	None
Time Certificate of Deposit (TCD)	1 year	20%	5%	None

*Excluding amounts held by bond trustees that are not subject to Government Code restrictions

The City's pooled investments comply with the requirements of the investment policy. GAAP requires disclosure of certain investments in any one issuer that exceeds five percent concentration of the total investments. At June 30, 2016, the following investments represent five percent or more of the City's total pooled investments:

<u>Issuer</u>	<u>Investment Type</u>	<u>Fair Value</u>	<u>%</u>
Federal National Mortgage Association	U.S. agency securities	\$ 99,445	21%
Federal Home Loan Mortgage Corporation	U.S. agency securities	65,949	14%
LAIF	LAIF	63,669	14%
U.S. Treasury	Treasury securities	50,234	11%
Federal Home Loan Bank	U.S. agency securities	30,426	7%
Federal Farm Credit Bank	U.S. agency securities	28,488	6%

Investments authorized by debt agreements

Investment of debt proceeds held by bond trustees is governed by provisions of the debt agreements, rather than the general provisions of the Government Code or the City's investment policy. The table below identifies the investment types that are authorized for investments held by bond trustees. The table also identifies certain provisions of these debt agreements that address interest rate risk, credit risk, and concentration of credit risk.

At June 30, 2016, the following investments represent five percent or more of the City's total investments controlled by bond trustees:

<u>Issuer</u>	<u>Investment Type</u>	<u>Fair Value</u>	<u>%</u>
Deutsche Bank	Guaranteed investment agreement	\$155,498	28%
Natixis Funding Corporation	Guaranteed investment agreement	75,341	14%
Morgan Stanley	Flexible repurchase agreement	71,432	13%
Federated	Money Market Mutual Funds	40,809	7%
LAIF	LAIF	32,562	6%
Federal National Mortgage Association	U.S. agency securities	30,943	6%

All guaranteed investment contracts have downgrade language that requires collateral should credit ratings drop below certain levels.

Custodial credit risk

Custodial credit risk for investments is the risk that the City will not be able to recover the value of investment securities that are in the possession of an outside party. All securities owned by the City with the exception of LAIF and money market mutual funds are deposited in trust for safekeeping with a custodial bank different from the City's primary bank. Securities are not held in broker accounts. Funds held by LAIF and money market mutual funds are held in the City's name.

Custodial credit risk for investments held by bond trustees is the risk that the City will not be able to recover the value of investment securities that are in the possession of an outside party. All securities held by bond trustees are in the name of the bond issue in trust for safekeeping with the bond trustee, which is different from the City's primary bank.

Interest rate risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City Treasurer mitigates this risk by investing in longer-term securities only with funds that are not needed for current cash flow purposes and holding these securities to maturity. The City Treasurer uses the segmented time distribution method to identify and manage interest rate risk. In accordance with the City investment policy, the City Treasurer monitors the segmented time distribution of its investment portfolio and analysis of cash flow demand.

Investments held by bond trustees are typically long-term securities which are not adversely affected by interest rate changes. Guaranteed investment contracts for construction funds are usually limited to three years or less. Information about the sensitivity of the fair values of the City's investments (including investments held by bond trustees) to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity at June 30, 2016:

CITY OF ANAHEIM

Investments	Credit Rating (S&P/Moody's)	Fair Value 6/30/2016	12 months or less	13 to 24 Months	25 to 36 Months	37 to 60 Months	More than 60 Months
Investments controlled by City Treasurer:							
U.S. agency securities	AA+/Aaa	\$ 224,307	\$ 35,064	\$ 108,829	\$ 40,772	\$ 39,642	
U.S. Treasuries	AA+/Aaa	50,234		20,046	30,188		
Medium term corporate notes	AAA/Aaa	21,570		12,423	5,045	4,102	
Medium term corporate notes	AA+/Aaa	10,016	10,016				
Medium term corporate notes	AA+/A1	5,039	5,039				
Medium term corporate notes	AA-/A1	15,347	5,002			10,345	
Medium term corporate notes	AA-/Aa2	13,120		13,120			
Medium term corporate notes	AA-/Aa3	10,047	5,012	5,035			
Medium term corporate notes	A+/A1	8,222		3,029		5,193	
Medium term corporate notes	A/A2	19,060	5,002	14,058			
Medium term corporate notes	A/A1	5,532	5,532				
Commercial paper	A-1+/P-1	9,992	9,992				
Commercial paper	A-1/P-1	8,979	8,979				
Money market mutual funds	AAA/Aaa	992	992				
LAIF	Unrated	63,669	63,669				
Total investments controlled by City Treasurer		466,126	154,299	176,540	76,005	59,282	
Investment controlled by bond trustees:							
U.S. agency securities	AA+/Aaa	73,532	4,440	43,690	25,402		
Guaranteed investment contracts	Unrated	246,905	74,409	140,772		15,658	16,066
Collateralized investment contracts	Unrated	1,211	1,211				
Flexible repurchase agreements	Unrated	84,779					84,779
Money market mutual funds	AAA/Aaa	111,327	111,327				
LAIF	Unrated	32,562	32,562				
Total investments controlled by bond trustees		550,316	223,949	184,462	25,402	15,658	100,845
Total Investments		\$ 1,016,442	\$ 378,248	\$ 361,002	\$ 101,407	\$ 74,940	\$ 100,845

Fair Value Measurement:

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is best determined based upon quoted market prices. However, in certain instances, there are no quoted market prices for the City's various financial instruments. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation

techniques. Those techniques are significantly affected by the assumptions used, including discount rates and estimates of future cash flows. Accordingly, the fair value estimates may not be realized in an immediate settlement of the instrument.

The City groups its assets and liabilities measured at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value. The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the City has the ability to access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability. This valuation is accomplished using management's best estimate of fair value, with inputs into the determination of fair value that require significant management judgment or estimation. The level in the fair value hierarchy within which a fair measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

The City has the following recurring measurements as of June 30, 2016:

Investment by fair value level	6/30/2016	Fair Value Measurement Using	
		Quoted Prices in Active Markets for Identical Assets	Not required to be leveled
Debt securities:			
U.S. agency securities	\$ 297,839	\$ 297,839	
U.S. Treasuries	50,234	50,234	
Medium term corporate notes	107,953	107,953	
LAIF	96,231		\$ 96,231
Total investment measured at fair value	<u>552,257</u>	<u>\$ 456,026</u>	<u>\$ 96,231</u>
Investments measured at amortized costs:			
Commercial paper	18,971		
Total investment measured at amortized	<u>18,971</u>		
Investments measured at cost-based:			
Guaranteed investment contracts	246,905		
Collateralized investment contracts	1,211		
Flexible repurchase agreements	84,779		
Money market mutual funds	112,319		
Total investment measured at cost-based	<u>445,214</u>		
Total pooled and bond trustee investments	<u>\$ 1,016,442</u>		

NOTE 4 – ACCOUNTS RECEIVABLE, DUE FROM OTHER GOVERNMENTS, DUE FROM THE SUCCESSOR AGENCY, INTERFUND RECEIVABLE AND PAYABLE BALANCES, AND CERTAIN INTERFUND TRANSACTIONS:

Accounts receivable

Accounts receivable for the City's governmental and business-type activities, including the applicable allowance for uncollectible accounts at June 30, 2016, are as follows:

	Accounts Receivable	Less Allowance for Uncollectibles	Total
Governmental activities:			
General Fund	\$ 20,189	\$ (4,501)	\$ 15,688
Housing Authority	126	(102)	24
Nonmajor governmental funds	1,624		1,624
Internal service funds	5,842		5,842
Total governmental activities	<u>27,781</u>	<u>(4,603)</u>	<u>23,178</u>
Business-type activities:			
Electric Utility	48,512	(984)	47,528
Water Utility	5,023	(104)	4,919
Sanitation Utility	8,073	(176)	7,897
Golf Courses	112		112
Convention, Sports and Entertainment Venues	2,112	(48)	2,064
ARTIC Management	140		140
Total business-type activities	<u>63,972</u>	<u>(1,312)</u>	<u>62,660</u>
Total accounts receivable	<u>\$ 91,753</u>	<u>\$ (5,915)</u>	<u>\$ 85,838</u>

Due from other governments

Due from other governments for the City's governmental activities at June 30, 2016, are as follows:

	Taxes	Grants	Other	Total
Governmental activities:				
General Fund	\$ 26,146	\$ 49	\$ 173	\$ 26,368
Housing Authority		48		48
Nonmajor governmental funds	19	25,133	2	25,154
Total due from other governments	<u>\$ 26,165</u>	<u>\$ 25,230</u>	<u>\$ 175</u>	<u>\$ 51,570</u>

Revenues are reported net of estimated uncollectible amounts. Total estimated uncollectible amounts related to revenues of the current period are as follows:

General fund	\$ 1,244
Electric Utility	837
Water Utility	47
Sanitation	246
Convention, Sports and Entertainment Venues	44
Total	<u><u>\$ 2,418</u></u>

Due from the Successor Agency

The amount due from the Successor Agency at June 30, 2015 is \$16,020. Due to the extended period of time over which the receivables are to be collected, for the amount due to the Governmental Funds, the City has recorded expenditures at the time the loans were provided and deferred inflows of resources equal to the amount due.

General Fund	\$ 2,384
Housing Authority	1,905
Nonmajor governmental funds	11,731
Total	<u><u>\$ 16,020</u></u>

- On April 1, 2003 the City and the former Anaheim Redevelopment Agency entered into a Cooperation Agreement whereby the City assisted the Redevelopment Agency with the development of Westgate utilizing \$10,000 of funds from the HUD Section 108 loan program. The amount is due to the City by annual installment through June 2024. At June 30, 2016, the amount due is \$6,372.
- On June 1, 2010, the City and the former Anaheim Redevelopment Agency entered into a Cooperation Agreement whereby the City assisted the Redevelopment Agency with the rehabilitation of the historic Packing House site utilizing \$7,000 of funds from the HUD Section 108 \$15,000 loan proceeds. The amount is due to the City by annual installment through June 2031. At June 30, 2016, the amount due is \$5,359.
- In fiscal years 2010 and 2011, the former Anaheim Redevelopment Agency paid a total of \$19,163 to the State of California Supplement Educational Revenue Augmentation Fund (SERAF). Of this amount, \$8,500 was paid with funds borrowed from Housing Set-Aside property tax increment. At June 30, 2016, the amount due is \$1,905.
- On February 5, 2013, the City and the Successor Agency entered into a Cooperation Agreement whereby the City assisted the Successor Agency with loaning the proceeds of one-time allocation of the \$1,563 from the low-

and moderate income housing fund for various Successor Agency projects. At June 30, 2016, the amount due to the City is \$884.

- On May 14, 2013, the City and the Successor Agency entered into a Cooperation Agreement whereby the City assisted the Successor Agency by providing a loan up to \$1,500 for making homebuyer loans. At June 30, 2016, the amount due is \$1,500.

Interfund receivable and payable balances

Net internal balances between governmental activities and business-type activities of \$15,596 are included in the government-wide financial statements at June 30, 2016.

Interfund receivables and payables that are included in the fund financial statements at June 30, 2016, are as follows:

	Interfund Receivable:					Total
	General Fund	Housing Authority	Nonmajor governmental funds	Internal service funds	Electric Utility	
Interfund Payable:						
Governmental Funds:						
General Fund		\$ 1,500		\$ 24		\$ 1,524
Nonmajor governmental funds	\$ 1,456		\$ 19,552			21,008
Enterprise Funds:						
Water Utility					\$ 3,097	3,097
Golf Courses	1,092		112			1,204
Internal Service Funds	2					2
Total	<u><u>\$ 2,550</u></u>	<u><u>\$ 1,500</u></u>	<u><u>\$ 19,664</u></u>	<u><u>\$ 24</u></u>	<u><u>\$ 3,097</u></u>	<u><u>\$ 26,835</u></u>

Certain interfund balances at June 30, 2016 are generally short-term loans to relieve temporary cash deficits in various funds. The following interfund balance is expected to be repaid in more than one year:

General Fund

Of the total interfund receivable in the General Fund, \$1,092 is due from the Golf Courses Fund. On September 24, 2002, the City Council approved a loan up to \$6,400 from the General Fund to the Golf Courses Fund for construction of the Anaheim Hills Golf Clubhouse. The loan is payable in annual amounts of not less than \$548 beginning in July 2005 until July 2023 and bears interest at the City's investment yield as of June 30th of each year.

Certain interfund transactions

The net transfers between governmental funds and proprietary funds is \$10,517 which are primarily comprised of operational subsidies from enterprise funds to the General Fund and are offset by debt service subsidies to the Convention, Sports and Entertainment Venues Fund.

The following interfund transfers are reflected in the fund financial statements at June 30, 2016:

	Transfer In:						Total
	General Fund	Nonmajor governmental funds	Electric Utility	Water Utility	Convention, Sports and Entertainment Venues	ARTIC Management	
Transfer Out:							
General Fund		\$ 66,249		\$ 600	\$ 10,696	\$ 875	\$ 78,420
Nonmajor governmental funds	\$ 370	1,382				5,231	6,983
Electric Utility	23,196						23,196
Water Utility	940		\$ 110				1,050
Sanitation Utility	2,366						2,366
Golf Courses	250						250
Convention, Sports and Entertainment Venues	1,167						1,167
Total	\$ 28,289	\$ 67,631	\$ 110	\$ 600	\$ 10,696	\$ 6,106	\$ 113,432

The City made the following one-time transfer during fiscal year ended June 30, 2016:

- Transfer of \$3,005 from the General Fund to the Other Capital Improvements nonmajor Capital Project Fund for various neighborhood capital project improvements.
- Transfer of \$875 from the General Fund to ARTIC Management Enterprise Fund for operational subsidies.
- Transfer of \$5,231 from nonmajor governmental funds to ARTIC Management Enterprise Fund from restricted resources of the City's Measure M2 allocation and the Anaheim Tourism Improvement District revenues. \$3,000 of this amount was used to make the annual ARTIC land loan debt service payment.

The net transfer of \$10,856 from the governmental activities to the business-type activities in the government-wide Statement of Activities is resulting from the reclassifications of expenses to Transfer Out from transfers of capital assets from the business-type activities to governmental activities, and reclassification of

contribution revenues to Transfer In from transfers of capital assets from the governmental activities to the business-type activities.

- \$1,428 Transfer Out of land capital asset from Electric Utility Enterprise Fund to governmental activities;
- \$214 Transfer Out of infrastructure capital asset from Sanitation Utility Enterprise Fund to governmental activities;
- \$888 Transfer In of building improvements from the governmental activities to the ARTIC Management business-type activities;
- \$415 Transfer in of electric capital assets from the governmental activities to the Electric Utility business-type activities.

Except for the transfers detailed above, there were no other significant transfers during the fiscal year that were either non-routine in nature or inconsistent with the activities of the Fund making the transfer.

NOTE 5 – CAPITAL ASSETS:

Capital asset activities for the year ended June 30, 2016, were as follows:

	Beginning Balance	Additions	Transfer In (Out)	Deletions	Ending Balance
Governmental activities:					
Nondepreciable assets:					
Land	\$ 631,038	\$ 14,823	\$ 1,428		\$ 647,289
Construction in progress	56,579	26,537	(33,083)		50,033
Total	<u>687,617</u>	<u>41,360</u>	<u>(31,655)</u>		<u>697,322</u>
Depreciable assets:					
Buildings, structures and improvements	296,484	40,673	2,990	\$ (754)	339,393
Machinery and equipment	118,273	8,793	95	(1,550)	125,611
Infrastructure	825,900	54	28,695	(1,104)	853,545
Total	<u>1,240,657</u>	<u>49,520</u>	<u>31,780</u>	<u>(3,408)</u>	<u>1,318,549</u>
Total assets	<u>1,928,274</u>	<u>90,880</u>	<u>125</u>	<u>(3,408)</u>	<u>2,015,871</u>
Less accumulated depreciation for:					
Buildings, structures and improvements	(133,237)	(10,583)		754	(143,066)
Machinery and equipment	(82,400)	(7,743)		1,550	(88,593)
Infrastructure	(385,707)	(18,765)		147	(404,325)
Total accumulated depreciation	<u>(601,344)</u>	<u>(37,091)</u>		<u>2,451</u>	<u>(635,984)</u>
Total governmental activities capital assets, net	<u>\$ 1,326,930</u>	<u>\$ 53,789</u>	<u>\$ 125</u>	<u>\$ (957)</u>	<u>\$ 1,379,887</u>
Business-type activities:					
Nondepreciable assets:					
Land	90,933		(1,428)		89,505
Construction in progress	112,134	134,082	(38,571)	(1)	207,644
Total	<u>203,067</u>	<u>134,082</u>	<u>(39,999)</u>	<u>(1)</u>	<u>297,149</u>
Depreciable assets:					
Buildings, structures and improvements	791,459	961	4,156	(5)	796,571
Utility plant	1,726,017	4,620	35,512	(4,706)	1,761,443
Machinery and equipment	36,137	3,271	206	(724)	38,890
Total	<u>2,553,613</u>	<u>8,852</u>	<u>39,874</u>	<u>(5,435)</u>	<u>2,596,904</u>
Total assets	<u>2,756,680</u>	<u>142,934</u>	<u>(125)</u>	<u>(5,436)</u>	<u>2,894,053</u>
Less accumulated depreciation for:					
Buildings, structures and improvements	(246,079)	(16,551)		5	(262,625)
Utility plant	(635,961)	(67,093)		4,706	(698,348)
Machinery and equipment	(25,327)	(1,822)		724	(26,425)
Total accumulated depreciation	<u>(907,367)</u>	<u>(85,466)</u>		<u>5,435</u>	<u>(987,398)</u>
Total business-type activities capital assets, net	<u>\$ 1,849,313</u>	<u>\$ 57,468</u>	<u>\$ (125)</u>	<u>\$ (1)</u>	<u>\$ 1,906,655</u>

Depreciation expense was charged to functions/programs of the City during fiscal year 2016 as follows:

Governmental activities:	
General government	\$ 133
Police	1,960
Fire	827
Community and Economic Development	1,249
Planning	33
Public Works	19,540
Community Services	3,117
Convention, Sports and Entertainment	5,436
Capital assets held by the City's internal service funds are charged to the various functions based on their usage of the assets	4,796
Total depreciation expense - governmental activities	<u>\$ 37,091</u>

Business-type activities:	
Electric Utility	\$ 56,019
Water Utility	11,074
Sanitation Utility	2,620
Golf Courses	556
Convention, Sports and Entertainment Venues	12,920
ARTIC Management	2,277
Total depreciation expense - business-type activities	<u>\$ 85,466</u>

Capital leases

Included in the capital assets amounts listed above are the following capitalized leased assets:

	Governmental
	Activities
Machinery and equipment	\$ 4,683
Less accumulated amortization	(2,236)
Capitalized leased assets, net	<u>\$ 2,447</u>

Operating leases

Housing Authority

At June 30, 2016, the Housing Authority earned revenues as the lessor of land, carried at cost of \$67,202 in the government-wide financial statements, under ten operating ground leases. These leases to developers are noncancelable. Terms of the leases range from 55 years to 65 years with lease expiration dates from 2054 to 2076. The total base rent to be collected over the terms of the leases are \$73,270 with simple interest accruing on unpaid portions at a rate ranging from 1% to 6%. Minimum lease payments are calculated annually, based on residual receipts, as defined in the lease agreements. At June 30, 2016, the Housing Authority has recorded lease receivable due from developers related to these transactions of \$13,766 and is net of allowances of \$6,255 for uncollected accounts in the

government-wide financial statements. In the governmental fund financial statements, this amount is included in the \$59,045 notes receivable balance of the Housing Authority.

ARTIC Management

The ARTIC has entered into numerous long-term operating leases with tenants granting certain uses of the ARTIC premises described in the respective lease agreements. Terms of the leases range from 5 years to 15 years. Certain leases are subject to percentage rent in an amount equal to a percentage of the amount by which tenant's gross sales exceed certain thresholds.

Future minimum lease payments are as follows:

<u>Fiscal Year Ending 6/30</u>	
2017	\$ 547
2018	580
2019	592
2020	550
2021	450
2022-2026	1,940
2027	24
Total	<u>\$ 4,683</u>

ARTIC also entered into agreements to grant bus companies non-exclusive rights to use certain spaces in ARTIC. These agreements range from 5 years to perpetuity. Some of the agreements can be terminated by either parties with a 60 days termination notice; some of them have extension options, while others will automatically continue on a month-to-month basis upon expiration.

Fiduciary Fund

Successor Agency

Capital asset activities for the year ended June 30, 2016 were as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Nondepreciable assets:				
Land	\$ 15,568	\$	\$ (15,568)	\$
Total	15,568		(15,568)	
Depreciable assets:				
Buildings, structures and improvements	65,154		(65,154)	
Machinery and equipment	265		(265)	
Total	65,419		(65,419)	
Total assets	80,987		(80,987)	
Less accumulated depreciation for:				
Buildings, structures and improvements	(5,853)	(1,072)	6,925	
Machinery and equipment	(202)	(14)	216	
Total accumulated depreciation	(6,055)	(1,086)	7,141	
Total capital assets, net	<u>\$ 74,932</u>	<u>\$ (1,086)</u>	<u>\$ (73,846)</u>	<u>\$</u>

NOTE 6 – SELF INSURANCE:

The Insurance Fund (a function of the General Benefit and Insurance Fund), an internal service fund, is used to account for self-funded workers' compensation related benefits, self-funded general liability claims, commercial insurance purchases, and alternative risk financing vehicles. Revenues of the Insurance Fund are derived from cost-allocation charges to City departments using estimates of anticipated risk-transfer costs, new losses, payments on existing claims, and reserve development on known claims. In addition, the Fund receives interest income from reserves.

At June 30, 2016, the City was funded at an actuarially acceptable level for self-funded retention for workers' compensation and general liability claim exposures (with retention levels of \$1,000 per occurrence for workers' compensation claims and \$1,000 per occurrence for general liability claims). Above these retained levels, the City's potential liability is covered through various commercial insurance and intergovernmental risk pooling programs (collectively, "Insurance"). Settled claims have not exceeded total Insurance in any of the past three years, nor does management believe that there are any pending claims that will exceed total Insurance coverage.

The unpaid claims liability included in the Insurance Fund is based on the results of actuarial studies and includes amounts for claims incurred-but-not-reported, known-claim development, and allocated loss adjustment expenses. Claims liabilities are calculated using a discount rate of 1.75% and consider the effects of inflation, multi-year loss development trends, and other economic and social factors. It is the City's practice to obtain full actuarial studies annually for its retained levels for general liability and workers' compensation exposures. "Premiums" are charged by the Insurance Fund using various allocation methods that include actual costs, trends in claims experience and various exposure bases.

Changes in claims liability of the General Benefits and Insurance Fund and that relates to the governmental funds and reported in the governmental activities in the government-wide Statement of Net Position in fiscal years 2016 and 2015 were as follows:

	2016	2015
Claims liability at beginning of year	\$ 46,035	\$ 40,827
Current year claims and changes in estimates	14,642	13,469
Claims payments	(10,061)	(8,261)
Claims liability at end of year	<u>\$ 50,616</u>	<u>\$ 46,035</u>

Above the retained limit of \$1,000 per occurrence for workers' compensation losses, the City purchases excess coverage, utilizing both commercial insurance and an intergovernmental risk pooling program (CSAC-EIA), to statutory limits.

Above the retained limit of \$1,000 per occurrence for liability losses, the City maintains excess coverage for all City operations to \$150,000 per occurrence, excluding helicopter operations for which the City purchases \$50,000, per occurrence, of commercial aviation liability insurance (on a first-dollar basis). The first layer of excess liability loss coverage is procured through the Authority for

California Cities Excess Liability (ACCEL), a joint powers insurance authority, formed in 1986, pooling catastrophic general, automobile, personal injury, and public officials errors and omissions liability losses among twelve California cities, through both risk-sharing and commercial insurance joint-purchase arrangements. The City, therefore, continues to maintain some limited excess liability risk sharing exposure, above \$1,000 per occurrence, directly with ACCEL. This pooled coverage has exposure (i) from the run-out periods from prior years in which commercial excess insurance was not obtained, and (ii) from an ACCEL retained layer for fiscal year 2016 of \$4,000 in excess of \$1,000. Each ACCEL member's share of pooled losses is based on a retrospectively-rated risk-sharing formula which includes, but is not limited to, exposure and loss experience factors.

In order to provide funds to pay claims, ACCEL collects an annual deposit from each member. The deposits are credited with investment income at the rate earned on ACCEL's investments. At June 30, 2016, ACCEL's cash and investments totaled \$55,190, of which \$6,716 consists of deposits and interest on deposits provided by the City. The City has no specific equity interest in ACCEL. Deposits provided to ACCEL by the City are expensed when paid by the General Benefits and Insurance Fund.

ACCEL is responsible for deciding the risks it will underwrite, the monitoring, and handling of large claims, and arranging excess risk-financing programs. ACCEL does not have any debt outstanding. For a copy of ACCEL's separate financial statements, contact the Finance Director of the City.

Note 7 - SHORT-TERM BORROWINGS:

On March 1, 2013, the Public Utility Department entered into a Revolving Credit Agreement (Agreement) with Wells Fargo Bank, National Association for a note amount not to exceed \$100,000, of which \$86,000 is made available for the Electric Utility and \$14,000 for the Water Utility. The note has a three year term at variable interest rate based on the LIBOR Daily Index Rate and a spread. The annual commitment fee is 0.175% of the total note amount of \$100,000.

Upon expiration of the Agreement, on January 1, 2016, the Public Utility Department and Wells Fargo Bank, National Association entered into a new revolving Credit Agreement for the same term with a maturity date of January 28, 2021.

The Revolving Credit Agreement provides temporary financing to the Electric and Water Utilities for the costs of acquisitions, constructions and improvements of the electric and water systems.

During fiscal year 2016, The Electric Utility has drawn \$11,008 from this note for disbursements of the SONG decommissioning costs. The Electric Utilities repaid a total of \$12,631 from reimbursements of the decommissioning trust fund.

	Beginning Balance	Additions	Payments	Ending Balance
Electric Utility	\$ 1,623	\$ 11,008	\$ (12,631)	\$
Total	<u>\$ 1,623</u>	<u>\$ 11,008</u>	<u>\$ (12,631)</u>	<u>\$</u>

NOTE 8 – LONG-TERM LIABILITIES:

The following is a summary of changes in long-term liabilities reported in the government-wide financial statements for the year ended June 30, 2016:

	Beginning Balance	Additions/ Proceeds	Refunded	Reductions/ Payments	Ending Balance	Within One Year
Governmental activities:						
Bonds payable:						
General obligation	\$ 1,360			\$ (660)	\$ 700	\$ 700
City lease revenue	443,991			(26,136)	417,855	23,363
Accretion	195,802	\$ 18,178			213,980	
Unamortized bond discount/premium, net	(262)			48	(214)	
Total	640,891	18,178		(26,748)	632,321	24,063
Capitalized lease obligations:						
Internal Service Funds	2,346	955		(1,213)	2,088	1,111
Total	2,346	955		(1,213)	2,088	1,111
Notes and loans payable:						
City	21,372	1,100		(1,652)	20,820	1,835
Total	21,372	1,100		(1,652)	20,820	1,835
Claims liabilities (note 6)	46,035	14,642		(10,061)	50,616	10,228
Compensated absences (note 1)	19,172	24,410		(23,044)	20,538	15,672
Pension (note 10):						
Governmental Funds	397,049	10,084			407,133	
Internal Service Funds	20,820			(1,531)	19,289	
Total	417,869	10,084		(1,531)	426,422	
Governmental activities total	1,147,685	69,369		(64,249)	1,152,805	52,909
Business-type activities:						
Bonds payable:						
Electric Utility	624,310	92,865	\$ (63,045)	(14,040)	640,090	17,630
Water Utility	132,200			(1,775)	130,425	2,620
Sanitation	42,540			(1,005)	41,535	1,045
Convention, Sports and Entertainment Venues	255,196			(10,934)	244,262	15,402
Unamortized bond discount/premium, net	62,197	14,149		(8,499)	67,847	
Total	1,116,443	107,014	(63,045)	(36,253)	1,124,159	36,697
Notes and loans payable:						
Electric Utility	24,400			(11,200)	13,200	11,200
Water Utility	6,999			(6,999)		
ARTIC Management	26,000			(3,000)	23,000	3,000
Total	57,399			(21,199)	36,200	14,200
Interest payable						
ARTIC Management	1,717	490			2,207	
Total	1,717	490			2,207	
Decommissioning provision (note 1)	134,414	2,178		(16,598)	119,994	
Pension (note 10):						
Electric Utility	62,750	8,485			71,235	
Water Utility	20,714	4,094			24,808	
Sanitation Utility	11,031	479			11,510	
Golf Courses	856	76			932	
Convention, Sports and Entertainment Venues	24,013	1,671			25,684	
Total	119,364	14,805			134,169	
Business-type activities total	1,429,337	124,487	(63,045)	(74,050)	1,416,729	50,897
Government-wide total	\$ 2,577,022	\$ 193,856	\$ (63,045)	\$ (138,299)	\$ 2,569,534	\$ 103,806

Bond ratings for the City's revenue bonds are as follows:

	Standard & Poor's	Fitch Ratings	Moody's
General Obligation Bonds	AA	AA+	Aa2
General Fund Lease Revenue Bonds	AA-	AA	Aa3
2007 Senior Lease Revenue Bonds	BBB+	A+	A1
Electric Revenue Bonds	AA-	AA-	Aa3
Water Revenue Bonds	AAA	AAA	Unrated
Sewer Revenue Bonds	AA+	AA+	Unrated

GOVERNMENTAL ACTIVITIES:

BONDS PAYABLE

At June 30, 2016, bonds payable consisted of the followings:

	Issued by	Date Issued	Final Maturity	Range of Interest Rates at Issue Date	Authorized and Issued	Out- standing 6/30/2016
City						
1993 General Obligation Refunding Bonds	City	11/01/93	10/1/16	4.0%-7.0%	\$ 10,055	\$ 700
1997 Anaheim Lease Revenue Bonds	APFA	02/01/97	03/01/37	4.5%-6.0%	510,427	157,898
Accretion						213,980
2007 Anaheim Lease Revenue Refunding Bonds	APFA	06/13/07	03/01/37	3.25% - 5.5%	256,320	236,165
2008 Anaheim Lease Revenue Refunding Bonds	APFA	12/10/08	08/01/19	3.0%-5.0%	5,084	2,038
2014 Anaheim Lease Revenue Bonds	APFA	11/14/14	05/01/46	0.4%-5.0%	27,954	21,754
Total						632,535
Unamortized bond premium/discounts, net						(214)
Total governmental activities bonds						\$632,321

Bonds Payable - City

General obligation refunding bonds

The 1993 General Obligation Refunding Bonds were issued to finance storm drain improvements and are payable from the levy of ad valorem taxes. Total principal and interest remaining on the bonds is \$714, payable through October 2016. During the fiscal year ended June 30, 2016, total principal and interest paid was \$701.

Debt service requirements to maturity for the 1993 General Obligation Refunding Bonds to be paid by the General Obligation Bonds Debt Service Fund from future property tax revenues are as follows:

Fiscal Year Ending 6/30	Principal	Interest	Total
2017	\$ 700	\$ 14	\$ 714
Total	\$ 700	\$ 14	\$ 714

Lease payment measurement revenues

In February 1997, the Anaheim Public Financing Authority sold \$510,427 of lease revenue bonds to construct public improvements in The Anaheim Resort. In June 2007, the Authority sold \$256,320 of lease revenue bonds to defease \$248,335 of the 1997 lease revenue bonds. The bonds are special obligations of the Authority payable solely from lease payments to be made by the City to the Authority for the use and occupancy of the leased premises. Debt service requirements to maturity for these lease revenue bonds are paid from lease payment measurement revenues (LPMR) defined as amounts equal to: 1) 3% of the 15% transient occupancy taxes (TOT) (i.e. 20% of the total transient occupancy taxes) for all hotel properties in the City, excluding certain Disney properties constructed prior to 2009, 2) 100% of the TOT revenues from certain Disney properties constructed prior to 2009 over the 1995 base, (adjusted each year by the CPI change), with a minimum 2% increase annually, 3) 100% of the sales tax revenues from certain Disney properties over the 1995 base (adjustment each year by the CPI change), with the minimum 2% increase and, 4) 100% of property tax revenues from certain Disney properties in excess of the 1995 base property tax amount, adjusted annually by 2%. The City is not required to pay any additional sums should the LPMR fall short of the amount required to pay debt service on the bonds.

LPMR began on January 1, 2001, with the first payment made to the trustee on July 7, 2001, for the LPMR generated during the period January through June 2001. Subsequent to that date, LPMR is

collected and remitted to the trustee monthly. During the fiscal year ended June 30, 2016, \$54,776 was remitted to the trustee.

Debt service requirements to maturity for the 1997 Anaheim Lease Revenue Bonds and the 2007 Anaheim Lease Revenue Refunding Bonds to be paid by the Anaheim Resort Improvements Debt Service Fund from future LPMR are as follows:

Fiscal Year Ending 6/30	Principal	Interest	Total
2017	\$ 22,900	\$ 13,479	\$ 36,379
2018	11,667	26,332	37,999
2019	12,030	27,086	39,116
2020	12,616	27,781	40,397
2021	13,279	28,464	41,743
2022-2026	74,915	152,849	227,764
2027-2031	89,630	173,391	263,021
2032-2036	108,557	194,309	302,866
2037	48,469	57,132	105,601
Total	394,063	700,823	1,094,886
Unamortized bond discount	(1,885)		(1,885)
Total bonds	\$ 392,178	\$ 700,823	\$ 1,093,001

Included in interest is \$213,980 related to accretion on capital appreciation bonds.

Lease revenue bonds – City

Debt service requirements to maturity for the City’s lease revenue bonds to be paid from unrestricted revenues of the Municipal Facilities Debt Service Fund are as follows:

Fiscal Year Ending 6/30	Principal	Interest	Total
2017	\$ 463	\$ 1,177	\$ 1,640
2018	501	1,154	1,655
2019	519	1,129	1,648
2020	555	1,102	1,657
2021		1,088	1,088
2022-2026	2,144	5,279	7,423
2027-2031	3,277	4,591	7,868
2032-2036	4,182	3,685	7,867
2037-2041	5,338	2,530	7,868
2042-2046	6,813	1,055	7,868
Total	23,792	22,790	46,582
Unamortized bond premium	1,671		1,671
Total Bonds	\$ 25,463	\$ 22,790	\$ 48,253

CAPITAL LEASE OBLIGATIONS

The City has a long-term noncancelable agreement with HP Financial Services to finance the acquisition of the City’s server, desktop, and portable computer equipment. The agreement qualifies as a capital lease for accounting purposes as defined under the Financial Accounting Standards Board (FASB) Statement No. 13, Accounting for Leases, and therefore has been recorded at the present value of future minimum lease payments at the date of inception of the lease. Future minimum lease payments to be made from unrestricted revenues of the Information Services Internal Service Fund under the capital lease are as follows:

Fiscal Year Ending 6/30	
2017	\$ 1,174
2018	821
2019	212
2020	19
Total	2,226
Less amount representing interest, variable	(138)
Present value of future minimum lease payments	\$ 2,088

NOTES AND LOANS PAYABLE

At June 30, 2016, notes and loans payable are as follows:

Notes and Loans Payable – City

HUD Section 108 guaranteed loans payable

In May 2003, the City entered into an agreement with HUD, making available \$10,000 to provide financial assistance related to the development of Westgate on a former landfill site located at the northeast corner of Beach Boulevard and Lincoln Avenue. The loan is payable from sales tax revenue generated by Westgate, from The Community Development Block Grant yearly entitlement, and from receipts of the Successor Agency receivable. The outstanding balance at June 30, 2016 was \$6,322. The loan bears interest ranging from 1.74% to 5.97% and is payable over 20 years beginning on February 1, 2005, until August 1, 2023. Loan debt service requirements to maturity are as follows:

Fiscal Year Ending 6/30	Principal	Interest	Total
2017	\$ 670	\$ 342	\$ 1,012
2018	685	305	990
2019	730	266	996
2020	785	223	1,008
2021	841	177	1,018
2022 - 2026	2,611	220	2,831
Total notes and loans	\$ 6,322	\$ 1,533	\$ 7,855

In March 2010, the City entered into an agreement with HUD, making available \$15,000 to fund the acquisitions of the Orange County Family Justice Center and Miraloma Park site, construction of the Thornton Brady storm drain and the rehabilitation of the historic Packing House site. The loan is payable from the Community Development Block Grant yearly entitlement and from the receipts of the Successor Agency receivable. The outstanding balance of the loan at June 30, 2016, was \$11,565. The loan bears interest ranging from 1.74% to 3.97% and is payable over 20 years beginning on February 1, 2011 through August 1, 2030. Loan debt service requirements to maturity are as follows:

Fiscal Year Ending 6/30	Principal	Interest	Total
2017	\$ 655	\$ 433	\$ 1,088
2018	670	415	1,085
2019	690	394	1,084
2020	710	372	1,082
2021	730	348	1,078
2022 - 2026	4,040	1,297	5,337
2027 - 2031	4,070	392	4,462
Total notes and loans	\$ 11,565	\$ 3,651	\$ 15,216

Helicopter loan payable

In January 2009, the City entered into an agreement with Government Capital Corporation to finance the acquisition of a police helicopter. The amount of the loan totaled \$1,799 and bears interest at 5.391% per annum for a term of 12 years. On January 29, 2009, Government Capital Corporation assigned this agreement to Bank of America which subsequently assigned it to Western Alliance Equipment

Finance on March 21, 2012. Principal and interest payments of \$206 are due annually beginning on December 16, 2009, until December 16, 2020. The

outstanding balance at June 30, 2016 was \$883. Loan debt service requirements to maturity are as follows:

Fiscal Year Ending 6/30	Principal	Interest	Total
2017	\$ 159	\$ 47	\$ 206
2018	167	39	206
2019	176	30	206
2020	186	20	206
2021	195	11	206
Total notes and loans	<u>\$ 883</u>	<u>\$ 147</u>	<u>\$ 1,030</u>

Lincoln Avenue construction loan payable

In March 2013, the City entered into a cooperative agreement with the County of Orange (County) for the funding and construction of Lincoln Avenue. The project includes widening of Lincoln Avenue from Rio Vista Street to Riverbend Parkway, and construction of the Lincoln Avenue Bridge over the Santa Ana River. Construction costs of the Lincoln Avenue within the City boundary is estimated to be \$2,250 which will be payable to the County in seven installments starting on July 1, 2013 and on July 1 of each subsequent year at no interest cost. The outstanding balance at June 30, 2016 was \$1,000.

800 Megahertz Communication Equipment

On November 30, 2015, the City entered into a Master Equipment Lease/Purchase Agreement (Agreement) with Banc of America Public Capital Corp., to finance the acquisitions and replacement of the City portion of the 800 Megahertz (MHz) Countywide Coordinated Communications System (CCCS). The CCCS project includes a plan for replacement of three main components: Backbone Equipment, Subscriber Equipment, and Dispatch Consoles. Refer to note 13 Commitments and Contingencies for further discussion of the City's commitment for this project.

The Agreement provides \$1,100 financing for acquisition of a portion of the mobile radio equipment payable over 10 years and bears interest of 1.98% per annum, Principal and interest payments of \$61 are due semi-annually beginning on May 30, 2016, until November 30, 2025. The outstanding balance at June 30, 2016 was \$1,050. Loan debt service requirements to maturity are as follows:

Fiscal Year Ending 6/30	Principal	Interest	Total
2017	\$ 102	\$ 20	\$ 122
2018	104	18	122
2019	106	16	122
2020	108	14	122
2021	110	12	122
2022-2026	520	26	546
Total notes and loans	<u>\$ 1,050</u>	<u>\$ 106</u>	<u>\$ 1,156</u>

BUSINESS-TYPE ACTIVITIES:

BONDS PAYABLE

	Issued by	Date Issued	Maturity	Range of Interest Rates at Issue Date	Authorized and Issued	Outstanding 6/30/2016
Electric Utility						
2007 Revenue Bonds	APFA	02/1/07	10/01/37	4.0%-5.0%	\$ 206,035	\$ 150,230
2009 Revenue Bonds	APFA	03/10/09	10/01/39	3.0%-5.25%	70,000	62,705
2011 Revenue Bonds	APFA	05/11/11	10/01/36	3.0%-5.375%	90,390	90,390
2012 Revenue Bonds	APFA	09/19/12	10/01/31	3.125%-5%	92,130	92,130
2014 Revenue Bonds	CMFA	10/08/14	10/01/15	2.0%-5.0%	109,350	101,770
2015A Revenue	CMFA	04/21/15	10/01/45	Variable ^a	50,000	50,000
2015B Revenue	CMFA	07/21/15	10/01/35	3.0%-5.0%	92,865	92,865
Total						640,090
Unamortized bond premiums/discounts, net						37,472
Total Electric Utility						<u>677,562</u>
Water Utility						
2004 Revenue Bonds	APFA	05/10/04	10/1/16	4.0%-4.5%	12,105	5
2008 Revenue Bonds	APFA	07/09/08	10/1/38	4.0%-5.0%	48,580	1,160
2010 Revenue Bonds	APFA	10/28/10	10/1/40	2.0%-4.75%	34,525	34,150
2015 Revenue Bonds	CMFA	04/21/15	10/1/45	2.0%-5.0%	95,885	95,110
Total						130,425
Unamortized bond premiums/discounts, net						12,323
Total Water Utility						<u>142,748</u>
Sanitation Utility						
2007 Revenue Bonds	APFA	5/23/07	02/01/39	3.9%-5.0%	47,710	41,535
Unamortized bond premium						879
Total Sanitation						<u>42,414</u>
Convention, Sports and Entertainment Venues						
2008 Lease Revenue	APFA					
Refunding Bonds		12/10/08	08/01/19	3.0%-5.0%	45,847	19,861
2014 Lease Revenue	APFA					
Bonds		11/14/14	05/01/46	0.4%-5.0%	230,971	224,401
Total						244,262
Unamortized bond premiums/discounts, net						17,173
Total Convention, Sports and Entertainment Venues						<u>261,435</u>
Total business-type activities bonds					<u>\$1,226,393</u>	<u>\$1,124,159</u>

^a SIFMA (Municipal Swap Index) rate up to the the period ending April 2, 2018. During this period. The interest is calculated weekly based on SIFMA index rate and a base SIFMA spread of 0.50%. On April 2, 2018, these bonds are subject to mandatory tender for purchase or conversion to a fixed rate.

Bonds Payable - Electric Utility

The City's Electric Utility has pledged future electric revenues, net of certain costs, to repay a total of \$1,005,627 outstanding long-term obligations, principal and interest. Proceeds from bonds provided financing for various capital improvements, primarily distribution assets. The Electric Utility's bonds are payable solely from electric customer net revenues and are payable through 2046. At June 30, 2016, the annual principal and interest payments on the bonds, excluding early bond retirements, were 34.91% of net revenues. Principal and interest paid for the current fiscal year and total net revenues were \$42,035 and \$120,415 respectively.

Bond debt service requirements to maturity for the Electric Utility to be paid from revenues are as follows:

<u>Fiscal Year Ending 6/30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 17,630	\$ 29,351	\$ 46,981
2018	18,325	28,624	46,949
2019	19,165	27,770	46,935
2020	23,110	26,734	49,844
2021	24,330	25,548	49,878
2022-2026	145,770	107,053	252,823
2027-2031	154,240	71,310	225,550
2032-2036	134,310	36,841	171,151
2037-2041	76,015	10,018	86,033
2042-2046	27,195	2,288	29,483
Total	640,090	365,537	1,005,627
Unamortized bond premiums/discounts, net	37,472		37,472
Total bonds	\$ 677,562	\$ 365,537	\$ 1,043,099

Bonds Payable - Water Utility

The City's Water Utility has pledged future revenues from the sale of water, net of certain costs, to repay a total of \$230,989 for outstanding long-term obligations, principal and interest. Proceeds from bonds provided financing for various capital improvements, primarily distribution assets. The bonds are payable solely from water net revenues and are payable through 2046. At June 30, 2016, the annual principal and interest payments on the bonds were 47.1% of net revenues. Principal and interest paid for current fiscal year and total net revenues were \$7,662 and \$16,278 respectively.

Bond debt service requirements to maturity for the Water Utility to be paid from revenues are as follows:

<u>Fiscal Year Ending 6/30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 2,620	\$ 6,055	\$ 8,675
2018	2,710	5,972	8,682
2019	2,810	5,869	8,679
2020	2,800	5,747	8,547
2021	2,940	5,611	8,551
2022-2026	17,745	25,803	43,548
2027-2031	22,565	20,821	43,386
2032-2036	27,970	14,896	42,866
2037-2041	35,120	7,993	43,113
2042-2046	13,145	1,797	14,942
Total	130,425	100,564	230,989
Unamortized bond premiums/discount,	12,323		12,323
Total bonds	\$ 142,748	\$ 100,564	\$ 243,312

Bonds Payable – Sanitation Utility

The City's Sanitation Utility has pledged future sanitation system net revenues to pay a total of \$68,934 for revenue bonds issued in May 2007. Proceeds from the bonds provided financing for capital improvements to the sanitation sewer collection system. The bonds are payable solely from system net revenues and are payable through February 2039. At June 30, 2016, total principal and interest payments on the bonds were less than 39.7% of net revenues. Total principal and interest paid and total system net revenues for the current fiscal year were \$2,999 and \$7,558 respectively.

Bond debt service requirements to maturity for the Sanitation Utility to be paid from revenues are as follows:

<u>Fiscal Year Ending 6/30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 1,045	\$ 1,954	\$ 2,999
2018	1,095	1,902	2,997
2019	1,145	1,853	2,998
2020	1,190	1,805	2,995
2021	1,245	1,750	2,995
2022-2026	7,225	7,762	14,987
2027-2031	9,020	5,964	14,984
2032-2036	11,370	3,618	14,988
2037-2039	8,200	791	8,991
Total	41,535	27,399	68,934
Unamortized bond premium	879		879
Total bonds	\$ 42,414	\$ 27,399	\$ 69,813

Bonds Payable – Convention, Sports and Entertainment Venues

Bond debt service requirements to maturity for the Convention, Sports and Entertainment Venues to be paid from revenues are as follows:

<u>Fiscal Year Ending 6/30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 15,402	\$ 12,087	\$ 27,489
2018	4,844	11,317	16,161
2019	5,096	11,073	16,169
2020	6,355	10,814	17,169
2021	2,400	10,628	13,028
2022-2026	23,871	50,326	74,197
2027-2031	31,133	43,612	74,745
2032-2036	39,728	35,012	74,740
2037-2041	50,712	24,034	74,746
2042-2046	64,721	10,024	74,745
Total	244,262	218,927	463,189
Unamortized bond premium/discounts, net	17,173		17,173
Total bonds	<u>\$ 261,435</u>	<u>\$ 218,927</u>	<u>\$ 480,362</u>

NOTES AND LOANS PAYABLE**Note Payable – Electric Utility**

On July 13, 2013, the Electric Utility used \$44,000 from the proceeds of the Revolving Credit Agreement (Agreement) with Wells Fargo Bank, National Association (see note 7) to retire the outstanding principal balance of \$60,205 of the 2002-B Electric Revenue Bonds.

During fiscal year 2016, the Electric Utility repaid \$11,200 of the tax-exempt note. At June 30, 2016 the outstanding balance of long-term portion of the note was \$13,200.

Note Payable – ARTIC ManagementAnaheim Regional Transportation Intermodal Center (ARTIC) Land Acquisition Loan payable

In July 2012, the City entered into an agreement with the Orange County Transportation Authority (OCTA) for the Purchase and Sale of a 13.58 acres real property located at 1750 South Douglass Road in Anaheim. The purchase price for the site is \$32,500. The City paid \$1,000 at the close of escrow and the remaining \$31,500 will be payable to OCTA over 13 years and bears 2% simple interest per annum. Annual principal payments are due on or before July 10th each year commencing 2012. The payment of accrued interest is deferred until equal payments of \$1,883 are due and payable on or before July 10, 2024 and July 10, 2025. The loan is payable with Measure M2 Local Fair Share funds. OCTA will retain payments from Anaheim's "Local Fair Share" funds allocated by OCTA under Measure M2 each year until the final payment is made on July 10, 2025. At June 30,

2016, accrued interest payable for the ARTIC loan was \$2,207. The City may elect to provide alternative funding from other City funds for transportation related purposes, such as gas tax funds. At June 30, 2016, the outstanding balance of the ARTIC loan was \$23,000. Loan debt service requirements to maturity are as follows:

<u>Fiscal Year Ending 6/30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 3,000		\$ 3,000
2018	3,500		3,500
2019	3,500		3,500
2020	3,500		3,500
2021	3,500		3,500
2022-2025	6,000	3,766	9,766
Total notes and loans	<u>\$ 23,000</u>	<u>\$ 3,766</u>	<u>\$ 26,766</u>

ARBITRAGE

The Tax Reform Act of 1986 (Act) substantially revised the treatment to be afforded to earnings on the proceeds of tax-exempt debt, and requires the City to calculate and remit rebatable arbitrage earnings to the Internal Revenue Service. Certain of the City's debt and interest earned on the proceeds thereof are subject to the requirements of the Act. The City has accrued a liability for estimated rebatable arbitrage earnings and has set aside such earnings as restricted cash. At June 30, 2016, the arbitrage rebate liability for governmental and business-type activities was zero and \$508 respectively.

COMPLIANCE WITH DEBT COVENANTS

There are various limitations and restrictions contained in the City's bonds and certificates of participation indentures. The City believes they are in compliance with all significant limitations and restrictions.

DEBT ISSUANCES**City - Debt Issuance**

On November 30, 2015, the City issued a loan payable of \$1,100 under the Master Equipment Lease/Purchase Agreement with Banc of America Public Capital Corp., Proceed of the loan was deposited in escrow fund to finance the acquisition of certain mobile radio equipment. Total debt service to maturity through fiscal year 2025 will be \$1,218.

The City has recorded the loan proceed in the Other Capital Project nonmajor capital project fund. The loan will be repaid from unrestricted revenue sources from the General Fund Transfer.

Electric Utility - Debt Issuances

On July 21, 2015, the Electric Utility issued California Municipal Finance Authority Revenue Refunding Bonds, Series 2015-B in the principal amount of \$92,865 at a premium of \$14,149. The Bonds are being issued to provide financing for the acquisition and construction of additional capital assets of the Electric Utility

CITY OF ANAHEIM

distribution system (\$33,585), to refund the outstanding principal balances of the 1999 Electric Revenue Bonds (\$24,175), and partially refunded the 2007 Electric Revenue Bonds (\$35,105), to fund debt service reserve funds and cost of issuance. The Electric Utility reduced its total debt service payments over the life of the refunded bonds by \$8,830 and obtained an economic gain of \$6,713. Total debt service to maturity through fiscal year 2035 will be \$134,949.

The bond proceeds, net of premium and along with \$3,913 of the previous debt service reserve and bond funds totaled \$110,927 were deposited as follows:

Project Fund	\$ 35,000
Debt service reserve funds	8,353
Cost of issuance fund	601
Deposited in escrow for the refundings of:	
1999 Electric Revenue Refunding Bonds	25,502
2007 Electric Revenue Refunding Bonds	41,471
Total	<u>\$ 110,927</u>

DEBT RETIREMENTS

Water Utility

On July 1, 2015, the Water Utility repaid the total outstanding principal and accrued interest balance of the State of California Revolving Fund note payable from restricted funds set-aside in trustee. Total principal and interest paid was \$7,097.

Debt Defeased

The City defeased the following bonds prior to June 30, 2016:

	<u>Outstanding 6/30/2016</u>
Electric Utility	
2007 Electric Revenue Bonds	\$ 38,145

Water Utility

Series 2008 Water System Revenue Bonds	\$ 46,595
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In the refunding, the proceeds of the refunding issue were placed in irrevocable escrow accounts and invested in government securities that, together with interest earnings thereon, will provide amounts sufficient for future payments of interest and principal on the issues refunded. Refunded debt is not included in the City's accompanying basic financial statements as the City has satisfied its obligation through the in-substance defeasance of these issues.

CONDUIT FINANCINGS

City

The City has entered into two conduit financings on behalf of a community care provider facility and one to facilitate the management agreement for the Honda Center (formerly the Arrowhead Pond) of Anaheim. In accordance with applicable

agreements, the City has no obligation for debt service payments and therefore, the debt is not reflected in the accompanying basic financial statements. Bonds payable and certificates of participation related to conduit financings outstanding at June 30, 2016, were as follows:

	<u>Date Issued</u>	<u>Final Maturity</u>	<u>Amount Issued</u>	<u>Outstanding 6/30/2016</u>
1993 Anaheim Memorial Hospital Association	10/15/1993	5/15/2020	\$ 46,690	\$ 11,705
2003 Anaheim Arena Financing Project	12/11/2003	6/1/2023	42,600	25,000
Total			<u>\$ 89,290</u>	<u>\$ 36,705</u>

Anaheim Housing Authority

The Anaheim Housing Authority has entered into conduit debt financings on behalf of various developers to assist with the acquisition, construction, equipping, rehabilitation and refinancing of multifamily residential rental projects within the City of Anaheim. In accordance with the bond documents, neither the City nor the Housing Authority has an obligation for debt service payments and therefore, the debt is not reflected in the accompanying basic financial statements. Housing Authority revenue bonds related to conduit financings outstanding at June 30, 2016, were as follows:

	<u>Date Issued</u>	<u>Final Maturity</u>	<u>Amount Issued</u>	<u>Outstanding 6/30/2016</u>
1992 Heritage Village	07/15/03	07/15/33	\$ 8,485	\$ 5,485
1998 Sage Park Project	11/01/98	11/01/28	5,500	5,500
2000 Cobblestone Apartments	07/20/00	03/15/33	3,980	3,580
2000 Sea Wind Apartment	07/20/00	07/15/33	7,000	6,300
2000 Park Vista Apartments	07/24/00	07/01/33	27,180	27,180
2001 Solara Court Apartments	11/01/04	12/01/34	8,200	5,131
2008 Bel Age Manor Apartments	02/01/08	02/01/44	22,350	20,144
2009 Lincoln Anaheim Apartments Phase B	05/15/09	04/15/39	23,217	8,066
2012 Anton Monaco Apartments	12/14/12	01/01/46	35,460	35,025
2012 Crossings at Cherry Orchard Apartments Tranche A	08/23/12	12/01/44	9,365	1,095
2012 Crossings at Cherry Orchard Apartments Tranche B	08/23/12	12/01/29	2,985	2,774
2013 Paseo Village Apartments	02/28/13	09/01/45	19,750	12,778
2014 Village Center Apartments	08/01/14	03/01/47	15,000	15,000
2015 Pebble Cove Apartments Series A	08/01/15	09/01/31	13,000	13,000
2015 Pebble Cove Apartments Taxable Subordinate Series 2015A	08/01/15	08/01/55	3,550	3,550
Total			<u>\$ 205,022</u>	<u>\$ 164,608</u>

FIDUCIARY FUNDSSuccessor Agency

The following is a summary of changes in long-term liabilities for the year ended June 30, 2016:

	Beginning Balance, as Restated	Additions/ Proceeds	Reductions/ Payments	Ending Balance	Within One Year
Bonds payable	\$ 203,275		\$ (3,510)	\$ 199,765	\$ 5,805
premium/(discount), net	2,523		(248)	2,275	
Notes and loans payable	6,526		(337)	6,189	376
Due to City of Anaheim	25,376		(9,356)	16,020	2,910
Pollution remediation liability	18,576		(114)	18,462	526
Net pension liability	8,565		(720)	7,845	
	<u>\$ 264,841</u>	<u>\$</u>	<u>\$ (14,285)</u>	<u>\$ 250,556</u>	<u>\$ 9,617</u>

Bonds Payable2007 Tax Allocation Refunding Bonds

The Successor Agency will repay a total of \$294,422, principal and interest, for the outstanding 2007 tax allocation bonds issued in December 2007 from the semi-annual Redevelopment Property Tax Trust Fund (RPTTF) revenue allocations. Proceeds from the bonds provided financing for public improvements related to the merged project areas, for the supply of low-and moderate-income housing within the City, to repay certain Redevelopment Agency loan obligations and to advance refund the 1992, 1997 and 2000 bonds. The bonds bear interest at rates ranging from 4.25% to 6.50% and are payable through February 2031. During the fiscal year ended June 30, 2016, total principal and interest paid was \$13,812.

Debt service requirements to maturity for 2007 Tax Allocation bonds are as follows:

<u>Fiscal Year Ending 6/30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 5,565	\$ 10,350	\$ 15,915
2018	7,955	10,053	18,008
2019	8,340	9,662	18,002
2020	8,800	9,204	18,004
2021	9,290	8,720	18,010
2022-2026	56,170	35,602	91,772
2027-2031	98,215	16,496	114,711
Total	194,335	100,087	294,422
Unamortized bond premium/discounts, net	2,275		2,275
Total bonds	<u>\$ 196,610</u>	<u>\$ 100,087</u>	<u>\$ 296,697</u>

2010 Recovery Zone Economic Development Bonds

The Successor Agency will repay a total of \$8,667, principal and interest, outstanding Recovery Zone Economics Development Bonds issued in October 2010 from the semi-annual RPTTF revenue allocations. Proceeds from the bonds provided financing for public improvements related to the merged project areas. The bonds bear interest at rates ranging from 1.44% to 6.22% and are payable through February 2031. During the fiscal year ended June 30, 2016, total principal and interest paid was \$575.

Debt service requirements to maturity for 2010 Recovery Zone Development bonds are as follows:

<u>Fiscal Year Ending 6/30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 240	\$ 337	\$ 577
2018	250	326	576
2019	265	314	579
2020	280	301	581
2021	290	286	576
2022-2026	1,735	1,155	2,890
2027-2031	2,370	518	2,888
Total bonds	<u>\$ 5,430</u>	<u>\$ 3,237</u>	<u>\$ 8,667</u>

Notes and Loans PayableSavi Ranch Associates note payable

In July 1989, the former Redevelopment Agency executed a note with Savi Ranch Associates, a California general partnership. The amount of the note totaled \$2,707 and bears interest at 9.5% per annum. The note is payable from net property tax increment as defined in the Redevelopment Agency note. If there is insufficient RPTTF revenue to pay for principal and interest at the termination of the River Valley project area plan in November 2031, the note ceases to be an obligation of the Successor Agency. For the fiscal year ended June 30, 2016, total interest paid was \$349.

Contractual obligations

As part of the Redevelopment Agency's economic development program to attract and retain businesses in the City, the former Redevelopment Agency has entered into various contractual obligations to reimburse tenant improvement costs to be paid from property tax increment revenues (thereafter RPTTF). At June 30, 2016, the outstanding balance of these obligations totaled \$80.

In December 1992, the former Redevelopment Agency has entered into an agreement with California State Teachers Retirement System (CALSTRS), to share in the development costs of the Plaza Redevelopment Project. In March 2004,

CALSTRS assigned the agreement to the new owners, Pan Pacific Retail Properties, Inc. (PPRP). In October 2006, Kimco Realty Corporation (KRC) acquired PPRP including the assumption of the assigned plaza project agreement. The KRC participation note bears 7% simple interest rate, and has a maximum term of 25 years. The Successor Agency's obligation to repay the note is entirely contingent on the revenues generated by the project. The note will be forgiven at the end of the term whether or not the entire amount has been repaid. At June 30, 2016, the outstanding balance of the participation note was \$3,402.

Debt service requirements to maturity for the Successor Agency notes payable and contractual commitments to be paid from future RPTTF revenues are as follows:

<u>Fiscal Year Ending 6/30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 376	\$ 591	\$ 967
2018	416	576	992
2019	461	559	1,020
2020	508	540	1,048
2021	1,721	415	2,136
2022-2026		2,215	2,215
2027-2031	1,347	1,221	2,568
2032-2033	1,360	3	1,363
Total notes and loans	<u>\$ 6,189</u>	<u>\$ 6,120</u>	<u>\$ 12,309</u>

Due to the City of Anaheim

The Successor Agency will repay a total of \$7,856 outstanding long-term obligations, principal and interest, from the semi-annual RPTTF revenue allocations for the \$10,000 Cooperation Agreement dated April 1, 2003, between the former Redevelopment Agency and the City, whereby the City assisted the former Agency with the development of the Anaheim Westgate Center (Westgate project) utilizing \$10,000 of funds from the HUD Section 108 loan. This Cooperation Agreement obligation (HUD Section 108 loan) bears interest ranging from 1.74% to 5.97% and is payable semi-annually through August 2023. At June 30, 2016, outstanding principal due to the City for the Westgate project obligation was \$6,372. Principal and interest paid for the current fiscal year were \$935.

The Successor Agency will repay a total of \$7,025 outstanding long-term obligations, principal and interest, from the semi-annual RPTTF revenue allocations for the \$7,000 Cooperation Agreement dated June 2010 between the former Redevelopment Agency and the City, whereby the City assisted the former Redevelopment Agency with the rehabilitation of the historic Packing House site utilizing proceeds from the HUD Section 108 loan. This Cooperation Agreement obligation (HUD 108 Section loan) bears interest ranging from 1.68% to 3.98% and is payable over 20 years beginning on February 1, 2011 through August 1, 2030. As of June 2016, the outstanding principal due to the City for the Packing House site

project obligation was \$5,359. Principal and interest paid for the current fiscal year were \$540.

The former Redevelopment Agency paid a total of \$19,163 to the State of California Supplemental Education Revenue Augmentation Fund (SERAF) in fiscal years 2010 and 2011. Of this amount, \$8,500 was borrowed from the housing fund. The Successor Agency will repay this amount from future RPTTF revenue allocations. At June 30, 2016, the outstanding balance was \$1,905. The Successor Agency repaid \$5,660 during fiscal year 2016.

In 2013, the Successor Agency entered into two separate Cooperative Agreements with the City whereby the City assisted the Successor Agency by providing a loan of \$1,563 to finance various Successor Agency projects and a loan \$1,500 to fund homebuyer loans. The Successor Agency will repay the City from future RPTTF revenue allocation. At June 30, 2016, the outstanding balance of these loan are \$884 and \$1,500 respectively.

Westgate Pollution Remediation Obligation

In June 2003, the former Redevelopment Agency acquired property located at 2951 West Lincoln Avenue as part of a redevelopment project named the Westgate project. Approximately 11 acres of the property were formerly known as the Sparks and Rains Landfills. The County of Orange was the operator of these landfills until 1960. In November 2008, the County paid the Redevelopment Agency \$5,176 in settlement of claims related to the pollution remediation for the Westgate project site prior to the development of a shopping center. The total costs of the pollution remediation work amounted to \$12,420 based on actual contract received for the project. During the year ended June 30, 2015, management identified potential additional pollution remediation costs including ongoing maintenance responsibilities required for the Westgate project amounting to \$18,576. At June 30, 2016, the pollution remediation liability is estimated to be \$18,462.

Mello-Roos Community Facilities Districts

The City issued special tax bonds to finance construction in various Community Facilities Districts. These bonds were authorized pursuant to the Mello-Roos Community Facilities Act of 1982. The bonds are payable from a special assessment tax and are non-recourse bonds secured by the properties. Neither the faith and credit nor the taxing power of the City, the State of California or any political subdivision of either of the foregoing is pledged to the payment of the bonds. The bonds are not general or special obligations of the City, nor do they contain any credit enhancements that secondarily pledge existing or future resources of the City, accordingly they are not reflected in the accompanying basic financial statements. The City is acting as agent only for the property owners in collecting the special assessments and forwarding the collections to the fiscal agent. This activity is recorded in an agency fund in the basic financial statements.

At June 30, 2016, the City has the following outstanding Mello-Roos special tax bonds:

In February 2007, the City issued \$9,060 in special tax bonds to finance a portion of the cost of acquisition and construction of facilities in the Platinum Triangle of Anaheim, Community Facility District 06-2. At June 30, 2016, the 2007 Mello-Roos bonds outstanding amounted to \$7,680.

In August 2010, the City issued \$28,630 in special tax bonds, Series 2010 to finance a portion of the cost of acquisition and construction of facilities in the Platinum Triangle of Anaheim, Community Facility District 08-1 and to fund a reserve fund for the Series 2010 Bonds. At June 30, 2016, the 2010 Mello-Roos bonds outstanding amounted to \$25,045.

NOTE 9 – SEGMENT INFORMATION:

The Sanitation Utility Fund issued revenue bonds to finance sewer system expansion and improvements. The Sanitation Utility Fund accounts for three activities: solid waste collection, wastewater, and street cleaning. However, investors in the revenue bonds rely solely on revenue generated through wastewater activities for repayment. Summary financial information for wastewater activities is presented below:

Condensed Statement of Net Position

Assets	
Cash and cash equivalents	\$ 7,800
Investments	20,359
Other current assets	1,584
Restricted cash and cash equivalents	10,135
Restricted investments	5,149
Capital assets, net	101,797
Total assets	<u>146,824</u>
Deferred outflows of resources - deferred pension	563
Liabilities	
Current liabilities	940
Current liabilities payable from restricted assets	1,831
Noncurrent liabilities	46,362
Total liabilities	<u>49,133</u>
Deferred inflows of resources - deferred pension	796
Net Position	
Net investment in capital assets	59,382
Restricted for debt services	436
Restricted for capital projects	13,439
Unrestricted	24,201
Total net position	<u>\$ 97,458</u>

Condensed Statement of Revenues, Expenses and Changes in Net Position

Waste water fees (pledged against bonds)	\$ 12,183
Other revenues	702
Depreciation and amortization	(2,070)
Other operating expenses	(5,733)
Total operating Income	<u>5,082</u>
Nonoperating income(expenses)	
Interest income	406
Interest expense	(1,680)
Transfer out	(495)
Total nonoperating expense	<u>(1,769)</u>
Change in net position	3,313
Net position at beginning of year	94,145
Net position at end of year	<u>\$ 97,458</u>

Condensed Statement of Cash Flows

Net cash provided by (used for):	
Operating activities	\$ 6,786
Noncapital financing activities	(495)
Capital and related financing activities	(8,895)
Investing activities	(2,016)
Net decrease	<u>(4,620)</u>
Beginning cash and cash equivalents	22,555
Ending cash and cash equivalents	<u>\$ 17,935</u>
Reconciliation of cash and cash equivalents	
Cash and cash equivalent	\$ 7,800
Restricted cash and cash equivalent	10,135
Total cash and cash equivalent	<u>\$ 17,935</u>

NOTE 10– PENSIONS:

General information about the Pension Plans

Plan Description

The City provides pension benefits to eligible full-time employees in three separate pension plans: Miscellaneous Plan, Police Safety Plan and Fire Safety Plan. These plans are agent multiple-employer public employee defined benefit plans and are administered through the California Public Employees' Retirement System (CalPERS), which 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. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website @www.calpers.ca.gov.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employee's Retirement Law.

The Plans' provisions and benefits in effect at June 30, 2016 are summarized as follows:

	Miscellaneous	
	Prior to January 1, 2013	On or after January 1, 2013
Hire Date		
Benefit formula	2.7% @ 55	2.0% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50-55	52-65
Monthly benefits, as a % of eligible compensation	2.70%	2.00%
Required employee contribution rates	8.00%	6.75%
Required employer contribution rates	26.371%	26.371%

Hire Date

Benefit formula

Benefit vesting schedule

Benefit payments

Retirement age

Monthly benefits, as a % of eligible compensation

Required employee contribution rates

Required employer contribution rates

	Police Safety	
	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	3.0% @ 50	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50	52-57
Monthly benefits, as a % of eligible compensation	3.00%	2.70%
Required employee contribution rates	9.00%	12.75%
Required employer contribution rates	35.467%	35.467%

Fire Safety

Hire Date

Benefit formula

Benefit vesting schedule

Benefit payments

Retirement age

Monthly benefits, as a % of eligible compensation

Required employee contribution rates

Required employer contribution rates

	Fire Safety	
	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	3.0% @ 50	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50	50-57
Monthly benefits, as a % of eligible compensation	3.00%	2.0%-2.7%
Required employee contribution rates	9.00%	11.25%
Required employer contribution rates	38.102%	38.102%

Employees Covered

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

	Miscellaneous	Police Safety	Fire Safety
Inactive employees or beneficiaries currently receiving benefits	1,927	513	293
Inactive employees entitled to but not yet receiving benefits	1,467	62	48
Active employees	1,653	398	197
Total	5,047	973	538

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 notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

The City pays a certain percentage of the Participant contribution. The following table summarizes the required contribution rates by employee and employer effective for fiscal year 2016. The contribution requirements of plan members and the City are established and may be amended by CalPERS.

Employee Group	Anaheim Hire Date	CalPERS ¹ Membership	Retirement Formula	Employee Rate		Employer Rate ²		Total Rate
				Employee	City	Employee	City	
Miscellaneous Employees								
Management	Before 1/1/2013	Classic	2.7% @ 55	8.00%	0.00%	4.000%	22.371%	34.371%
	On or After 1/1/2013	Classic	2.7% @ 55	8.00%	0.00%	4.000%	22.371%	34.371%
	On or After 1/1/2013	New	2.7% @ 62	6.75%	0.00%	0.000%	26.371%	33.121%
AMEA General	Before 1/1/2013	Classic	2.7% @ 55	8.00%	0.00%	4.000%	22.371%	34.371%
AMEA Clerical	On or After 1/1/2013	Classic	2.7% @ 55	8.00%	0.00%	4.000%	22.371%	34.371%
	On or After 1/1/2013	New	2.7% @ 62	6.75%	0.00%	0.000%	26.371%	33.121%
I.B.E.W. Confidential	Before 1/1/2013	Classic	2.7% @ 55	8.00%	0.00%	4.000%	22.371%	34.371%
	On or After 1/1/2013	Classic	2.7% @ 55	8.00%	0.00%	4.000%	22.371%	34.371%
	On or After 1/1/2013	New	2.7% @ 62	6.75%	0.00%	0.000%	26.371%	33.121%
APA Trainees	Before 1/1/2013	Classic	2.7% @ 55	8.00%	0.00%	4.000%	22.371%	34.371%
	On or After 1/1/2013	Classic	2.7% @ 55	8.00%	0.00%	4.000%	22.371%	34.371%
	On or After 1/1/2013	New	2.7% @ 62	6.75%	0.00%	0.000%	26.371%	33.121%
Safety Employees								
Fire Management AFA	Before 1/10/2012	Classic	3% @ 50	9.00%	0.00%	3.000%	35.102%	47.102%
	On or After 12/19/2012	Classic	2% @ 50	9.00%	0.00%	3.000%	35.102%	47.102%
	On or After 1/1/2013	New	2.7% @ 57	11.25%	0.00%	0.000%	38.102%	49.352%
Police Management APMA APA	Before 1/1/2013	Classic	3% @ 50	9.00%	0.00%	3.000%	32.467%	44.467%
	On or After 1/1/2013	Classic	3% @ 50	9.00%	0.00%	3.000%	32.467%	44.467%
	On or After 1/1/2013	New	2.7% @ 57	12.75%	0.00%	0.000%	35.467%	48.217%

¹ Definition of a 'New' PERS member

A new hire who is brought in CalPERS membership for the first time on or after January 1, 2013, and who has no prior membership in any California public retirement system.

A new hire who is brought into CalPERS membership for the first time on or after January 1, 2013, and who is not eligible for reciprocity with another California public retirement system.

A member who first established CalPERS membership prior to January 1, 2013, and who is rehired by a different CALPERS employer after a break in service of greater than six months.

² PERS Cost Share Caps at 4% for Miscellaneous Classic employees.

The pension plans (pensions) are recognized in the government-wide financial statements and proprietary funds financial statements on an accrual basis of accounting, while the contributions to the pension plan are recognized as expenditures on modified accrual basis of accounting on the governmental fund statements.

The net pension liability in the Statement of Net Position represents the City's excess of the total pension liability over the fiduciary net position reflected on the Valuation Reports provided by CalPERS. The net pension liabilities is measured as of the City's prior fiscal year. Changes in net pension liability are recorded as pension expense or as deferred inflows of resources or deferred outflows of resources depending on the nature of the change.

The changes in net pension liability that are recorded as deferred inflows of resources or deferred outflows of resources that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience are amortized over the weighted average remaining service life of all participants in the respective pension plan and are recorded as a component of pension expense beginning with the period in which the difference incurred.

Projected earnings on pension investments are recognized as a component of pension expense. Differences between projected and actual investment earnings are reported as deferred inflows of resources or deferred outflows of resources and amortized as a component of pension expense on a closed basis over a five-year period beginning with the period in which the difference occurred.

Net Pension Liability

The City's net pension liability for each Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of each of the Plan is measured as of June 30, 2015. Liabilities are based on the results of the actuarial calculations performed as of June 30, 2014 and were rolled forward to determine the June 30, 2015 total pension liability. Fiduciary net position is based on fair value of investments as of June 30, 2015.

A summary of principal assumptions and methods used to determine the net pension liability is shown below.

Actuarial Assumptions:

The total pension liabilities for the City's three Plans in the June 30, 2013 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date (VD)	June 30, 2014
Measurement Date (MD)	June 30, 2015
Measurement Period	July 1, 2014 to June 30, 2015
Reporting Date (RD)	June 30, 2016
Actuarial Cost Method	Entry Age Normal in accordance with the requirements of GASB 68
Actuarial Assumptions:	
Discount Rate	7.65%
Inflation	2.75%
Salary Increase	Varies by Entry Age and Service
Investment Rate of Return	7.65% Net of Pension Plan Investment Expenses, includes inflation
Mortality Rate Table ¹	Derived using CalPER' 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

1 The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 experience

All other actuarial assumptions used in the June 30, 2014 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.

Change of Assumptions

GASB 68, paragraph 68 states that the long-term expected rate of return should be determined net of pension investment expense but without reduction for pension plan administrative expense. The discount rate of 7.5 percent used for the June 30, 2014 measurement date was net of administrative expenses. The discount rate of 7.65% used for the June 30, 2015 measurement date is without reduction of pension plan administrative expense.

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 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, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension 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 below 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 CalPERS effective July 1, 2014.

<u>Asset Class</u>	<u>Current Target Allocation</u>	<u>Real Return Years 1-10 ¹</u>	<u>Real Return Years 11+ ²</u>
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	6.09
Liquidity	2.00	(0.55)	(1.05)
	<u>100.00%</u>		

¹ An expected inflation of 2.5% used for this period

² An expected inflation of 3.0% used for this period

Recognition of Gains and Losses

Under GASB 68, 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 deferred inflows of resources related to pensions and are to be recognized in future pension expense.

Difference between projected and actual earnings on investments	5 year straight-line amortization
All other amounts	Straight-line amortization 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 ANAHEIM

Change in the Net Pension Liability

Net pension liability is the plan's total pension liability based on the entry age normal actuarial cost method less the plan's fiduciary net position.

The following table shows the changes in net pension liability for each Plan recognized over the measurement period:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/ (Asset) (c) = (a) - (b)
Miscellaneous Plan:			
Balance at June 30, 2014 (VD)	\$ 1,210,654	\$ 902,234	\$ 308,420
Changes recognized for the Measurement Period:			
Service Cost	20,334		20,334
Interest on the Total Pension Liability	88,334		88,334
Changes of Assumptions	(21,249)		(21,249)
Difference between Expected and Actual Experience	(16,296)		(16,296)
Plan to Plan Resource Movement		(5)	5
Contribution from the Employer		25,375	(25,375)
Contributions from Employees		8,877	(8,877)
Net Investment Income		20,081	(20,081)
Benefit Payments, including Refunds of Employee Contributions	(57,158)	(57,158)	
Administrative Expenses		(1,011)	1,011
Net Changes during 2014-2015	13,965	(3,841)	17,806
Balance at 6/30/2015 (MD)	\$ 1,224,619	\$ 898,393	\$ 326,226
Police Safety Plan:			
Balance at June 30, 2014 (VD)	\$ 649,991	\$ 500,264	\$ 149,727
Changes recognized for the Measurement Period:			
Service Cost	12,193		12,193
Interest on the Total Pension Liability	46,658		46,658
Changes of Assumptions	(11,546)		(11,546)
Difference between Expected and Actual Experience	(19,370)		(19,370)
Plan to Plan Resource Movement		5	(5)
Contribution from the Employer		14,663	(14,663)
Contributions from Employees		4,192	(4,192)
Net Investment Income		10,967	(10,967)
Benefit Payments, including Refunds of Employee Contributions	(30,517)	(30,517)	
Administrative Expenses		(562)	562
Net Changes during 2014-2015	(2,582)	(1,252)	(1,330)
Balance at 6/30/2015 (MD)	\$ 647,409	\$ 499,012	\$ 148,397

Fire Safety Plan:

Balance at June 30, 2014 (VD)

Changes recognized for the Measurement Period:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/ (Asset) (c) = (a) - (b)
Balance at June 30, 2014 (VD)	\$ 381,274	\$ 293,623	\$ 87,651
Changes recognized for the Measurement Period:			
Service Cost	5,419		5,419
Interest on the Total Pension Liability	27,760		27,760
Changes of Assumptions	(6,582)		(6,582)
Difference between Expected and Actual Experience	(4,549)		(4,549)
Plan to Plan Resource Movement			
Contribution from the Employer		7,622	(7,622)
Contributions from Employees		2,075	(2,075)
Net Investment Income		6,515	(6,515)
Benefit Payments, including Refunds of Employee Contributions	(19,944)	(19,944)	
Administrative Expenses		(326)	326
Net Changes during 2014-2015	2,104	(4,058)	6,162
Balance at 6/30/2015 (MD)	\$ 383,378	\$ 289,565	\$ 93,813

Combined Total:

Balance at June 30, 2014 (VD)

Changes recognized for the Measurement Period:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/ (Asset) (c) = (a) - (b)
Balance at June 30, 2014 (VD)	\$ 2,241,919	\$ 1,696,121	\$ 545,798
Changes recognized for the Measurement Period:			
Service Cost	37,946		37,946
Interest on the Total Pension Liability	162,752		162,752
Changes of Assumptions	(39,377)		(39,377)
Difference between Expected and Actual Experience	(40,215)		(40,215)
Plan to Plan Resource Movement			
Contribution from the Employer		47,660	(47,660)
Contributions from Employees		15,144	(15,144)
Net Investment Income		37,563	(37,563)
Benefit Payments, including Refunds of Employee Contributions	(107,619)	(107,619)	
Administrative Expenses		(1,899)	1,899
Net Changes during 2014-2015	13,487	(9,151)	22,638
Balance at 6/30/2015 (MD)	\$ 2,255,406	\$ 1,686,970	\$ 568,436

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

The following presents the net pension liability of the City's three Plans of the measurement date, calculated using the discount rate of 7.65 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.65 percent) or 1 percentage-point higher (8.65 percent) than the current rate:

Plans' Net Pension Liability	Discount Rate - 1% (6.65%)	Discount Rate (7.65%)	Discount Rate + 1% (8.65%)
Miscellaneous	\$ 487,009	\$ 326,227	\$ 193,250
Police Safety	236,209	148,395	76,254
Fire Safety	143,252	93,813	52,950
Combine total	<u>\$ 866,470</u>	<u>\$ 568,435</u>	<u>\$ 322,454</u>

Pension Plan Fiduciary Net Position

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

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

Pension expense is the change in net pension liability from the previous fiscal year to the current fiscal year less adjustments. For the fiscal year ended June 30, 2016, the City recognized pension expense of \$25,807. At June 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 58,650	
Changes of Assumptions		\$ 27,802
Difference between Expected and Actual Experiences		28,831
Net difference between projected and actual earnings on plan investments		15,441
Change in proportions	6,002	6,002
Total	<u>\$ 64,652</u>	<u>\$ 78,076</u>

\$58,650 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Amount reported in Deferred inflows of resources related to pensions will be recognized as a component in pension expense as follows:

Fiscal Year Ended
6/30/2016

2016	\$ (34,104)
2017	(34,104)
2018	(21,590)
2019	17,724
Total	<u>\$ (72,074)</u>

Payable to the Pension Plans

At June 30, 2016, the City reported a payable of \$1,954 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2016.

NOTE 11 - Other Post-employment Benefits

In addition to the pension benefits described above, the City provides other post employment benefits (OPEB) as a single-employer defined benefit healthcare plan. The OPEB provides medical, dental and life insurance benefits to eligible retirees (hired prior to January 1, 1996, Anaheim Police Association employees hired prior to July 6, 2001, and Anaheim Fire Association employees hired prior to November 9, 2001) in accordance with City Personnel Resolutions and various Memoranda of Understanding. Eligible employees hired after the dates above have access to the City's medical and dental plans but do not receive a defined benefit. There are no separately issued financial statements for the OPEB.

Funding Policy

The contribution requirements of plan members and the City are established in accordance with City Personnel Resolutions and various Memoranda of Understanding. The retired plan members receiving benefits make varying contributions toward the cost of these benefits depending on the retiree's Medicare eligibility, year of hire, age and employee group. Retiree contributions for the fiscal year ended June 30, 2016 were 2.70% of total payroll.

In June 2008, the City joined the California Employer's Retiree Benefit Trust Program (CERBT) to pre-fund OPEB liabilities. The CERBT is an agent multiple employer plan consisting of an aggregation of single-employer plans, with pooled administrative and investment functions that are administered by PERS. A copy of the aggregated CERBT annual financial report may be obtained @www.calpers.ca.gov.

The City contributes an amount not less than the annual required contribution (ARC) of the employer. The ARC is an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The ARC rate for the fiscal year ended June 30, 2016, was 8.3% of total payroll.

Annual OPEB Cost and Net OPEB Asset

The City's annual OPEB cost, amount actually contributed to the plan, and changes in the City's net OPEB asset for the fiscal year ended June 30, 2016, are as follows:

ARC	\$ 13,721
Interest on net OPEB asset	(853)
Adjustment to ARC	818
Annual OPEB cost	<u>\$ 13,686</u>
Contributions made	\$ 13,721
Annual OPEB cost	(13,686)
Change in OPEB asset	35
Net OPEB asset - beginning of year	11,209
Net OPEB asset - end of year	<u>\$ 11,244</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB asset for the fiscal year ended June 30, 2016 are as follows:

Funded Status and Funding Progress

Fiscal Year Ending	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	OPEB Asset
6/30/2014	\$ 10,010	101.30%	\$ 11,017
6/30/2015	13,192	100.40%	11,209
6/30/2016	13,686	100.26%	11,244

Actuarial valuation of an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with the past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, will present multi-year trend information in subsequent years, that will show whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

The table below displays the funding progress of the plan and is based upon the most recent actuarial valuation data:

Actuarial Valuation Date	(A) Actuarial Value of Assets (AVA)	(B) Accrued Liability	(C) Unfunded Liability (UL) (B) - (A)	(D) Funded Ratio AVA (A) / (B)	(E) Annual Covered Payroll	(F) UL as a % of Payroll (C) / (E)
7/1/2015	\$ 79,787	\$ 271,243	\$ 191,456	29.4%	\$ 166,522	115.0%

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefits costs between the City and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in the actuarial accrued liability and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2013, actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumption included a 7.61% investment rate of return, an annual healthcare cost trend rate ranging from 8.00% - 8.50% initially and declining to 5.00% by 2022, payroll growth rate of 3.25% per year, and an inflation factor of 3.00%. The OPEB unfunded actuarial accrued liability is being amortized as a level percentage of payroll over a closed 30-year period. The remaining amortization period as of July 1, 2015, is 22 years.

NOTE 12 – JOINT VENTURES AND JOINTLY-OWNED PROPERTIES:

Orange County - City Hazardous Materials Emergency Response Authority

The City participates in joint powers authority (JPA), the Orange County-City Hazardous Materials Emergency Response Authority (OCCHMERA), for the purposes of responding to, assessing the nature of, and stabilizing any emergency created by the release or threatened release of hazardous materials.

The following entities are members of OCCHMERA: City of Anaheim and City of Huntington Beach (provider agencies). Members of the Board of Directors (OCCHMERA Board) consist of one voting Board member and an alternate appointed by the governing body from the provider agencies. Under the Fifth Amendment to the JPA agreement, three representatives from the subscribing agencies are also voting Board Members. The following cities were subscribing agencies: Brea, Costa Mesa, Fountain Valley, Fullerton, Garden Grove, Newport Beach and Orange.

Public entities in Orange County may receive hazardous materials response services from the Hazmat by executing an agreement and paying a fair share contribution. Audited financial information for the joint powers authority as of and for the year ended June 30, 2016, was as follows:

Total assets	\$ 213
Total liability	7
Members' equity	206
Total revenues	100
Total expenses	44
Change in net position	56

Hazmat does not have any debt outstanding at June 30, 2016.

The City has no significant equity interest in Hazmat, and accordingly neither assets nor liabilities of Hazmat have been recorded in the City's basic financial statements. For a copy of Hazmat's separate financial statements, contact the Finance Director of the City.

Metro Cities Fire Authority

The City participates in a joint powers authority, Metro Cities Fire Authority (Fire Authority), for the purpose of providing a central communication network and record keeping system to support fire suppression, emergency medical assistance, rescue service, and related services provided by the members of the Fire Authority.

The following entities are members of the Fire Authority: City of Anaheim, City of Brea, City of Fountain Valley, City of Fullerton, City of Garden Grove, City of Huntington Beach, City of Newport Beach, and the City of Orange. Members of the Board of Directors (the "Board") consist of one voting Board member and an alternate appointed by their governing body.

Public entities in Orange County may receive services from the Fire Authority by executing an agreement and paying a fair share contribution. Audited financial information for the Fire Authority as of and for the year ended June 30, 2016, was as follows:

Total assets	\$ 1,844
Total liabilities	306
Members' equity	1,538
Total revenues	5,715
Total expenses	5,932
Change in net position	(217)

The City has no significant equity interest in the Fire Authority, and accordingly neither assets nor liabilities of the Fire Authority have been recorded in the City's basic financial statements. For a copy of the Fire Authority's separate financial statements, contact the Finance Director of the City.

North Net Joint Training Authority

The City participates in a joint powers authority, North Net Training Authority (Authority), for the purpose of providing a joint use of a consolidated Training Center and record keeping system for fire training services.

The following entities are members of the North Net Training Authority: City of Anaheim, City of Garden Grove and City of Orange. Members of the Board of Directors (the "Board") consist of one voting Board member and an alternate appointed by their governing body.

Public entities in Orange County may receive training services from the Authority by executing a "subscription agreement" and by paying the annual fee and other costs. Audited financial information for the Authority as of and for the year ended June 30, 2016, was as follows:

Total assets	\$ 1,654
Total liabilities	50
Members' equity	1,604
Total revenues	736
Total expenses	735
Change in net position	1

Jointly-owned utility plants

The City's Electric Utility owns a 10.04% ownership interest in the coal-fired San Juan Generating Station, Unit 4 (SJ), located near Waterflow, New Mexico. The other participants in SJ and their respective ownership include: Public Service of New Mexico, 45.48%; City of Farmington, New Mexico, 8.48%; County of Los Alamos, New Mexico, 7.20%; and M-S-R Public Power Agency, 28.80%. There are no separate financial statements for this venture, as each participant's interest in the utility plant is included in their respective financial statements. The City's cumulative share of construction costs included in the utility plant at June 30, 2016, amounted to \$84,616.

On July 31, 2015, the Electric Utility and the other Parties involved with the San Juan Generating Plants agreed to a plan for the closure of 2 of the 4 units in New Mexico. As co-owner of one of the units that is not being closed, the Electric Utility are transferring the ownership rights to the parties that will continue in the Plant on December 31, 2017. The Electric Utility has been in discussions with the parties involved in the San Juan Generating Plant for the past several years related to the requirements and costs associated to bringing the plant up to environmental standards being required by the Environmental Protection Agency (EPA) and the State of New Mexico that would have required a significant capital investment in the plant would make the ensuing power uneconomical. Further, the State of California has limited investment in carbon producing generating facilities that extend the useful life more than five years. In addition, with California renewable requirements being mandated to 50% this plant would further hamper the Electric Utility portfolio flexibility. With this information, the Electric Utility decided it would be in the customers' best interest to divest the Electric Utility's interest in the unit and apply these resources to the renewable needs. Based on the remaining projected useful life of the Electric Utility participation in the plant, the Electric Utility are accelerating depreciation of the remaining book value of the plant over the period from July 1, 2015 to December 31, 2017 to reflect a fully amortization of the SJ plant for a period of 30 months.

The City sold its 3.16% ownership interest of SONGS to SCE on December 29, 2006. Accordingly, the Electric Utility ceased recording all related operating expenses, except marine mitigation costs and spent fuel storage charges, as of December 29, 2006. Based on the SONGS settlement agreement, the Electric Utility is responsible for the City's share of marine mitigation costs up to \$2,300, and SCE is responsible for costs between \$2,300 and \$7,300. The Electric Utility is responsible for spent fuel storage charges until the federal government takes possession. The Decommissioning Trust Fund will pay for spent fuel storage charges after June 7, 2013.

As a former participant in SONGS, the Electric Utility is subject to assessment of retrospective insurance premiums in the event of a nuclear incident at SONGS or any other licensed reactor in the U.S.

NOTE 13 – COMMITMENTS AND CONTINGENCIES:

Intermountain Power Agency

The Electric Utility has entered into a power purchase contract with the Intermountain Power Agency (IPA) for delivery of electric power. The share of IPA power is equal to 13.225% of the generation output of IPA's two recently updated coal-fueled generating units located in Delta, Utah (Unit 1 and 2 net output is 900 megawatts each). The City is obligated for the following percentage of electrical facilities at IPA:

	Entitlement	Expiration
Generation:		
Intermountain Power Project	13.225%	2027

The contract constitutes an obligation of the Electric Utility to make payments from revenues and requires payment of certain minimum charges. These minimum charges include debt service requirements on the financial obligations used to construct the plant. These requirements are considered a cost of purchased power.

Southern California Public Power Authority

The Electric Utility is a member of the Southern California Public Power Authority (SCPPA), a joint powers agency. SCPPA provides for the financing and construction of electric generating and transmission projects for participation by some or all of its members. To the extent the Electric Utility participates in projects developed by SCPPA, it is obligated for its proportional share of the cost of the project. The City is obligated for the following percentage of electrical facilities owned by SCPPA:

	Entitlement	Expiration
Transmission:		
Southern Transmission System (STS)	17.6%	2027
Mead-Adelanto Project (MAP)	13.5	2030
Mead-Phoenix Project (MPP)	24.2	2030
Generation:		
Hoover Dam Upgrading (Hoover)	42.6%	2018
Magnolia Generating Station (Magnolia)	38	2037
Canyon Power Project (Canyon)	100	2040
Natural Gas Reserve Projects (Natural Gas)		
SCPAA Natural Gas Project-Pinedale, Wyoming	35.7%	2033
SCPPA Natural Gas Project-Barnett, Texas	45.5	2033

Take or pay commitments

As part of the take or pay commitments with IPA and SCPPA, the Electric Utility has agreed to pay its share of current and long-term obligations. Payment for these obligations will be made from the operating revenues received during the year that the payment is due. A long-term obligation has not been recorded on the accompanying basic financial statements as these commitments do not represent an obligation of the Electric Utility until the year the power is available to be delivered to the Electric Utility. The following schedule details the amount of debt service that is due and payable by the Electric Utility for each project and the final maturity date.

Fiscal Year Ending 6/30	Natural								
	IPA	STS	MAP	MPP	Hoover	Magnolia	Gas	Canyon	Total
2017	\$ 26,851	\$ 14,257	\$ 3,058	\$ 1,727	\$ 934	\$ 8,787	\$ 6,723	\$ 18,282	\$ 80,619
2018	22,321	13,975	3,264	2,079	932	6,933	5,984	19,325	74,813
2019	28,880	13,813	3,252	2,095		6,930	5,360	19,353	79,683
2020	30,683	12,112	3,228	2,076		6,930	4,895	19,323	79,247
2021	31,617	14,415	2,504	1,679		6,927	4,514	19,292	80,948
2022-2026	22,419	54,656	1,834	2,673		36,437	17,939	96,308	232,266
2027-2031		11,299	1,824	2,655		39,531	12,245	91,610	159,164
2032-2036						40,797	3,711	96,120	140,628
2037-2041						26,794		95,833	122,627
Total	\$162,771	\$134,527	\$ 18,964	\$14,984	\$ 1,866	\$180,066	\$ 61,371	\$ 475,446	\$ 1,049,995

In addition to debt service, the City's entitlement requires the payment for fuel costs, operations and maintenance (O&M), administration and general (A&G) and other miscellaneous costs associated with the generation and transmission facilities discussed above. These costs do not have a similar structured payment schedule as debt service; however, prior experience indicates that annual costs are generally consistent from year to year. The fiscal year 2016 expenses for fuel, O&M, A&G and other costs at these projects were as follows:

Fiscal Year	IPA	STS	MAP	MPP	Hoover	Magnolia	Natural Gas	Canyon	Total
2016	\$40,447	\$5,742	\$314	\$330	\$133	\$21,567	\$913	\$4,968	\$74,414

Cap-and-Trade Program

California Assembly Bill (AB) 32 requires that Utilities in California reduce their greenhouse gas (GHG) emissions to 1990 levels by the year 2020. It directed the California Air Resources Board (CARB) to develop regulations of GHG that became effective January 2012. Emission compliance obligations under the Cap-and-Trade regulation began in January 2013.

The Cap-and-Trade program (Program) was implemented beginning January 1, 2013. This Program requires Electric Utilities to have GHG allowances on an annual basis to offset GHG emissions associated with generating electricity. CARB will provide a free allocation of GHG allowance to each electric utility to mitigate retail

rate impacts. This free allocation of GHG allowance is expected to be sufficient to meet Electric Utility's GHG compliance obligations for retail sales. During this fiscal year, an unused portion of retail allowance was sold for \$16,208 to reduce future renewable energy costs for retail customers. The compliance obligation for the wholesale sales requires allowance to be obtained through the auction or in the secondary market quarterly. At June 30, 2016, the value of prepaid Cap and Trade allowance is \$17,990, and the value of the Cap and Trade obligation is \$8,438.

Operating Leases

In January 2005, the City entered into a long-term noncancelable ground lease with City of Fullerton, for an approximately 1.56 acre site at the Fullerton Municipal Airport for the operation of the Anaheim Police Department Heliport. The term of the lease is 40 years with two 10-year extensions commencing from January 2005 and ending December 2044. The base rent is adjusted every five years by ten percent (10%). The City constructed a building of approximately 30,000 square feet that includes offices, aircraft maintenance and storage facilities and other infrastructure supporting such facilities on the leased premise. Future minimum lease payments to be made from unrestricted revenues of the General Fund are as follows:

<u>Fiscal Year Ending June 30</u>	
2017	\$ 59
2018	59
2019	59
2020	62
2021	65
2022-2026	336
2027-2031	369
2032-2036	406
2037-2041	447
2042-2045	334
Total minimum future rentals	<u>\$ 2,196</u>

The Honda Center

On January 26, 1999, the City entered into a series of lease transactions for the Honda Center. Under these transactions, the City leased the Honda Center to a third party trustee acting for the benefit of an equity investor for a term of approximately 39.2 years. The trustee sublet the facility back to the City for 20 years, which was shorter than the then remaining term of the management agreement between the third-party manager at that time (Manager) and the City in consideration of an advance rental payment for the entire lease term. At the end of the sublease, the City has a purchase option to purchase the trustee's rights under the lease for a fixed amount. The advance rent payments to the City were deposited into a trust fund and invested. The cash scheduled to be available from this trust fund is sufficient to pay the City's rent payments for the term of the sublease and to exercise the City's purchase option at the end of the sublease. The excess of the amount of

the advance rent payment made by the trustee to the City over the deposit to the trust funds, after the payment of transaction expenses and payment to the Manager for agreeing to pledge its interest as Manager under the management agreement then in effect and agreeing to undertake certain additional obligations to the transaction, was approximately \$4,000. This amount was recognized by the City as unearned revenue and is being amortized over the sublease term. The City has secured its obligations to the other parties to these lease transactions by a pledge of its respective interest in revenues from the facility, subordinate (with certain exceptions) to any interests of the debt holders of the facility. The City's obligations under these lease transactions are considered to be defeased in substance, and therefore the related liabilities as well as the trust assets have been excluded from the City's financial statements. The City's and AAM's respective rights under the FMA are subject in certain respects to the effect of the 1999 lease transaction.

Effective December 16, 2003, the City and Anaheim Arena Management LLC (AAM) entered into a Facility Management Agreement (FMA) whereby AAM has the exclusive right and license to manage, maintain and operate all aspects of the Honda Center in accordance with the FMA through June 30, 2023, with an option to extend the term for an additional period not to exceed 10 years. Annual distributions to the City, AAM and the County of Orange are required for their respective share of adjusted net revenues, as defined in the FMA. In the event that cash on hand is insufficient to pay operating expenses, debt service, distributions to the City, the County of Orange, or other amounts payable, AAM shall make or cause an affiliate or third-party lending institution to make loans for such purposes, as defined in the FMA. Such funds will be repaid from gross revenues or adjusted net revenues, if any, as defined in and in accordance with disbursement priorities established in the FMA. At June 30, 2016, the outstanding conduit debt on the Honda Center totaled \$25,000. The debt is non-recourse, payable from revenues generated by the facility. Neither the faith and credit nor the taxing power of the City is pledged to the payment of the debt. The debt is not a general or special obligation of the City, nor does it contain any credit enhancements that secondarily pledge existing or future resources of the City (other than revenues generated by the facility), and accordingly it is not reflected in the accompanying basic financial statements.

Angel Stadium of Anaheim

On May 14, 1996, the City and the California Angels, LP (Team), which was then managed by Disney Sports Enterprises, Inc. (subsequently known as Anaheim Sports, Inc.), entered into an agreement to provide for the operation and refurbishment of the Stadium. Pursuant to the agreement, the Team assumed responsibility for the operation of the Stadium on October 1, 1996. The agreement runs for 33 years (subject to a limited Team option to cancel at 20 years and the Team's right to extend the term). In September 2013, the agreement was modified extending the Team's right to terminate the agreement by three years to October 16, 2019. Concurrent with amending the termination right, the City and the Team entered into two Memorandums of Understanding providing a nonbinding framework for negotiations relating to an extension of the Team's tenancy at the stadium and for the potential development of the surrounding stadium area.

Under the terms of the agreement, the Team assumed full responsibility for all Stadium operations and maintenance, including capital maintenance. The Team books all Stadium and parking lot events (except for ten annual City events), pays all expenses, and retains all revenue (subject to the City's rights to share in certain net revenues) except that the City credits the Team up to \$500 per year adjusted annually for CPI as a capital reserve contribution, calculated on the basis of property taxes. The City's participation in net revenues includes amounts received by the Team above certain thresholds including paid admissions (\$2.00 per paid admission in excess of 2.6 million admissions per year), net income from non-game events (in excess of \$2,000 per year adjusted annually for CPI), and parking lot net income (25% in excess of \$4,000 per year adjusted annually for CPI). Additionally, as indicated above, the City retained the right to book and retain all revenue from ten parking lot events per year. Major League Baseball consented to the transfer of the Team in fiscal year 2003 to interests controlled by Arte Moreno. No changes in the terms of the agreement with the Team were made in connection with that transfer.

The Agreement also provided that the City had the right to develop approximately 42 acres of the parking lot development site. In 1998 a land sale of \$1,000 for a 1.25 acre site was approved for the construction of a 1,100-seat theatre called "Tinseltown Studios" (now known as "City National Grove of Anaheim"). In November 2002, the City purchased the facility and the land for \$6,700 from its then owner, SMG. Concurrent with the purchase, the City granted to Nederlander-Grove LLC (Nederlander) a license to operate the facility for three years with the right to extend another five years. In May 2009, the management agreement was amended extending the term to December 31, 2015 with the right to extend another five year period. In June 2015, the option to extend was exercised, which extends the term to December 31, 2020. Additionally, under the amended management agreement, effective January 1, 2009, Nederlander no longer receives a management fee of \$150 and the City's share in the annual net profits and losses from operations increased from 50% to 60%. Nederlander is responsible for 100% of losses in excess of \$400, thereby limiting the City's share of net losses to a maximum of \$240 in any given year. The City may elect to terminate the agreement prior to expiration of the term under certain conditions, and pay the unamortized balance of capital assets purchased during the term to Nederlander. Concurrent with the amendment to the management agreement, the parking license fee agreement was amended, wherein the parking license fees from Nederlander were reduced to \$176 and is subject to adjustment annually based on CPI increases. Nederlander paid the City \$194 for the year ended June 30, 2016, for parking and common area maintenance.

Muzeo

In October 2007, the City and the former Redevelopment Agency entered into a property operating agreement with the Muzeo Foundation to operate and provide programming for the Muzeo, the downtown museum. The property operating agreement is for a term of 30 years and provides for a line of credit for the first 3 years from the City to the Muzeo Foundation in an amount not to exceed \$1,000 or 95% of pledges at an annual interest rate of 5%. The property operating agreement was amended on August 1, 2010, to extend the maturity date to June 30, 2015. It also amended the aggregate amount of the line of credit to \$500 during fiscal year 2011 and \$200 during each fiscal year thereafter with amounts being converted to

grants upon achieving fund raising thresholds. At June 30, 2016, there was no amount due to the City.

800 Megahertz Countywide Coordinated Communications System

On March 17, 2015, the City Council approved an Amendment to the Joint Agreement with the County of Orange for the operation, Maintenance and Financial Management of the 800 Megahertz (MHz) Countywide Coordinated Communication System (CCCS). The 800 MHz CCCS allows all police, fire, public works, and marine safety agencies in Orange County to share a common radio system, yet still provide agencies their own unique dispatch and tactical channel in addition to seamless interoperability throughout the County. The Joint Agreement with the County calls for the CCCS to be systematically upgraded in phases over the next four years, including replacement of three main components; the backbone equipment, subscriber equipment and dispatch consoles. The Joint Agreement requires the financial participation of all 34 cities as well as the County and participating agencies. The City portion of the equipment cost is estimated to be \$14,408 as follows:

<u>Fiscal Year</u>	<u>Component</u>	<u>Estimated Cost</u>
2016	Consoles	\$ 1,929
2017	Backbone	3,876
2017	Radios	8,603
		<u>\$ 14,408</u>

On September 15, 2015, the City Council approved the purchase of the replacement consoles and the related system integration services at a cost of \$1,422. The City paid the purchase with cash on hand.

On November 3, 2015, the City Council approved a Master Equipment Lease/Purchase Agreement with Banc of America Public Capital Corp.,. This Agreement provides \$1,100 financing for the purchase of a portion of the required replacement radios. This loan bears 1.98% interest rate, payable semi-annually over a period of 10 years.

The remaining City commitment for the CCCS will be completed in the subsequent fiscal years.

Litigation

A number of claims and suits are pending against the City for alleged damages to persons and/or property and for other alleged liabilities arising out of matters usually incident to the operation of a city such as Anaheim. Although the aggregate amount asserted for such lawsuits and claims is significant, in the opinion of City management, the City has strong defenses against such claims, and thus the ultimate loss, if any, relating to these claims and suits not covered by insurance or reflected in the financial statements, will not materially affect the financial position of the City.

Grants

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

Construction and other significant commitments

At June 30, 2016, the City had the following commitments with respect to unfinished capital projects, disposition and development agreements, reimbursement agreements and cooperation agreements:

<u>Capital Projects</u>	<u>Remaining Construction Commitment</u>	<u>Expected Completion Date</u>
ARTIC	\$ 1,487	2017
Wells No. 36 and 59	1,278	2016
Convention Center Expansion Betterment VII	83,579	2016
Direct Buried Cable Replacement Phase II	570	2016
Downtown Anaheim Water Design-Build	687	2016
Historic Rehabilitation Of 883 S. Anaheim Blvd	523	2016
La Palma Complex Reservoir And Pump Station	9,332	2017
Ponderosa Park Family Resource Center & Park Upgrade	13,374	2017
Residential Street Improvements Bond Project Group 6	3,100	2016
Santa Ana Street Improvement	589	2016
Software Upgrades	1,117	2017
Underground District No 57 Phase 1	1,118	2016
Underground District No. 62 Phase 2	9,369	2017
Underground District No. 63 - Lincoln / Rio Vista	11,840	2017
Vehicle acquisitions	2,416	2017
Windy Ridge Water Storage Tank Project	9,882	2018
Total	<u>\$ 150,261</u>	

NOTE 14 – SUBSEQUENT EVENTS:

On August 10, 2016 the City issued Special Tax Refunding Bonds, Series 2016, for the Community Facilities District No. 06-2 (CFD 06-2) Stadium Loft in the principal amount of \$7,540 and at a premium of \$91 to refund \$7,680 outstanding principal of the CFD 06-2, Special Tax Bonds, Series 2007. The City reduced the CFD 06-2 total debt service payments over the life of the refunded bonds by \$1,989 with a present value savings of \$1,352. The true interest cost is 2.89% payable semi-annually

commencing from March 1, 2017 through September 1, 2037. Total debt service is \$10,181 to maturity.

Proceeds of the refunded bonds together with \$1,067 of the prior debt service reserve and special tax funds totaled \$8,699 were deposited as follows:

Deposited in escrow for the refunding bonds	\$ 7,942
Debt service reserve fund	487
Cost of issuance	252
Administration fund	18
Total	<u>\$ 8,699</u>

On August 10, 2016 the City issued Special Tax Bonds, Series 2016, for the Community Facilities District No. 08-1 (CFD 08-1) Platinum Triangle in the principal amount of \$60,000 and at a premium of \$5,923. The bonds are being used to provide financing for acquisition and construction of certain public facilities necessary for the continued development of the District, and to refund the \$ 22,730 outstanding principal of the CFD 08-1, Special Tax Bonds, Series 2010. The City reduced the CFD 08-1 total debt service payments over the life of the refunded bonds by \$13,325 with a present value savings of \$8,649. The true interest cost is 3.38% payable semiannually commencing from March 1, 2017 through September 1, 2037. Total debt service is \$110,392 to maturity.

Proceeds of the bonds together with \$3,500 from prior debt service reserve and special tax funds totaled \$69,423 were deposited as follows:

Project Fund	\$ 36,772
Deposited in escrow for the refunding bonds	26,544
Debt service reserve fund	4,591
Capitalized interest	672
Cost of issuance	791
Administration fund	53
Total	<u>\$ 69,423</u>

On September 13, 2016, the City entered into a Lease-Purchase agreement with Government Capital Corporation to provide financing for the purchase of a permit tracking and land management system to replace the existing Tidemark system. The principal amount of the loan is \$5,190 at an interest rate of 2.48% per annum, payable over a 5-year period. Total principal and interest is \$5,448 to maturity.

On October 19, 2016, the Electric Utility issued Anaheim Housing and Public Improvements Authority Revenue Tax-Exempt Bonds Series 2016-A in the principal amount of \$219,285 at a premium of \$35,183 to refund \$77,290 of the outstanding balance on the 2007-A Revenue bonds, the remaining outstanding balance of \$58,260 on the 2009-A Revenue bonds and to provide financing of \$100,000 for capital improvements related to the transmission, distribution and storage system. The total debt service is \$402,762 to maturity. The true interest cost is 3.71%. The bonds will mature serially from April 1, 2017 and October 1, 2017 through 2041 in

annual principal installments ranging from \$690 to \$27,885. Additionally, term bonds will be due on October 1, 2041 for a principal amount of \$28,520.

On October 19, 2016, the Electric Utility issued Anaheim Housing and Public Improvements Authority Revenue Taxable Bonds Series 2016-B in the principal amount of \$69,780 to refund the remaining outstanding balance of \$69,430 on the 2007-A Revenue bonds. The true interest cost is 2.38%. The bonds will mature serially from April 1, 2017 and October 1, 2017 through 2029 in annual principal installments ranging from \$1,320 to \$8,205.

Bonds proceeds of the 2016-A and 2016-B, together with the prior debt service reserve funds of \$15,289 totaled \$339,537 were deposited as follows:

	<u>2016-A</u>	<u>2016-B</u>
Project Fund	\$ 100,000	
Deposited in escrow for the refunding bonds		
2007-A Bonds	78,868	
2009-A bonds	64,417	
2007-A Bonds		\$ 70,892
Debt service reserve	18,399	5,855
Cost of issuance	843	263
Total	<u>\$ 262,527</u>	<u>\$ 77,010</u>

On October 19, 2016, the Water Utility issued Anaheim Housing and Public Improvements Authority Revenue Bonds Series 2016-A in the principal amount of \$35,225 at a premium of \$5,230. The true interest cost is 3.82%. The bonds will mature serially from April 1, 2017 and October 1, 2017 through 2036 in annual principal installments ranging from \$760 to \$1,485. Additionally, term bonds will be due on October 1, 2041 for a principal amount of \$6,945 and October 1, 2046 for a principal amount of \$7,655. The proceeds of \$40,000 will be used for capital improvements related to the transmission, distribution and storage system and \$450 to pay for cost issuance. The total debt service is \$65,458 to maturity.

On November 22, 2016, the City entered into a Master Equipment Lease/Purchase Agreement with Banc of America Public Capital Corp., to provide financing for the purchase of the remaining required mobile radio equipment required replacement of the CCCS. Principal amount of the loan is \$6,840 at an interest rate of 1.87% per annum, payable semiannually over a 10-year period. Total principal and interest is \$7,531 to maturity.



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Supplementary Information

Required Supplementary Information

Schedule of Changes in the Net Pension Liability and Related Ratios Last Ten Fiscal Years ¹ (In thousands)

Measurement Period	Miscellaneous	Police Safety	Fire Safety	Total	Miscellaneous	Police Safety	Fire Safety	Total
	2014-2015	2014-2015	2014-2015	2014-2015	2013-2014	2013-2014	2013-2014	2013-2014
TOTAL PENSION LIABILITY								
Service cost	\$ 20,334	\$ 12,193	\$ 5,419	\$ 37,946	\$ 21,254	\$ 13,088	\$ 5,961	\$ 40,303
Interest on the Total Pension Liability	88,334	46,658	27,760	162,752	85,591	45,898	27,044	158,533
Difference Between Expected and Actual Experience								
Changes of Assumptions	(21,249)	(11,546)	(6,582)	(39,377)				
Difference Between Expected and Actual Experience	(16,296)	(19,370)	(4,549)	(40,215)				
Benefit Payments, including Refunds of Employee Contributions	(57,158)	(30,517)	(19,944)	(107,619)	(53,552)	(28,845)	(18,657)	(101,054)
Net Change in Total Pension Liability	13,965	(2,582)	2,104	13,487	53,293	30,141	14,348	97,782
Total Pension Liability - Beginning	1,210,654	649,990	381,275	2,241,919	1,157,361	619,849	366,927	2,144,137
Total Pension Liability - Ending (a)	1,224,619	647,408	383,379	2,255,406	\$ 1,210,654	\$ 649,990	\$ 381,275	\$2,241,919
PLAN FIDUCIARY NET POSITION								
Contributions - Employer	25,375	14,663	7,622	47,660	\$ 23,841	\$ 13,505	\$ 7,723	\$ 45,069
Contributions - Employees	8,877	4,192	2,075	15,144	8,893	4,064	2,337	15,294
Net Investment Income	20,081	10,967	6,515	37,563	135,468	75,115	44,305	254,888
Benefit Payments, including Refunds of Employee Contributions	(57,158)	(30,517)	(19,944)	(107,619)	(53,552)	(28,845)	(18,657)	(101,054)
Plan to Plan Resource Movement	(5)	5						
Administrative Expense	(1,011)	(562)	(326)	(1,899)				
Net Change in Fiduciary Net Position	(3,841)	(1,252)	(4,058)	(9,151)	114,650	63,839	35,708	214,197
Plan Fiduciary Net Position - Beginning	902,234	500,263	293,624	1,696,121	787,584	436,424	257,916	1,481,924
Plan Fiduciary Net Position - Ending (b)	898,393	499,011	289,566	1,686,970	902,234	500,263	293,624	1,696,121
Plan Net Pension Liability (Asset) - Ending (a) - (b)	\$ 326,226	\$ 148,397	\$ 93,813	\$ 568,436	\$ 308,420	\$ 149,727	\$ 87,651	\$ 545,798
Plan Fiduciary Net Position as a percentage of the Total Pension Liability								
	73.36%	77.08%	75.53%	74.80%	74.52%	76.96%	77.01%	75.65%
Covered-Employee Payroll	\$ 116,954	\$ 56,963	\$ 32,798	\$ 206,715	\$ 117,360	\$ 54,378	\$ 33,488	\$ 205,226
Plan Net Pension Liability (Asset) as a Percentage of Covered Employee Payroll	278.94%	260.51%	286.03%	274.99%	262.80%	275.34%	261.74%	265.95%

¹ Historical information is required only for measurement periods for which GASB 68 is applicable, Additional years will be presented as they become available

Notes:
Benefit Changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2014 valuation date. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Cred (a.k.a. Golden Handshakes).

Changes of Assumptions: The discount rate was changed from 7.5% (net of administrative expense) to 7.65%

Schedule of Pension Plan Contributions

Last Ten Fiscal Years ¹ (In thousands)

	Miscellaneous 2014-2015	Police Safety 2014-2015	Fire Safety 2014-2015	Total 2014-2015	Miscellaneous 2013-2014	Police Safety 2013-2014	Fire Safety 2013-2014	Total 2013-2014
Actuarially Determined Contribution	\$ 25,375	\$ 14,663	\$ 7,622	\$ 47,660	\$ 23,841	\$ 13,505	\$ 7,723	\$ 45,069
Contributions in Relation to the Actuarially Determined Contribution	(25,375)	(14,663)	(7,622)	(47,660)	(23,841)	(13,505)	(7,723)	(45,069)
Contribution Deficiency (Excess)								
Covered-Employee Payroll	\$ 116,954	\$ 56,963	\$ 32,798	\$ 206,715	\$ 117,360	\$ 54,378	\$ 33,488	\$ 205,226
Plan Net Pension Liability/(Asset) as a Percentage of Covered Employee Payroll	21.70%	25.74%	23.24%	23.06%	20.31%	24.84%	23.06%	21.96%

¹ Historical information is required only for measurement periods for which GASB 68 is applicable. Additional years will be presented as they become available.

Notes to Schedule:

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2013-14 and 2014-2015 were from the June 30, 2011 and June 30, 2012 funding valuation reports respectively. valuations.

Actuarial Cost Method	Entry Age Normal
Amortization Method/Period	Level Percent of Payroll
Asset Valuation Method	Actuarial Value of Assets
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Payroll Growth	3.00%
Investment Rate of Return, for Measurement Date June 30, 2014	7.50% Net of Pension Plan Investment and Administrative Expenses; includes Inflation
Investment Rate of Return, for Measurement Date June 30, 2015	7.65% Net of Pension Plan Investment Expenses; includes Inflation
Retirement Age	The probabilities of Retirement are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007
Mortality	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and Post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.

Schedule of Funding Progress for Other Post - Employment Benefits

(Amounts in Thousands)

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (AVA)</u>	<u>Accrued Liability</u>	<u>Unfunded Liability AVA</u>	<u>Funded Ratios AVA</u>	<u>Annual Covered Payroll</u>	<u>UL as a % of Payroll</u>
July 1, 2015	\$ 9,787	\$ 271,243	\$ 191,456	29.4%	\$ 6,522	115.0%
July 1, 2013	74,013	237,202	163,189	31.2%	155,317	105.1%
July 1, 2011	67,747	201,108	133,361	33.7%	169,331	78.8%
July 1, 2010	63,920	211,914	147,994	30.2%	177,229	83.5%

See accompanied Independent auditors' report

Supplementary Information

Summary of Pension Obligation Funding Progress

(in thousands)

June 30, 2015 Actuarial Valuation Date	Market Value of Assets (MVA)	Accrued Liability	Unfunded Liability	Funded Ratio	Annual Covered Payroll	UL as a % of Payroll
Miscellaneous	\$ 896,992	\$ 1,217,106	\$ 320,114	73.7%	\$ 108,154	296.0%
Police Safety	498,226	666,459	168,233	74.8%	45,125	372.8%
Fire Safety	289,122	387,567	98,445	74.6%	20,971	469.4%
Total	\$ 1,684,340	\$ 2,271,132	\$ 586,792	74.2%	\$ 174,250	336.8%

June 30, 2014 Actuarial Valuation Date	Market Value of Assets (MVA)	Accrued Liability	Unfunded Liability	Funded Ratio	Annual Covered Payroll	UL as a % of Payroll
Miscellaneous	\$ 900,750	\$ 1,194,359	\$ 293,609	75.4%	\$ 108,776	269.9%
Police Safety	499,432	630,621	131,189	79.2%	40,583	323.3%
Fire Safety	293,153	376,725	83,572	77.8%	20,326	411.2%
Total	\$ 1,693,335	\$ 2,201,705	\$ 508,370	76.9%	\$ 169,685	299.6%

June 30, 2013 Actuarial Valuation Date	Market Value of Assets (MVA)	Accrued Liability	Unfunded Liability	Funded Ratio	Annual Covered Payroll	UL as a % of Payroll
Miscellaneous	\$ 786,278	\$ 1,101,160	\$ 314,882	71.4%	\$ 107,587	292.7%
Police Safety	435,595	586,151	150,556	74.3%	41,946	358.9%
Fire Safety	257,573	352,186	94,613	73.1%	21,464	440.8%
Total	\$ 1,479,446	\$ 2,039,497	\$ 560,051	72.5%	\$ 170,997	327.5%

Nonmajor Governmental Funds



Nonmajor Governmental Funds

SPECIAL REVENUE FUNDS are used to account for revenues derived from specific taxes or other earmarked revenue sources (other than for major capital projects) that are restricted by law or administrative action to expenditures for specified purposes

GAS TAX - Established to account for the construction and maintenance of the road network system of the City. Financing is provided primarily by the City's share of Federal, State, and local gasoline taxes. Federal, State, and local regulations require that these gasoline taxes be used to improve and maintain streets, and includes programs intended to improve the air quality of the region.

WORKFORCE DEVELOPMENT FUND - Established to account for the City's involvement in Federal, State, and local programs to create jobs and provide the unemployed citizens in the Anaheim area with job training opportunities.

COMMUNITY DEVELOPMENT BLOCK GRANT FUND - Established to account for financing of the development of viable urban communities through the provision of decent housing, suitable living environments and economic opportunity, principally for persons of low and moderate income. Financing is provided by the Federal Housing and Urban Development (HUD) grants.

GRANTS FUND - Established to account for various grants requiring segregated fund accounting. Financing is provided by Federal, State, and local agencies.

ANAHEIM RESORT MAINTENANCE DISTRICT FUND - Established to account for the levy and collection of special assessments to pay the cost of annual maintenance and improvements within the district against those parcels that specifically benefit from the enhanced maintenance and improvement

ANAHEIM TOURISM IMPROVEMENT DISTRICT FUND - Established to account for the collection of a special assessment supporting marketing, promotion and transit project costs in support of the City's tourism and convention industry.

NARCOTIC ASSET FORFEITURE FUND - Established to account for funds received from Federal and State agencies that are derived from monies and property seized by the Police Department in drug related incidents. These funds are used to supplement existing resources of the City's law enforcement activities.

LONG RANGE PROPERTY MANAGEMENT PLAN - Established to account for future development and property management activities of the assets that were transferred from the Successor Agency to the Former Anaheim Redevelopment Agency's approved Long Range Property Management Plan.

DEBT SERVICE FUNDS are used to account for the accumulation of resources and the payment of principal and interest on general debt of the City and related entities.

GENERAL OBLIGATION BONDS FUND - Established to accumulate resources for the payment of principal and interest on general obligation bonds of the City. Debt service is financed by property tax revenues.

MUNICIPAL FACILITIES FUND - Established to accumulate resources for payment of the principal and interest on the certificates of participation for the Parking Facility Project, Police Facilities Projects, Arena Land Acquisition, and other various acquisitions and capital improvements.

ANAHEIM RESORT IMPROVEMENTS FUND - Established to accumulate resources for payment of the principal and interest on the lease revenue bonds for the Anaheim Resort improvements.

CAPITAL PROJECTS FUNDS are used to account for resources used for the acquisition and construction of capital assets by the City, except for those financed by proprietary funds

STREET CONSTRUCTION: Established to account for transportation improvement construction in the City's right-of-way. Financing is provided primarily by Federal, State and local grants, and Measure M2 allocations by the County of Orange.

TRANSPORTATION IMPROVEMENT PROJECT FUND - Established to account for transportation improvement projects in the City, primarily in support of the Anaheim Regional Transportation Intermodal Center (ARTIC), which is a transportation gateway and mixed-use activity center funded by grants from OCTA. Financing is provided by Federal, State and local agencies.

DEVELOPMENT IMPACT PROJECTS FUND - Established to account for infrastructure improvements, primarily in the Platinum Triangle area, which provide development opportunities for high density, mixed use, office, restaurant, and residential projects. Financing is provided primarily by development impact fees

COMMUNITY SERVICES FACILITIES - Established to account for the development of new parksites, playgrounds and library facilities. Federal and State grant programs, in conjunction with fees charged to residential and commercial developers, provide financing. Much of this revenue is used to support the capital construction of parks and other recreational facilities throughout the City.

STORM DRAIN CONSTRUCTION FUND - Established to account for the City's storm drain construction. Financing is provided by drainage assessment fees charged to residential and commercial developers.

OTHER CAPITAL IMPROVEMENTS FUND - Established to account for various capital projects as determined by the City Council. Currently, financing for these projects is provided by bond proceeds and subsidies from the General Fund.

MELLO-ROOS PROJECTS - Established to account for road, sewer and water improvements in the community facility districts. Financing is provided by the sale of special tax bonds that are secured by and payable from the proceeds of an annual special assessment on the property within the district.

Combining Balance Sheet Nonmajor Governmental Funds by Fund Type June 30, 2016 (In thousands)

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 6,763	\$ 414	\$ 7,561	\$ 14,738
Investments	29,350	1,686	30,796	61,832
Accounts receivable, net	1,607		17	1,624
Accrued interest receivable	84	19	97	200
Due from other funds	8,620		11,044	19,664
Due from other governments	8,587	5	16,562	25,154
Land held for resale	22,178			22,178
Prepaid and other assets	13		5,987	6,000
Restricted cash and cash equivalents		25,895	8,426	34,321
Restricted investments		80,468	14,223	94,691
Notes receivable, net	29,724			29,724
Due from Successor Agency	5,359		6,372	11,731
Total assets	<u>\$ 112,285</u>	<u>\$ 108,487</u>	<u>\$ 101,085</u>	<u>\$ 321,857</u>
LIABILITIES				
Accounts payable	\$ 5,298	\$ 5	\$ 4,944	\$ 10,247
Wages payable	191		31	222
Deposits			1,187	1,187
Due to other funds	1,344		19,664	21,008
Due to other governments	1,500			1,500
Total liabilities	<u>8,333</u>	<u>5</u>	<u>25,826</u>	<u>34,164</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues	178		14,246	14,424
Unavailable resources- long-term notes receivable	29,724			29,724
Unavailable resources - due from Successor Agency	5,359		6,372	11,731
Total deferred inflows of resources	<u>35,261</u>		<u>20,618</u>	<u>55,879</u>
FUND BALANCES				
Nonspendable:				
Prepaid and other assets	13		5,987	6,000
Restricted:				
Anaheim Resort maintenance and improvement	6,292			6,292
Capital projects			15,387	15,387
Community and economic development projects	25,674			25,674
Debt service		107,227		107,227
Development impact projects			47,662	47,662
Grant purposes	6,907			6,907
Homebuyer assistance program	2,476			2,476
Streets, roads and transportation improvement projects	26,305			26,305
Assigned				
Debt service		1,255		1,255
Capital projects	1,032		3,588	4,620
Other purposes				
Unassigned	(8)		(17,983)	(17,991)
Total fund balances	<u>68,691</u>	<u>108,482</u>	<u>54,641</u>	<u>231,814</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 112,285</u>	<u>\$ 108,487</u>	<u>\$ 101,085</u>	<u>\$ 321,857</u>

See accompanied Independent auditors' report

Combining Statement of Revenues, Expenditures and Changes in Fund Balances Nonmajor Governmental Funds by Fund Type Year Ended June 30, 2016 (In thousands)

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues:				
Property taxes		\$ 745		\$ 745
Licenses, fees and permits	\$ 22		\$ 5,945	5,967
Intergovernmental revenues	32,333	4	12,125	44,462
Charges for services	21,003			21,003
Use of money and property	45,443	235	1,107	46,785
Other	2,186		613	2,799
Total revenues	100,987	984	19,790	121,761
Expenditures:				
Current:				
City Attorney	120			120
Finance		23		23
Police	7,005		260	7,265
Fire	760		138	898
Community and Economic Development	26,772		16	26,788
Planning	1,379		257	1,636
Public Works	11,035	1	2,054	13,090
Community Services	362		1,101	1,463
Convention, Sports and Entertainment	12,200			12,200
Capital outlay	6,367		23,066	29,433
Debt service:				
Principal retirement	1,041	26,796	611	28,448
Interest charges	504	16,041	385	16,930
Debt issuance costs	67,545	42,861	27,888	138,294
Total expenditures	67,545	42,861	27,888	138,294
Excess (deficiency) of revenues over (under) expenditures	33,442	(41,877)	(8,098)	(16,533)
Other financing sources (uses):				
Transfers in	605	62,391	4,635	67,631
Transfers out	(6,591)	(206)	(186)	(6,983)
Issuance of loan payable			1,100	1,100
Total other financing sources	(5,986)	62,185	5,549	61,748
Net change in fund balances	27,456	20,308	(2,549)	45,215
Fund balances at beginning of year	41,235	88,174	57,190	186,599
Fund balances at end of year	\$ 68,691	\$ 108,482	\$ 54,641	\$ 231,814

See accompanied Independent auditors' report

Combining Balance Sheet Nonmajor Special Revenue Funds June 30, 2016 (In thousands)

	Gas Tax	Workforce Development	Community Development Block Grant	Grants	Anaheim Resort Maintenance District	Anaheim Tourism Improvement District	Narcotic Asset Forfeiture	Long Range Property Management Plan	Total
ASSETS									
Cash and cash equivalents	\$ 1,603		\$ 136	\$ 37	\$ 1,359	\$ 1,550	\$ 1,104	\$ 974	\$ 6,763
Investments	7,999		553	150	5,536	6,651	4,495	3,966	29,350
Accounts receivable, net	31					1,488		119	1,638
Accrued interest receivable				8	18	19	8		53
Notes receivable, net			5,336	24,388					29,724
Due from other funds	8,620								8,620
Due from other governments	1,666	\$ 639	286	5,981	15				8,587
Land for resale								22,178	22,178
Prepaid and other assets								13	13
Due from Successor Agency			5,359						5,359
Total assets	<u>\$ 19,919</u>	<u>\$ 639</u>	<u>\$ 11,670</u>	<u>\$ 30,564</u>	<u>\$ 6,928</u>	<u>\$ 9,708</u>	<u>\$ 5,607</u>	<u>\$ 27,250</u>	<u>\$ 112,285</u>
LIABILITIES									
Accounts payable	\$ 1,202	\$ 363	\$ 204	\$ 701	\$ 627	\$ 2,061	\$ 77	\$ 63	\$ 5,298
Wages payable	56	22	29	17	9	3	55		191
Due to other funds		244		1,100					1,344
Due to other governments								1,500	1,500
Total liabilities	<u>1,258</u>	<u>629</u>	<u>233</u>	<u>1,818</u>	<u>636</u>	<u>2,064</u>	<u>132</u>	<u>1,563</u>	<u>8,333</u>
DEFERRED INFLOWS OF RESOURCES									
Unavailable revenues		18		160					178
Unavailable resources- long-term notes receivable			5,336	24,388					29,724
Unavailable resources - due from Successor Agency			5,359						5,359
Total deferred inflows of resources		<u>18</u>	<u>10,695</u>	<u>24,548</u>					<u>35,261</u>
FUND BALANCES									
Nonspendable:									
Prepaid and other assets								13	13
Land held for resale									
Restricted:									
Anaheim Resort maintenance and improvement					6,292				6,292
Capital projects									
Community and economic development projects								25,674	25,674
Grant purposes			742	690			5,475		6,907
Homebuyer assistance program				2,476					2,476
Streets, roads and transportation improvement projects	18,661					7,644			26,305
Assigned:									
Capital projects				1,032					1,032
Unassigned									
		(8)							(8)
Total fund balances	<u>18,661</u>	<u>(8)</u>	<u>742</u>	<u>4,198</u>	<u>6,292</u>	<u>7,644</u>	<u>5,475</u>	<u>25,687</u>	<u>68,691</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 19,919</u>	<u>\$ 639</u>	<u>\$ 11,670</u>	<u>\$ 30,564</u>	<u>\$ 6,928</u>	<u>\$ 9,708</u>	<u>\$ 5,607</u>	<u>\$ 27,250</u>	<u>\$ 112,285</u>

See accompanied Independent auditors' report

Combining Statement of Revenues, Expenditures and Changes in Fund Balances Nonmajor Special Revenue Funds June 30, 2016 (In thousands)

	Gas Tax	Workforce Development	Community Development Block Grant	Grants	Anaheim Resort Maintenance District	Anaheim Tourism Improvement District	Narcotic Asset Forfeiture	Long Range Property Management Plan	Total
Revenues:									
Licenses, fees and permits				\$ 22					\$ 22
Intergovernmental revenues	\$ 13,244	\$ 3,498	\$ 4,017	8,807			\$ 2,767		32,333
Charges for services	189				\$ 4,377	\$ 16,437			21,003
Use of money and property	213		302	282	69	52	51	\$ 44,474	45,443
Other	9	3	835	1,297	38		4		2,186
Total revenues	<u>13,655</u>	<u>3,501</u>	<u>5,154</u>	<u>10,408</u>	<u>4,484</u>	<u>16,489</u>	<u>2,822</u>	<u>44,474</u>	<u>100,987</u>
Expenditures:									
Current:									
City Attorney			120						120
Police				4,910			2,095		7,005
Fire			12	748					760
Community and Economic Development Planning		3,524	1,288	2,906				19,054	26,772
Public Works	5,056		1,379		5,553	426			11,035
Community Services			342	20					362
Convention, Sports and Entertainment						12,200			12,200
Capital outlay	4,405		547	965	189	191		70	6,367
Debt service:									
Principal retirement	250		640				151		1,041
Interest charges			449				55		504
Total expenditures	<u>9,711</u>	<u>3,524</u>	<u>4,777</u>	<u>9,549</u>	<u>5,742</u>	<u>12,817</u>	<u>2,301</u>	<u>19,124</u>	<u>67,545</u>
Excess (deficiency) of revenues over (under) expenditures	3,944	(23)	377	859	(1,258)	3,672	521	25,350	33,442
Other financing sources (uses):									
Transfers in	68				200			337	605
Transfers out	(3,527)					(3,064)			(6,591)
Total other financing sources (uses)	<u>(3,459)</u>				<u>200</u>	<u>(3,064)</u>		<u>337</u>	<u>(5,986)</u>
Net change in fund balances	485	(23)	377	859	(1,058)	608	521	25,687	27,456
Fund balances at beginning of year	18,176	15	365	3,339	7,350	7,036	4,954		41,235
Fund balances at end of year	<u>\$ 18,661</u>	<u>\$ (8)</u>	<u>\$ 742</u>	<u>\$ 4,198</u>	<u>\$ 6,292</u>	<u>\$ 7,644</u>	<u>\$ 5,475</u>	<u>\$ 25,687</u>	<u>\$ 68,691</u>

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Budgetary Basis Actual - All Nonmajor Special Revenue Funds
Year Ended June 30, 2016 (In thousands)

	Gas Tax			Workforce Development		
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:						
Licenses, fees and permits	\$ 40		\$ (40)			
Intergovernmental revenues	13,666	\$ 13,244	(422)	\$ 4,076	\$ 3,498	\$ (578)
Charges for services	190	189	(1)			
Use of money and property		213	213			
Other	9	9			3	3
Total revenues	<u>13,905</u>	<u>13,655</u>	<u>(250)</u>	<u>4,076</u>	<u>3,501</u>	<u>(575)</u>
Expenditures:						
City Attorney						
Finance						
Police						
Fire						
Community Development and Economic Development Planning				4,094	3,524	(570)
Public Works	27,607	9,711	(17,896)			
Community Services						
Convention, Sports and Entertainment						
Total expenditures	<u>27,607</u>	<u>9,711</u>	<u>(17,896)</u>	<u>4,094</u>	<u>3,524</u>	<u>(570)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(13,702)</u>	<u>3,944</u>	<u>17,646</u>	<u>(18)</u>	<u>(23)</u>	<u>(5)</u>
Other financing sources (uses):						
Transfers in	66	68	2			
Transfers out	(2,331)	(3,527)	(1,196)			
Issuance of loan payable						
Total other financing sources (uses)	<u>(2,265)</u>	<u>(3,459)</u>	<u>(1,194)</u>			
Net change in fund balances	(15,967)	485	16,452	(18)	(23)	(5)
Fund balances at beginning of year	18,176	18,176		15	15	
Fund balance at end of year	<u>\$ 2,209</u>	<u>\$ 18,661</u>	<u>\$ 16,452</u>	<u>\$ (3)</u>	<u>\$ (8)</u>	<u>\$ (5)</u>

(continued)

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Budgetary Basis Actual - All Nonmajor Special Revenue Funds
Year Ended June 30, 2016 (In thousands) (continued)

	Community Development Block Grant			Grants		
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:						
Licenses, fees and permits				\$ 30	\$ 22	\$ (8)
Intergovernmental revenues	\$ 8,079	\$ 4,017	\$ (4,062)	16,374	8,807	(7,567)
Charges for services						
Use of money and property	227	302	75	21	282	261
Other	471	835	364	5	1,297	1,292
Total revenues	<u>8,777</u>	<u>5,154</u>	<u>(3,623)</u>	<u>16,430</u>	<u>10,408</u>	<u>(6,022)</u>
Expenditures:						
City Attorney	120	120				
Finance						
Police				6,605	5,726	(879)
Fire	12	12		1,846	894	(952)
Community Development and Economic Development	6,891	2,924	(3,967)	5,999	2,906	(3,093)
Planning	1,471	1,379	(92)			
Public Works	546		(546)	236	3	(233)
Community Services	494	342	(152)	186	20	(166)
Convention, Sports and Entertainment						
Total expenditures	<u>9,534</u>	<u>4,777</u>	<u>(4,757)</u>	<u>14,872</u>	<u>9,549</u>	<u>(5,323)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(757)</u>	<u>377</u>	<u>1,134</u>	<u>1,558</u>	<u>859</u>	<u>(699)</u>
Other financing sources (uses):						
Transfers in						
Transfers out						
Issuance of loan payable						
Total other financing sources (uses)						
Net change in fund balances	(757)	377	1,134	1,558	859	(699)
Fund balances at beginning of year	365	365		3,339	3,339	
Fund balances at end of year	<u>\$ (392)</u>	<u>\$ 742</u>	<u>\$ 1,134</u>	<u>\$ 4,897</u>	<u>\$ 4,198</u>	<u>\$ (699)</u>

**Schedule of Revenues, Expenditures and Changes in Fund Balances
 Budget and Budgetary Basis Actual - All Nonmajor Special Revenue Funds
 Year Ended June 30, 2016** (In thousands) (continued)

	Anaheim Resort Maintenance District			Anaheim Tourism Improvement District		
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:						
Licenses, fees and permits						
Intergovernmental revenues						
Charges for services	\$ 4,411	\$ 4,377	\$ (34)	\$ 15,845	\$ 16,437	\$ 592
Use of money and property	67	69	2	57	52	(5)
Other	4	38	34			
Total revenues	<u>4,482</u>	<u>4,484</u>	<u>2</u>	<u>15,902</u>	<u>16,489</u>	<u>587</u>
Expenditures:						
City Attorney						
Finance						
Police						
Fire						
Community Development and Economic Development Planning						
Public Works	6,450	5,742	(708)	1,539	617	(922)
Community Services						
Convention, Sports and Entertainment				12,200	12,200	
Total expenditures	<u>6,450</u>	<u>5,742</u>	<u>(708)</u>	<u>13,739</u>	<u>12,817</u>	<u>(922)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,968)</u>	<u>(1,258)</u>	<u>710</u>	<u>2,163</u>	<u>3,672</u>	<u>1,509</u>
Other financing sources (uses):						
Transfers in	200	200				
Transfers out				(3,058)	(3,064)	(6)
Issuance of loan payable						
Total other financing sources (uses)	<u>200</u>	<u>200</u>		<u>(3,058)</u>	<u>(3,064)</u>	<u>(6)</u>
Net change in fund balances	(1,768)	(1,058)	710	(895)	608	1,503
Fund balances at beginning of year	7,350	7,350		7,036	7,036	
Fund balances at end of year	<u>\$ 5,582</u>	<u>\$ 6,292</u>	<u>\$ 710</u>	<u>\$ 6,141</u>	<u>\$ 7,644</u>	<u>\$ 1,503</u>

See accompanied Independent auditors' report

**Schedule of Revenues, Expenditures and Changes in Fund Balances
 Budget and Budgetary Basis Actual - All Nonmajor Special Revenue Funds
 Year Ended June 30, 2016** (In thousands)

	Narcotic Asset Forfeiture			Long Range Property Management Plan		
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:						
Licenses, fees and permits						
Intergovernmental revenues	\$ 3,226	\$ 2,767	\$ (459)			
Charges for services						
Use of money and property	35	51	16	\$ 1,445	\$ 6,246	\$ 4,801
Other		4	4			
Total revenues	<u>3,261</u>	<u>2,822</u>	<u>(439)</u>	<u>1,445</u>	<u>6,246</u>	<u>4,801</u>
Expenditures:						
City Attorney						
Finance						
Police	3,261	2,301	(960)			
Fire						
Community Development and Economic Development Planning				3,074	3,074	
Public Works						
Community Services						
Convention, Sports and Entertainment						
Total expenditures	<u>3,261</u>	<u>2,301</u>	<u>(960)</u>	<u>3,074</u>	<u>3,074</u>	
Excess (deficiency) of revenues over (under) expenditures		<u>521</u>	<u>521</u>	<u>(1,629)</u>	<u>3,172</u>	<u>4,801</u>
Other financing sources (uses):						
Transfers in					337	337
Transfers out						
Issuance of loan payable						
Total other financing sources (uses)					<u>337</u>	<u>337</u>
Net change in fund balance (deficits)		521	521	(1,629)	3,509	5,138
Fund balances (deficits) at beginning of year	4,954	4,954				
Fund balances at end of year	<u>\$ 4,954</u>	<u>\$ 5,475</u>	<u>\$ 521</u>	<u>\$ (1,629)</u>	<u>\$ 3,509</u>	<u>\$ 5,138</u>
Adjustment to reconcile to GAAP:						
Land held for resale transferred from the Successor Agency to the former Anaheim Redevelopment Agency					43,028	
Proceeds on sale of land held for resale					(4,800)	
Loss on sale of land held for resale					(16,050)	
Ending fund balance - GAAP basis					<u>25,687</u>	

See accompanied Independent auditors' report

**Combining Balance Sheet
Nonmajor Debt Service Funds
June 30, 2016** (In thousands)

	<u>General Obligation Bonds</u>	<u>Municipal Facilities</u>	<u>Anaheim Resort Improvements</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 169	\$ 245		\$ 414
Investments	688	998		1,686
Accrued interest receivable	2	17		19
Due from other governments	5			5
Restricted cash and cash equivalents		66	\$ 25,829	25,895
Restricted investments		2,206	78,262	80,468
Total assets	<u>\$ 864</u>	<u>\$ 3,532</u>	<u>\$ 104,091</u>	<u>\$ 108,487</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable		\$ 5		\$ 5
Total liabilities		<u>5</u>		<u>5</u>
Fund balances:				
Restricted for debt service	\$ 864	2,272	\$ 104,091	107,227
Assigned for debt service		1,255		1,255
Total fund balances	<u>864</u>	<u>3,527</u>	<u>104,091</u>	<u>108,482</u>
Total liabilities and fund balances	<u>\$ 864</u>	<u>\$ 3,532</u>	<u>\$ 104,091</u>	<u>\$ 108,487</u>

See accompanied Independent auditors' report

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Debt Service Funds
Year Ended June 30, 2016 (In thousands)

	General Obligation Bonds	Municipal Facilities	Anaheim Resort Improvements	Total
Revenues:				
Property taxes	\$ 745			\$ 745
Intergovernmental revenues	4			4
Use of money and property	4	\$ 218	\$ 13	235
Total revenues	<u>753</u>	<u>218</u>	<u>13</u>	<u>984</u>
Expenditures:				
Current:				
Finance		1	22	23
Public Works	1			1
Debt service:				
Principal retirement	660	5,506	20,630	26,796
Interest charges	41	1,249	14,751	16,041
Total expenditures	<u>702</u>	<u>6,756</u>	<u>35,403</u>	<u>42,861</u>
Excess (deficiency) of revenues over (under) expenditures	<u>51</u>	<u>(6,538)</u>	<u>(35,390)</u>	<u>(41,877)</u>
Other financing sources:				
Transfers in		6,722	55,669	62,391
Transfers out		(206)		(206)
Total other financing sources		<u>6,516</u>	<u>55,669</u>	<u>62,185</u>
Net change in fund balances	51	(22)	20,279	20,308
Fund balances at beginning of year	813	3,549	83,812	88,174
Fund balances at end of year	<u>\$ 864</u>	<u>\$ 3,527</u>	<u>\$ 104,091</u>	<u>\$ 108,482</u>

**Schedule of Revenues, Expenditures and Changes in Fund Balances
 Budget and Actual - All Debt Service Funds
 Year Ended June 30, 2016** (In thousands)

	General Obligation Bonds			Municipal Facilities		
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:						
Property taxes	\$ 698	\$ 745	\$ 47			
Intergovernmental revenues	8	4	(4)			
Use of money and property	6	4	(2)		\$ 218	\$ 218
Total revenues	<u>712</u>	<u>753</u>	<u>41</u>		<u>218</u>	<u>218</u>
Expenditures:						
Finance				\$ 1,089	1,089	
Public Works	702	702		617	617	
Convention, Sports and Entertainment				5,050	5,050	
Total expenditures	<u>702</u>	<u>702</u>		<u>6,756</u>	<u>6,756</u>	
Excess (deficiency) of revenues over (under) expenditures	<u>10</u>	<u>51</u>	<u>41</u>	<u>(6,756)</u>	<u>(6,538)</u>	<u>218</u>
Other financing sources:						
Transfers in				6,739	6,722	(17)
Transfers out					(206)	(206)
Issuance of refunding bonds						
Payment to refunded bond escrow agent						
Total other financing sources				<u>6,739</u>	<u>6,516</u>	<u>(223)</u>
Net change in fund balances	10	51	41	(17)	(22)	(5)
Fund balances at beginning of year	813	813		3,549	3,549	
Fund balances at end of year	<u>\$ 823</u>	<u>\$ 864</u>	<u>\$ 41</u>	<u>\$ 3,532</u>	<u>\$ 3,527</u>	<u>\$ (5)</u>

See accompanied Independent auditors' report

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - All Debt Service Funds
Year Ended June 30, 2016 (In thousands) (continued)

	<u>Anaheim Resort Improvements</u>		
	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Revenues:			
Property taxes			
Intergovernmental revenues			
Use of money and property	\$ 2	\$ 13	\$ 11
Total revenues	<u>2</u>	<u>13</u>	<u>11</u>
Expenditures:			
Finance	35,461	35,403	(58)
Public Works			
Convention, Sports and Entertainment			
Total expenditures	<u>35,461</u>	<u>35,403</u>	<u>(58)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(35,459)</u>	<u>(35,390)</u>	<u>69</u>
Other financing sources:			
Transfers in	56,589	55,669	(920)
Transfers out			
Issuance of refunding bonds			
Payment to refunded bond escrow agent			
Total other financing sources	<u>56,589</u>	<u>55,669</u>	<u>(920)</u>
Net change in fund balances	21,130	20,279	(851)
Fund balances at beginning of year	83,812	83,812	
Fund balances at end of year	<u>\$ 104,942</u>	<u>\$ 104,091</u>	<u>\$ (851)</u>

Combining Balance Sheet Nonmajor Capital Projects Funds June 30, 2016 (In thousands)

	Street Construction	Transportation Improvement Projects	Development Impact Projects	Community Services Facilities	Storm Drain Construction	Other Capital Improvements	Mello-Roos Projects	Total
ASSETS								
Cash and cash equivalents	\$ 2	\$ 6	\$ 3,661	\$ 814	\$ 474	\$ 802	\$ 1,802	\$ 7,561
Investments	6	26	14,911	3,316	1,931	3,266	7,340	30,796
Accounts receivable, net			1	16				17
Accrued interest receivable			41	12	12	9	23	97
Due from other funds			7,044		2,000	2,000		11,044
Due from other governments	11,693	4,869						16,562
Prepaid and other assets	5,229			1			757	5,987
Restricted cash and cash equivalents						136	8,290	8,426
Restricted investment						14,223		14,223
Due from the Successor Agency						6,372		6,372
Total assets	<u>\$ 16,930</u>	<u>\$ 4,901</u>	<u>\$ 25,658</u>	<u>\$ 4,159</u>	<u>\$ 4,417</u>	<u>\$ 26,808</u>	<u>\$ 18,212</u>	<u>\$ 101,085</u>
LIABILITIES								
Accounts payable	\$ 563	\$ 97	\$ 292	\$ 702	\$ 1,502	\$ 1,728	\$ 60	\$ 4,944
Wages payable	15		3	1	1	10	1	31
Deposits					1,187			1,187
Due to other funds	11,043	8,621						19,664
Total liabilities	<u>11,621</u>	<u>8,718</u>	<u>295</u>	<u>703</u>	<u>2,690</u>	<u>1,738</u>	<u>61</u>	<u>25,826</u>
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenues	10,405	3,841						14,246
Unavailable resources- due from Successor Agency						6,372		6,372
Total deferred inflows of resources	<u>10,405</u>	<u>3,841</u>				<u>6,372</u>		<u>20,618</u>
FUND BALANCES								
Nonspendable:								
Prepaid and other assets	5,229			1			757	5,987
Restricted:								
Capital projects						15,387		15,387
Development impact projects			25,363	3,178	1,727		17,394	47,662
Assigned:								
Capital projects				277		3,311		3,588
Unassigned	(10,325)	(7,658)						(17,983)
Total fund balances (deficits)	<u>(5,096)</u>	<u>(7,658)</u>	<u>25,363</u>	<u>3,456</u>	<u>1,727</u>	<u>18,698</u>	<u>18,151</u>	<u>54,641</u>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 16,930</u>	<u>\$ 4,901</u>	<u>\$ 25,658</u>	<u>\$ 4,159</u>	<u>\$ 4,417</u>	<u>\$ 26,808</u>	<u>\$ 18,212</u>	<u>\$ 101,085</u>

See accompanied Independent auditors' report

Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits)
Nonmajor Capital Projects Funds
June 30, 2016 (In thousands)

	Street Construction	Transportation Improvement Projects	Development Impact Projects	Community Services Facilities	Storm Drain Construction	Other Capital Improvements	Mello-Roos Projects	Total
Revenues:								
Licenses, fees and permits			\$ 4,817	\$ 939	\$ 189			\$ 5,945
Intergovernmental revenues	\$ 5,193	\$ 4,266		2,666				12,125
Use of money and property			278	256	31	\$ 426	\$ 116	1,107
Other		52				561		613
Total revenues	<u>5,193</u>	<u>4,318</u>	<u>5,095</u>	<u>3,861</u>	<u>220</u>	<u>987</u>	<u>116</u>	<u>19,790</u>
Expenditures:								
Current:								
Police			19			241		260
Fire						138		138
Community and Economic Development Planning						16		16
Public Works	1,141	217	99		178	257		2,054
Community Services			223	209		354	65	1,101
Capital outlay	6,989	348	1,788	5,455	63	669	237	23,066
Debt service:								
Principal retirement						611		611
Interest charges						385		385
Total expenditures	<u>8,130</u>	<u>565</u>	<u>2,129</u>	<u>5,664</u>	<u>241</u>	<u>10,857</u>	<u>302</u>	<u>27,888</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,937)</u>	<u>3,753</u>	<u>2,966</u>	<u>(1,803)</u>	<u>(21)</u>	<u>(9,870)</u>	<u>(186)</u>	<u>(8,098)</u>
Other financing sources (uses):								
Transfers in	1,115	265				3,255		4,635
Transfers out	(3)		(183)					(186)
Issuance of loan payable						1,100		1,100
Total other financing sources (uses)	<u>1,112</u>	<u>265</u>	<u>(183)</u>			<u>4,355</u>		<u>5,549</u>
Net change in fund balances	(1,825)	4,018	2,783	(1,803)	(21)	(5,515)	(186)	(2,549)
Fund balances (deficits) at beginning of year	(3,271)	(11,676)	22,580	5,259	1,748	24,213	18,337	57,190
Fund balances (deficits) at end of year	<u>\$ (5,096)</u>	<u>\$ (7,658)</u>	<u>\$ 25,363</u>	<u>\$ 3,456</u>	<u>\$ 1,727</u>	<u>\$ 18,698</u>	<u>\$ 18,151</u>	<u>\$ 54,641</u>

Schedule of Revenues, Expenditures and Changes in Fund Balances (Deficits)
Budget and Budgetary Basis Actual - All Capital Projects Funds
Year Ended June 30, 2016 (In thousands)

	Street Construction			Transportation Improvement Projects		
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:						
Licenses, fees and permits						
Intergovernmental revenues	\$ 50,583	\$ 5,193	\$ (45,390)	\$ 4,838	\$ 4,266	\$ (572)
Charges for services						
Use of money and property						
Other				5	52	47
Total revenues	<u>50,583</u>	<u>5,193</u>	<u>(45,390)</u>	<u>4,843</u>	<u>4,318</u>	<u>(525)</u>
Expenditures:						
Police						
Fire						
Community and Economic Development Planning						
Public Works	53,782	8,130	(45,652)	851	565	(286)
Community Services						
Total expenditures	<u>53,782</u>	<u>8,130</u>	<u>(45,652)</u>	<u>851</u>	<u>565</u>	<u>(286)</u>
Deficiency of revenues under expenditures	<u>(3,199)</u>	<u>(2,937)</u>	<u>262</u>	<u>3,992</u>	<u>3,753</u>	<u>(239)</u>
Other financing sources (uses):						
Transfers in		1,115	1,115		265	265
Transfers out		(3)	(3)			
Issuance of note payable						
Total other financing sources		<u>1,112</u>	<u>1,112</u>		<u>265</u>	<u>265</u>
Net change in fund balances	(3,199)	(1,825)	1,374	3,992	4,018	26
Fund balances at beginning of year	(3,271)	(3,271)		(11,676)	(11,676)	
Fund balances at end of year	<u>\$ (6,470)</u>	<u>\$ (5,096)</u>	<u>\$ 1,374</u>	<u>\$ (7,684)</u>	<u>\$ (7,658)</u>	<u>\$ 26</u>

Schedule of Revenues, Expenditures and Changes in Fund Balances (Deficits)
Budget and Budgetary Basis Actual - All Capital Projects Funds
Year Ended June 30, 2016 (In thousands) (continued)

	Development Impact Projects			Community Services Facilities		
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:						
Licenses, fees and permits	\$ 5,594	\$ 4,817	\$ (777)		\$ 939	\$ 939
Intergovernmental revenues	902		(902)	\$ 3,619	2,666	(953)
Charges for services						
Use of money and property	4,005	278	(3,727)	67	256	189
Other				283		(283)
Total revenues	<u>10,501</u>	<u>5,095</u>	<u>(5,406)</u>	<u>3,969</u>	<u>3,861</u>	<u>(108)</u>
Expenditures:						
Police	555	26	(529)			
Fire						
Community and Economic Development Planning						
Public Works	1,403	476	(927)			
Community Services	14,389	1,627	(12,762)	7,100	5,664	(1,436)
Total expenditures	<u>16,347</u>	<u>2,129</u>	<u>(14,218)</u>	<u>7,100</u>	<u>5,664</u>	<u>(1,436)</u>
Deficiency of revenues under expenditures	<u>(5,846)</u>	<u>2,966</u>	<u>8,812</u>	<u>(3,131)</u>	<u>(1,803)</u>	<u>1,328</u>
Other financing sources (uses):						
Transfers in						
Transfers out		(183)	(183)			
Issuance of note payable						
Total other financing sources (uses)		<u>(183)</u>	<u>(183)</u>			
Net change in fund balances	(5,846)	2,783	8,629	(3,131)	(1,803)	1,328
Fund balances at beginning of year	22,580	22,580		5,259	5,259	
Fund balances at end of year	<u>\$ 16,734</u>	<u>\$ 25,363</u>	<u>\$ 8,629</u>	<u>\$ 2,128</u>	<u>\$ 3,456</u>	<u>\$ 1,328</u>

Schedule of Revenues, Expenditures and Changes in Fund Balances (Deficits)
Budget and Budgetary Basis Actual - All Capital Projects Funds
Year Ended June 30, 2016 (In thousands) (continued)

	Storm Drain Construction			Other Capital Improvements		
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:						
Licenses, fees and permits	\$ 6	\$ 189	\$ 183			
Intergovernmental revenues				\$ 2,174		\$ (2,174)
Charges for services						
Use of money and property		31	31	374	\$ 426	52
Other				561	561	
Total revenues	<u>6</u>	<u>220</u>	<u>214</u>	<u>3,109</u>	<u>987</u>	<u>(2,122)</u>
Expenditures:						
Police				799	799	
Fire				8,327	1,813	(6,514)
Community and Economic Development				951	951	
Planning				257	257	
Public Works	260	241	(19)	14,662	5,277	(9,385)
Community Services				674	674	
Total expenditures	<u>260</u>	<u>241</u>	<u>(19)</u>	<u>25,670</u>	<u>9,771</u>	<u>(15,899)</u>
Deficiency of revenues under expenditures	<u>(254)</u>	<u>(21)</u>	<u>233</u>	<u>(22,561)</u>	<u>(8,784)</u>	<u>13,777</u>
Other financing sources (uses):						
Transfers in				850	3,255	2,405
Transfers out						
Issuance of note payable					1,100	1,100
Total other financing sources (uses)					<u>4,355</u>	<u>3,505</u>
Net change in fund balances	(254)	(21)	233	(21,711)	(4,429)	17,282
Fund balances at beginning of year	1,748	1,748		24,213	24,213	
Fund balances at end of year	<u>\$ 1,494</u>	<u>\$ 1,727</u>	<u>\$ 233</u>	<u>\$ 2,502</u>	<u>19,784</u>	<u>\$ 17,282</u>
Adjustment to reconcile to GAAP:						
Equipment acquisition from loan proceeds					(1,086)	
Ending fund balance - GAAP basis					<u>\$ 18,698</u>	

Schedule of Revenues, Expenditures and Changes in Fund Balances (Deficits)
Budget and Budgetary Basis Actual - All Capital Projects Funds
Year Ended June 30, 2016 (In thousands) (continued)

	Mello-Roos Projects		
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:			
Licenses, fees and permits			
Intergovernmental revenues			
Charges for services			
Use of money and property		\$ 116	\$ 116
Other			
Total revenues		116	116
Expenditures:			
Police			
Fire			
Community and Economic Development			
Planning			
Public Works	\$ 18,478	302	(18,176)
Community Services			
Total expenditures	18,478	302	(18,176)
Deficiency of revenues under expenditures	(18,478)	(186)	18,292
Other financing sources (uses):			
Transfers in			
Transfers out			
Issuance of bonds			
Total other financing sources (uses)			
Net change in fund balances	(18,478)	(186)	18,292
Fund balances at beginning of year	18,337	18,337	
Fund balances at end of year	\$ (141)	\$ 18,151	\$ 18,292

Internal Service Funds



Internal Service Funds

INTERNAL SERVICE FUNDS are used to account for the financing of centralized services to City departments on a cost-reimbursement basis (including depreciation)

GENERAL BENEFITS AND INSURANCE FUND - Established to account for employee compensated absences, retirement and health benefits, and self-insurance programs

MOTORIZED EQUIPMENT FUND - Established to account for motorized equipment used by City departments.

INFORMATION AND COMMUNICATION SERVICES FUND - Established to account for data processing and communication services to City departments.

MUNICIPAL FACILITIES MAINTENANCE - Established to account for City building maintenance services and equipment used by City departments.

**Combining Statement of Net Position
Internal Service Funds
June 30, 2016** (In thousands)

	General Benefits and Insurance	Motorized Equipment	Information and Communication Services	Municipal Facilities Maintenance	Total
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 14,314	\$ 1,070	\$ 727	\$ 530	\$ 16,641
Investments	58,298	4,356	2,962	2,161	67,777
Accounts receivable, net	2,681	10			2,691
Accrued interest receivable	168	13		8	189
Interfund receivable	7				7
Inventories		790			790
Prepaid and other assets	1,695		186		1,881
Total current assets	<u>77,163</u>	<u>6,239</u>	<u>3,875</u>	<u>2,699</u>	<u>89,976</u>
Noncurrent assets:					
Accounts receivable, less current portion	3,151				3,151
Interfund receivable, less current portion	17				17
Net other post-employment benefits (OPEB) asset	11,244				11,244
Capital assets:					
Buildings, structures and improvements		3,230		5,465	8,695
Machinery and equipment	93	41,271	23,622	2,993	67,979
Construction in progress			1,131	190	1,321
Less accumulated depreciation	(75)	(30,071)	(17,491)	(4,533)	(52,170)
Capital assets, net	<u>18</u>	<u>14,430</u>	<u>7,262</u>	<u>4,115</u>	<u>25,825</u>
Total noncurrent assets	<u>14,430</u>	<u>14,430</u>	<u>7,262</u>	<u>4,115</u>	<u>40,237</u>
Total assets	<u>91,593</u>	<u>20,669</u>	<u>11,137</u>	<u>6,814</u>	<u>130,213</u>
DEFERRED OUTFLOW OF RESOURCES					
Deferred pension related items	659	670	201	511	2,041
Total deferred outflow of resources	<u>659</u>	<u>670</u>	<u>201</u>	<u>511</u>	<u>2,041</u>
LIABILITIES					
Current liabilities:					
Accounts payable	2,440	322	2,130	1,931	6,823
Wages payable	4,034	58	13	50	4,155
Due to other Funds			2		2
Compensated absences	15,186				15,186
Self-insurance liability	10,228				10,228
Long-term liabilities			1,111		1,111
Unearned revenues	2,203				2,203
Total current liabilities	<u>34,091</u>	<u>380</u>	<u>3,256</u>	<u>1,981</u>	<u>39,708</u>
Noncurrent liabilities:					
Compensated absences, less current portion	4,866				4,866
Self-insurance liability, less current portion	40,388				40,388
Long-term liabilities, less current portion			977		977
Net pension liabilities	6,629	6,228	1,134	5,298	19,289
Total noncurrent liabilities	<u>51,883</u>	<u>6,228</u>	<u>2,111</u>	<u>5,298</u>	<u>65,520</u>
Total liabilities	<u>85,974</u>	<u>6,608</u>	<u>5,367</u>	<u>7,279</u>	<u>105,228</u>
DEFERRED INFLOW OF RESOURCES					
Deferred pension related items	1,428	1,113	420	947	3,908
Total deferred inflow of resources	<u>1,428</u>	<u>1,113</u>	<u>420</u>	<u>947</u>	<u>3,908</u>
NET POSITION					
Net investment in capital assets	18	14,430	5,174	4,115	23,737
Unrestricted	4,832	(812)	377	(5,016)	(619)
Total net position	<u>\$ 4,850</u>	<u>\$ 13,618</u>	<u>\$ 5,551</u>	<u>\$ (901)</u>	<u>\$ 23,118</u>

See accompanied Independent auditors' report

**Combining Statement of Revenues, Expenses and Changes in Net Position
Internal Service Funds
Year Ended June 30, 2016** (In thousands)

	General Benefits and Insurance	Motorized Equipment	Information and Communication Services	Municipal Facilities Maintenance	Total
Operating revenues:					
Charges for services	\$ 100,189	\$ 12,184	\$ 17,624	\$ 10,241	\$ 140,238
Other	433	30			463
Total operating revenues	<u>100,622</u>	<u>12,214</u>	<u>17,624</u>	<u>10,241</u>	<u>140,701</u>
Operating expenses:					
Salaries and wages	3,036	3,827	645	3,193	10,701
Maintenance and operations	2,650	5,008	14,230	7,701	29,589
Insurance premiums and claims	16,660				16,660
Compensated absences and other benefits	78,138				78,138
Depreciation		2,163	2,429	204	4,796
Total operating expenses	<u>100,484</u>	<u>10,998</u>	<u>17,304</u>	<u>11,098</u>	<u>139,884</u>
Operating income (loss)	<u>138</u>	<u>1,216</u>	<u>320</u>	<u>(857)</u>	<u>817</u>
Nonoperating income (expenses):					
Investment income	716	53	11	36	816
Interest expense			(70)		(70)
Gain from disposal of capital assets		264			264
Total nonoperating income (loss)	<u>716</u>	<u>317</u>	<u>(59)</u>	<u>36</u>	<u>1,010</u>
Change in net position	854	1,533	261	(821)	1,827
Net position at beginning of year	3,996	12,085	5,290	(80)	21,291
Net position at end of year	<u>\$ 4,850</u>	<u>\$ 13,618</u>	<u>\$ 5,551</u>	<u>\$ (901)</u>	<u>\$ 23,118</u>

**Combining Statement of Cash Flows
Internal Service Funds
Year Ended June 30, 2016** (In thousands)

	General Benefits and Insurance	Motorized Equipment	Information and Communication Services	Municipal Facilities Maintenance	Total
Cash flows from operating activities:					
Receipts from interfund services provided	\$ 100,189	\$ 12,184	\$ 17,624	\$ 10,241	\$ 140,238
Payments to suppliers	(861)	(4,953)	(12,852)	(5,667)	(24,333)
Payments for salaries and wages to employees	(1,021)	(4,351)	(807)	(3,606)	(9,785)
Payments for interfund services used	(1,819)	(415)	(1,485)	(864)	(4,583)
Payments for insurance premiums and claims	(12,899)				(12,899)
Payments for compensated absences and other benefits	(77,122)				(77,122)
Other receipts	425	25			450
Net cash provided by operating activities	<u>6,892</u>	<u>2,490</u>	<u>2,480</u>	<u>104</u>	<u>11,966</u>
Cash flows from noncapital financing activities:					
Receipt of interfund balances	18,972				18,972
Receipt of loan receivable	2,801				2,801
Net cash provided by noncapital financing activities	<u>21,773</u>				<u>21,773</u>
Cash flows from capital and related financing activities:					
Proceeds from sale of capital assets		428			428
Capital purchases	(18)	(3,138)	(1,523)	(2,601)	(7,280)
Capital grant receipts		29			29
Principal payments on long-term debt			(1,213)		(1,213)
Interest payments			(70)		(70)
Net cash used for capital and related financing activities	<u>(18)</u>	<u>(2,681)</u>	<u>(2,806)</u>	<u>(2,601)</u>	<u>(8,106)</u>
Cash flows from investing activities:					
Purchase of investment securities	(45,861)	(1,646)	(948)		(48,455)
Proceeds from sale and maturity of investment securities	21,057	1,573	1,068	1,795	25,493
Interest received	356	36		30	422
Net cash provided by (used for) investing activities	<u>(24,448)</u>	<u>(37)</u>	<u>120</u>	<u>1,825</u>	<u>(22,540)</u>
Increase (decrease) in cash and cash equivalents	4,199	(228)	(206)	(672)	3,093
Cash and cash equivalents at beginning of the year	10,115	1,298	933	1,202	13,548
Cash and cash equivalents at end of the year	<u>\$ 14,314</u>	<u>\$ 1,070</u>	<u>\$ 727</u>	<u>\$ 530</u>	<u>\$ 16,641</u>

Combining Statement of Cash Flows
Internal Service Funds
Year Ended June 30, 2016 (In thousands) (continued)

	General Benefits and Insurance	Motorized Equipment	Information and Communication Services	Municipal Facilities Maintenance	Total
Reconciliation of operating income to net cash provided by operating activities:					
Operating income	\$ 138	\$ 1,216	\$ 320	\$ (857)	\$ 817
Adjustment to reconcile operating income to net cash provided by operating activities:					
Depreciation		2,163	2,429	204	4,796
Changes in assets, deferred outflows of resources, liabilities and deferred inflows of resources:					
Accounts receivable	(62)	(5)			(67)
Inventories		(7)			(7)
Prepaid and other assets	(1,628)		(86)		(1,714)
Other post retirement employment benefits (OPEB) assets	(35)				(35)
Accounts payable	369	(353)	(21)	1,170	1,165
Wages and benefit payable	1,946	(524)	(162)	(413)	847
Unearned revenues	277				277
Compensated absences	1,306				1,306
Self-insurance liability	4,581				4,581
Total adjustments	<u>6,754</u>	<u>1,274</u>	<u>2,160</u>	<u>961</u>	<u>11,149</u>
Net cash provided by operating activities	<u>\$ 6,892</u>	<u>\$ 2,490</u>	<u>\$ 2,480</u>	<u>\$ 104</u>	<u>\$ 11,966</u>
Schedule of noncash financing and investing activities:					
Capital assets financed through capital leases			\$ 955		\$ 955
Increase in fair value of investments	\$ 255	\$ 17	15	\$ 8	295

Fiduciary Funds

Fiduciary Funds

Statement of Changes in Fiduciary Assets and Liabilities
Agency Fund - Mello-Roos
Year Ended June 30, 2016 (In thousands)

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
ASSETS				
Restricted cash and cash equivalents	\$ 2,797	\$ 5,051	\$ (3,275)	\$ 4,573
Restricted investments	2,741		(2,710)	31
Due from other governments	13	2,403	(2,322)	94
Total assets	<u>\$ 5,551</u>	<u>\$ 7,454</u>	<u>\$ (8,307)</u>	<u>\$ 4,698</u>
LIABILITIES				
Due to bond holders	<u>\$ 5,551</u>	<u>\$ 2,422</u>	<u>\$ (3,275)</u>	<u>\$ 4,698</u>



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Statistical Section

Statistical Section

The Statistical Section is included to provide detailed data on the physical, economic, social and political characteristics of the reporting government. It is intended to provide the user with a broader and more complete understanding of the government and its financial affairs than is possible from the basic financial statements and supplementary information included in the Financial Section.

STATISTICAL INFORMATION

(Unaudited)

The Statistical Section is included to provide financial statement users with additional historical perspective, context, and detail for them to use in evaluating the information contained within the financial statements, notes to the financial statements, and required supplementary information with the goal of providing the user a better understanding of the City's economic condition.

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These schedules contain information to help the reader understand how the City's financial performance and well-being have changed over time.	
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Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

Net Position by Component
Last Ten Fiscal Years (In thousands)
 (Accrual basis of accounting)

	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Governmental Activities										
Net investment in capital assets	\$ 968,473	\$ 894,651	\$ 1,016,259	\$ 894,625	\$ 831,430	\$ 832,951	\$ 794,164	\$ 751,910	\$ 731,726	\$ 665,828
Restricted	211,338	210,934	205,998	196,853	190,868	182,011	150,750	154,306	87,566	69,949
Unrestricted ¹	(417,976)	(447,817)	(455,863)	30,341	16,760	(124,422)	(121,283)	(92,773)	(70,621)	(12,765)
Total Governmental Activities	761,835	\$ 657,768	\$ 766,394	\$ 1,121,819	1,039,058	890,540	823,631	813,443	748,671	723,012
Business-type Activities										
Net investment in capital assets	997,292	993,075	823,505	787,459	780,093	779,224	756,020	747,379	746,450	701,088
Restricted	76,749	83,448	77,311	71,131	61,235	54,626	49,325	45,493	47,406	38,572
Unrestricted ¹	36,644	(1,725)	(37,696)	121,083	112,159	115,445	130,812	145,269	165,196	203,967
Total Business-type Activities	1,110,685	1,074,798	863,120	979,673	953,487	949,295	936,157	938,141	959,052	943,627
Total Government										
Net investment in capital assets	1,965,765	1,887,726	1,839,764	1,682,084	1,611,523	1,612,175	1,550,184	1,499,289	1,478,176	1,366,916
Restricted	288,087	294,382	283,309	267,984	252,103	236,637	200,075	199,799	134,972	108,521
Unrestricted	(381,332)	(449,542)	(493,559)	151,424	128,919	(8,977)	9,529	52,496	94,575	191,202
Total Government	\$ 1,872,520	\$ 1,732,566	\$ 1,629,514	\$ 2,101,492	\$ 1,992,545	\$ 1,839,835	\$ 1,759,788	\$ 1,751,584	\$ 1,707,723	\$ 1,666,639

Note: ¹ The City implemented Governmental Accounting Standards Board (GASB) Statement No. 68 *Accounting and Financial Reporting for Pension, and Statement No. 71 Pension Transition for Contributions Made Subsequent to the Measurement Date*, for the fiscal year ended June 30, 2015. Implementation of these Statements require the City to restate prior period net position and are reflected in the fiscal year 2014 Unrestricted net position. Information prior to the implementation of these Statements is not available.

Certain reclassifications have been made to prior year data to conform to the current presentation.

Source: Finance Department, City of Anaheim

Changes in Net Position
Last Ten Fiscal Years (In thousands)
 (Accrual basis of accounting)

	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Program Revenues										
Governmental activities:										
Charges for services										
General government	\$ 1,892	\$ 2,253	\$ 1,779	\$ 1,670	\$ 1,872	\$ 1,872	\$ 1,708	\$ 1,890	\$ 2,088	\$ 1,238
Police	11,775	10,001	9,927	9,859	10,122	10,435	10,127	10,089	10,235	9,715
Fire	9,814	9,024	10,166	9,912	9,431	9,518	9,369	9,122	9,850	9,070
Community and Economic Development	10,210	14,023	17,305	9,151	7,281	8,143	7,306	5,459	6,212	6,713
Planning	11,515	9,800	7,746	6,404	5,327	6,263	6,453	7,724	9,084	10,778
Public Works	15,817	13,309	13,037	14,012	11,401	9,837	7,619	7,421	8,619	8,234
Community Services	3,430	3,408	3,479	3,556	3,386	4,024	4,561	4,833	4,855	4,043
Convention, Sports and Entertainment	12,528	11,124	10,236	9,574	9,142	4,356	202	200	218	200
Total charges for services	76,981	72,942	73,675	64,138	57,962	54,448	47,345	46,738	51,161	49,991
Operating grants and contributions	108,131	109,968	114,584	112,507	108,620	124,358	121,731	110,200	100,393	98,699
Capital grants and contributions	85,782	67,014	110,295	71,472	44,184	70,080	31,828	66,347	30,361	42,997
Governmental activities program revenues	270,894	249,924	298,554	248,117	210,766	248,886	200,904	223,285	181,915	191,687
Business-type activities:										
Charges for services										
Electric Utility	430,485	453,697	426,051	451,958	397,931	381,496	377,387	365,526	351,160	310,074
Water Utility	60,509	63,495	65,946	60,785	57,748	55,598	56,368	50,807	49,125	49,600
Sanitation Utility	61,006	60,076	57,843	57,230	56,630	56,359	56,023	55,424	54,017	53,215
Golf Courses	4,114	4,435	4,667	4,759	4,802	4,711	5,168	5,634	5,947	6,022
Convention, Sports and Entertainment	35,363	34,742	32,084	29,656	29,389	27,981	30,797	26,987	31,197	32,308
ARTIC Management	878	448								
Total charges for services	592,355	616,893	586,591	604,388	546,500	526,145	525,743	504,378	491,446	451,219
Operating grants and contributions	776	287	452	952	1,101	746	1,990	965	1,194	1,160
Capital grants and contributions	11,743	8,734	8,441	6,698	8,954	12,667	5,622	6,620	12,332	4,808
Business-type activities program revenues	604,874	625,914	595,484	612,038	556,555	539,558	533,355	511,963	504,972	457,187
Total government program revenues	875,768	875,838	894,038	860,155	767,321	788,444	734,259	735,248	686,887	648,874
Expenses										
Governmental activities:										
General government	10,331	12,370	15,790	13,275	11,617	10,911	10,917	12,144	12,610	10,951
Police	132,889	135,161	127,037	124,556	117,840	119,504	125,121	121,162	122,883	115,714
Fire	62,520	61,794	59,510	58,508	58,027	56,393	58,229	57,768	56,434	50,727
Community and Economic Development	111,528	80,976	80,043	82,769	95,683	105,937	117,621	109,523	105,651	93,089
Planning	20,049	18,303	17,030	16,917	15,648	15,627	16,822	17,057	17,199	16,107
Public Works	48,719	66,023	60,262	44,740	41,228	44,109	39,017	47,226	43,680	44,473
Community Services	34,212	31,587	34,130	28,925	28,282	30,958	35,372	37,704	39,033	36,827
Public Utilities	2,687	2,599	2,514	2,405	2,315	2,218	1,952	1,515	2,128	1,800
Convention, Sports and Entertainment	18,503	17,026	15,586	13,935	13,584	13,633	9,931	10,069	10,781	10,539
Interest on long-term debt	35,185	35,340	35,514	35,880	42,824	47,985	47,610	47,779	45,502	51,639
Governmental Activities Expenses	476,623	461,179	447,416	421,910	427,048	447,275	462,592	461,947	455,901	431,866

(continued)

Changes in Net Position Last Ten Fiscal Years (In thousands)

(Accrual basis of accounting) (continued)

	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Expenses										
Business-type Activities:										
Electric Utility	390,732	401,243	411,246	417,008	386,358	372,129	375,173	359,320	353,204	339,928
Water Utility	61,620	68,011	62,996	57,056	58,319	56,608	55,478	49,309	49,219	51,638
Sanitation	56,564	55,979	53,508	52,813	55,939	49,845	50,521	52,702	49,693	49,338
Golf Courses	4,405	4,418	4,399	4,473	4,114	4,256	4,436	4,495	4,810	4,365
Convention, Sports and Entertainment Venues	44,285	56,715	46,385	45,001	45,278	44,662	45,954	45,487	48,292	46,610
ARTIC Management	6,235	5,075								
Business-type activities expense	563,841	591,441	578,534	576,351	550,008	527,500	531,562	511,313	505,218	491,879
Total government expenses	1,040,464	1,052,620	1,025,950	998,261	977,056	974,775	994,154	973,260	961,119	923,745
Net (Expense)/Revenue										
Governmental activities	(205,729)	(211,255)	(148,862)	(173,793)	(216,282)	(198,389)	(261,688)	(238,662)	(273,986)	(240,179)
Business-type activities	41,033	34,473	16,950	35,687	6,547	12,058	1,793	650	(246)	(34,692)
Total government, net (expense) revenue	(164,696)	(176,782)	(131,912)	(138,106)	(209,735)	(186,331)	(259,895)	(238,012)	(274,232)	(274,871)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes:										
Property taxes	70,646	68,405	66,282	64,311	58,896	59,053	59,689	60,806	59,592	57,937
Property tax increments				-	28,678	47,040	47,731	47,115	45,719	40,710
Sales tax and use tax	77,162	72,356	67,505	65,445	59,654	54,711	51,214	56,035	62,510	64,878
Transient occupancy taxes	138,480	119,744	110,134	102,936	90,376	82,605	77,139	80,055	87,183	83,914
Motor vehicle license fees	142	145		331		1,783	1,026	1,180	1,532	1,866
Other taxes	8,731	8,318	7,780	7,756	7,272	7,288	7,288	8,041	9,529	10,337
Unrestricted investment earnings	3,692	2,725	2,930	1,094	3,598	3,667	7,012	8,667	15,337	17,597
Other	87	55	49	1,857	873	614	1,175	394	2,670	1,701
Transfers	10,856	(169,119)	7,288	12,824	12,571	8,537	19,602	41,141	15,573	(42,874)
Extraordinary gain					102,882					
Governmental activities	309,796	102,629	261,968	256,554	364,800	265,298	271,876	303,434	299,645	236,066
Business-type activities:										
Unrestricted investment earnings	5,710	8,086	6,986	3,323	10,216	9,617	15,825	19,580	31,244	27,375
Other										
Transfers	(10,856)	169,119	(7,288)	(12,824)	(12,571)	(8,537)	(19,602)	(41,141)	(15,573)	42,874
Business-type activities	(5,146)	177,205	(302)	(9,501)	(2,355)	1,080	(3,777)	(21,561)	15,671	70,249
Total government	304,650	279,834	261,666	247,053	362,445	266,378	268,099	281,873	315,316	306,315
Change in Net Position										
Governmental activities	104,067	(108,626)	113,106	82,761	148,518	66,909	10,188	64,772	25,659	(4,113)
Business-type activities	35,887	211,678	16,648	26,186	4,192	13,138	(1,984)	(20,911)	15,425	35,557
Total government change in net position	\$ 139,954	\$ 103,052	\$ 129,754	\$ 108,947	\$ 152,710	\$ 80,047	\$ 8,204	\$ 43,861	\$ 41,084	\$ 31,444

Note: Certain reclassifications have been made to prior fiscal years' data to conform to the current presentation.

Source: Finance Department, City of Anaheim

Governmental Activities Tax Revenues By Source

Last Ten Fiscal Years (In thousands)

(Accrual basis of accounting)

Fiscal Year	Amounts						Total
	Property Taxes	Property Tax Increments	Sales and Use Taxes	Transient Occupancy Taxes	Motor Vehicle License Fees ¹	Other Taxes	
2016	\$ 70,646		\$ 77,162	\$ 138,480	\$ 142	\$ 8,731	\$ 295,161
2015	68,405		72,356	119,744	145	8,318	268,968
2014	66,282		67,505	110,134		7,780	251,701
2013	64,311		65,445	102,936	331	7,756	240,779
2012	58,896	\$ 28,678 ²	59,654	90,376	³	7,272	244,876
2011	59,053	47,040	54,711	82,605	1,783	7,288	252,480
2010	59,689	47,731	51,214	77,139	1,026	7,288	244,087
2009	60,806	47,115	56,035	80,055	1,180	8,041	253,232
2008	59,592	45,719	62,510	87,183	1,532	9,529	266,065
2007	57,937	40,710	64,878	83,914	1,866	10,337	259,642

¹ The decrease in motor vehicle license fees starting from fiscal year 2005 is due to the shifting of revenue from motor vehicle license fees category to the property tax category. This was part of the State of California 2004 Budget Act.

² The decrease in Property tax increments from fiscal year 2012 was due to the dissolution of Redevelopment Agency on February 1, 2012.

³ Motor Vehicle License Fees allocation was eliminated per the fiscal year 2012 State Budget.

Note: Certain reclassifications have been made to prior fiscal years' data to conform to the current presentation.

Source: Finance Department, City of Anaheim

Fund Balances of Governmental Funds Last Ten Fiscal Years (In thousands)

(Modified accrual basis of accounting)

	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
General Fund										
Nonspendable	\$ 958	\$ 1,538	\$ 2,099	\$ 2,531	\$ 3,082	\$ 3,626				
Restricted	7,730	6,124	6,449	1,766	982	582				
Committed				788						
Assigned	7,442	513	4,073	6,879	320	141				
Unassigned	39,850	39,615	30,394	26,920	22,636	22,139				
Reserved							\$ 4,092	\$ 4,530	\$ 5,001	\$ 8,525
Unreserved - designated										
Unreserved - undesignated							29,490	47,729	37,347	47,409
Total General fund	55,980	47,790	43,015	38,884	27,020	26,488	33,582	52,259	42,348	55,934
Housing Authority Fund										
Nonspendable	2	4	7	38		42				
Restricted	48,974	43,703	41,134	32,234	29,935	7,778				
Assigned	16,129	14,283	11,664	11,823	11,237	9,922				
Unassigned										
Reserved							1,373	1,830	830	162
Unreserved - undesignated							11,603	5,669	6,474	7,935
Total Housing Authority Fund	65,105	57,990	52,805	44,095	41,172	17,742	12,976	7,499	7,304	8,097
Nonmajor Governmental Funds										
Nonspendable	6,000	6,270	3,542	4,619	1	631				
Restricted	237,930	197,360	170,950	164,870	158,933	241,674				
Assigned	5,875	3,040	3,291	8,055	7,400	7,761				
Unassigned	(17,991)	(20,071)	(19,005)	(11,231)	(32,448)	(34,293)				
Reserved							130,313	142,760	138,402	120,885
Unreserved - designated, reported in:										
Special revenue funds							7,349	7,211	6,809	2,415
Debt service funds							156	4,433	1,656	2,276
Capital projects funds							31,899	41,544	32,809	38,430
Unreserved - undesignated, reported in:										
Special revenue funds							14,350	5,342	4,199	4,183
Capital projects funds							(3,376)	(7,037)	(15,551)	(25,687)
Total nonmajor governmental funds	231,814	186,599	158,778	166,313	133,886	215,773	180,691	194,253	168,324	142,502
Total governmental funds¹	\$ 352,899	\$ 292,379	\$ 254,598	\$ 249,292	\$ 202,078	\$ 260,003	\$ 227,249	\$ 254,011	\$ 217,976	\$ 206,533

¹ The City implemented Governmental Accounting Standards Board Statement No 54 (GASB 54) for the Fiscal Year Ended June 30, 2011.

Fund Balance Classifications prior to the implementation of GASB 54 is not available.

Source: Finance Department, City of Anaheim

Changes in Fund Balances of Governmental Funds Last Ten Fiscal Years (In thousands)

(Modified accrual basis of accounting)

	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Revenues										
Property taxes	\$ 70,646	\$ 68,405	\$ 66,282	\$ 64,311	\$ 58,896	\$ 59,053	\$ 59,689	\$ 60,806	\$ 59,592	\$ 57,937
Property tax increments					28,678	47,040	47,731	47,115	45,719	40,710
Sales and use taxes	82,031	71,977	68,581	62,793	58,589	55,034	48,210	56,493	64,296	65,695
Transient occupancy taxes	138,480	119,744	110,134	102,936	90,376	82,605	77,139	80,055	87,183	83,914
Other taxes	8,024	7,478	7,012	7,078	6,401	6,486	6,303	6,451	6,753	7,531
Licenses, fees, and permits	30,653	28,573	21,353	22,305	17,067	18,772	21,580	21,062	24,705	37,991
Intergovernmental revenues	121,055	155,314	215,755	186,018	143,348	150,394	141,418	158,729	135,072	112,593
Charges for services	36,147	33,295	32,569	30,883	29,672	24,408	18,351	17,874	17,730	16,799
Fines, forfeits, and penalties	2,875	2,823	2,656	2,907	3,515	3,304	3,255	3,409	3,767	3,689
Use of money and property	55,052 ¹	13,233	16,681	8,058	7,657	10,159	10,236	9,293	16,923	18,208
Other	13,520	16,573	6,555	8,926	6,617	43,645	4,009	10,137	3,755	7,601
Total revenues	558,483	517,415	547,578	496,215	450,816	500,900	437,921	471,424	465,495	452,668
Expenditures										
General government	18,679	19,052	21,070	18,270	16,502	16,055	15,822	16,953	16,325	15,354
Police	139,775	127,226	120,962	117,702	112,656	114,678	115,379	112,057	115,195	109,467
Fire	66,399	61,483	57,529	56,127	55,886	55,802	55,713	55,966	54,685	48,201
Community and Economic Development	108,454 ²	89,446	83,658	86,282	95,352	110,138	126,590	112,406	104,991	94,789
Planning	20,122	17,667	16,086	15,785	14,408	14,560	15,173	15,489	15,949	14,762
Public Works	30,388	29,814	29,737	25,387	22,861	27,087	19,957	29,321	25,810	26,820
Community Services	31,980	28,394	30,602	25,268	24,618	27,813	31,311	33,572	35,203	32,788
Public Utilities	2,727	2,622	2,510	2,398	2,313	2,220	1,939	1,507	2,120	1,791
Convention, Sports and Entertainment	13,089	11,608	10,714	10,002	9,725	9,917	6,369	6,699	7,390	7,399
Capital outlay	32,589	79,710	136,597	98,601	55,505	70,918	62,422	52,229	60,906	76,161
Debt service:										
Principal	28,448	25,289	24,220	18,948	16,294	12,219	12,777	16,085	27,472	18,065
Interest charges	16,930	18,085	18,797	19,808	26,927	33,032	33,509	34,830	28,324	41,187
Debt issuance costs		127				227		70	5,182	4,017
Total expenditures	509,580	510,523	552,482	494,578	453,047	494,666	496,961	487,184	499,552	490,801
Revenues over (under) expenditures	48,903	6,892	(4,904)	1,637	(2,231)	6,234	(59,040)	(15,760)	(34,057)	(38,133)
Other Financing Sources (Uses)										
Transfers in	95,920	85,818	84,813	73,470	131,093	99,571	83,498	121,987	299,410	101,249
Transfers out	(85,403)	(79,373)	(75,953)	(59,393)	(119,552)	(86,621)	(59,970)	(76,304)	(288,985)	(91,028)
Issuance of refunding bonds		6,200						5,084	201,680	253,134
Payments to refunded bond escrow agent		(6,200)						(5,683)	(171,222)	(255,325)
Premium on long term debt		1,790						94	4,641	
Discount on long term debt									(199)	
Issuance of long-term debt	1,100	22,654	1,350	31,500		13,570	8,000	2,769	175	18,238
Capital leases										1,649
Claims settlement proceeds							750	3,848		
Extraordinary loss					(67,235)					
Total other financing sources	11,617	30,889	10,210	45,577	(55,694)	26,520	32,278	51,795	45,500	27,917
Net change in fund balances	\$ 60,520	\$ 37,781	\$ 5,306	\$ 47,214	\$ (57,925)	\$ 32,754	\$ (26,762)	\$ 36,035	\$ 11,443	\$ (10,216)
Debt service as a percentage of non-capital expenditures	9.51%	10.07%	10.34%	9.79%	10.87%	10.68%	10.65%	11.71%	12.72%	14.29%

¹ Increase in Use of money and property is due to one-time land held for resale transferred from the Successor Agency.

² Increase in Community and Economic Development expenditures is due to a one-time loss on sale of land held for resale.

Source: Finance Department, City of Anaheim

General Government Tax Revenues By Source Last Ten Fiscal Years (In thousands)

(Modified accrual basis of accounting)

Fiscal Year	Property Taxes				Property Tax Increments			Property Taxes in-lieu of VLF ¹	Sales and Use Taxes	Transient Occupancy Taxes	Other Taxes	Total
	Secured Property Taxes	Unsecured Property Taxes	Supplemental Property Taxes	Residual	Secured Property Taxes	Unsecured Property Taxes	Supplemental Property Taxes					
2016	\$ 37,000	\$ 1,256	\$ 991	\$ 2,203				\$ 29,196	\$ 82,031	\$ 138,480	\$ 8,024	\$ 299,181
2015	35,624	1,358	1,001	1,001				28,160	71,977	119,744	7,478	267,604
2014	33,976	1,243	832	832				27,358	68,581	110,134	7,012	252,009
2013	33,114	1,194	806	806				26,363	62,793	102,936	7,078	237,118
2012	31,770	1,289	207	207	\$ 21,576 ²	\$ 6,884 ²	\$ 218 ²	25,630	58,589	90,376	6,401	242,940
2011	31,848	1,300	373	373	36,824	8,859	1,357	25,532	55,034	82,605	6,486	250,218
2010	32,267	1,341	385	385	38,809	8,221	701	25,696	48,210	77,139	6,303	239,072
2009	32,496	1,351	712	712	37,710	7,986	1,419	26,247	56,493	80,055	6,451	250,920
2008	31,073	1,343	1,326	1,326	34,772	9,105	1,842	25,850	64,296	87,183	6,753	263,543
2007	29,919	1,384	1,551	1,551	29,090	8,591	3,029	25,083	65,695	83,914	7,531	255,787

¹ Collection of property taxes in-lieu of VLF starting in fiscal year 2005 is due to the shifting of revenue from motor vehicle license fees category to the property tax category. This was part of the State of California 2004 Budget Act.

² Decrease in property tax increments revenues in fiscal year 2012 was due to dissolution of the Redevelopment Agency on February 1, 2012. Property tax increments were received up to January 31, 2012.

³ Increase in sales and use taxes in fiscal year 2016 was due to the sales tax triple flip final distribution.

Note: Certain reclassifications have been made to prior fiscal years' data to conform to the current presentation.

Source: Finance Department, City of Anaheim

Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years (In thousands)
 (Modified Accrual Basis of Accounting)

	Fiscal Year				
	2016	2015	2014	2013	2012
City of Anaheim					
Secured property	\$33,338,748	\$32,023,757	\$30,548,214	\$29,608,967	\$28,808,849
Unsecured property	<u>1,243,307</u>	<u>1,515,905</u>	<u>1,266,403</u>	<u>1,265,519</u>	<u>1,232,825</u>
Total City of Anaheim	34,582,055	33,539,662	31,814,617	30,874,486	30,041,674
Dissolved Anaheim Redevelopment Agency					
Secured property	4,479,386	4,102,931	3,916,169	4,338,935	3,977,843
Unsecured property	<u>753,736</u>	<u>759,729</u>	<u>654,982</u>	<u>683,237</u>	<u>656,505</u>
Total Anaheim Redevelopment Agency	<u>5,233,122</u>	<u>4,862,660</u>	<u>4,571,151</u>	<u>5,022,172</u>	<u>4,634,348</u>
Total Taxable Assessed Value	<u>\$39,815,177</u>	<u>\$38,402,322</u>	<u>\$36,385,768</u>	<u>\$35,896,658</u>	<u>\$34,676,022</u>
Total Direct Tax Rate	0.11024%	0.11049%	0.11062%	0.11078%	0.11075%

	Fiscal Year				
	2011	2010	2009	2008	2007
City of Anaheim					
Secured property	\$28,600,152	\$28,775,989	\$29,329,062	\$28,473,221	\$26,507,229
Unsecured property	<u>1,278,062</u>	<u>1,283,263</u>	<u>1,226,209</u>	<u>1,198,812</u>	<u>2,442,959</u>
Total City of Anaheim	29,878,214	30,059,252	30,555,271	29,672,033	28,950,188
Dissolved Anaheim Redevelopment Agency					
Secured property	3,751,227	3,762,168	3,644,931	3,360,645	2,838,528
Unsecured property	<u>743,403</u>	<u>762,903</u>	<u>789,618</u>	<u>818,255</u>	<u>813,249</u>
Total Anaheim Redevelopment Agency	<u>4,494,630</u>	<u>4,525,071</u>	<u>4,434,549</u>	<u>4,178,900</u>	<u>3,651,777</u>
Total Taxable Assessed Value	<u>\$34,372,844</u>	<u>\$34,584,323</u>	<u>\$34,989,820</u>	<u>\$33,850,933</u>	<u>\$32,601,965</u>
Total Direct Tax Rate	0.11075%	0.11031%	0.11024%	0.11041%	0.11041%

Note: In 1978 the voters of the State of California passed Proposition 13 which limited property 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 increase of 2%). With few exceptions, property is only reassessed at the time that it is sold to a new owner. At that point, the new assessed value is reassessed at the purchase price 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 property and is subject to the limitations described above.

Source: Auditor-Controller, California Municipal Statistics, Inc, County of Orange

**Property Tax Rates
Direct and Overlapping Governments
Last Ten Fiscal Years** (Rate per \$100 assessed value)

	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
City Direct Rate ⁽¹⁾										
City Basic Rate ⁽²⁾	0.10851	0.10851	0.10851	0.10851	0.10851	0.10851	0.10816	0.10816	0.10816	0.10816
Anaheim General Obligation Bond Fund	0.00173	0.00198	0.00211	0.00227	0.00224	0.00224	0.00215	0.00208	0.00225	0.00225
	0.11024	0.11049	0.11062	0.11078	0.11075	0.11075	0.11031	0.11024	0.11041	0.11041
Overlapping Rates:										
Anaheim Elementary General Fund	0.29873	0.29873	0.29873	0.29873	0.29873	0.29873	0.29778	0.29778	0.29778	0.29778
Anaheim High General Fund	0.19043	0.19043	0.19043	0.19043	0.19043	0.19043	0.18982	0.18982	0.18982	0.18982
Educational Revenue Augmentation Fund	0.15592	0.15592	0.15592	0.15592	0.15592	0.15592	0.15543	0.15543	0.15543	0.15543
North Orange Co. Community College General Fund	0.07755	0.07755	0.07755	0.07755	0.07755	0.07755	0.07730	0.07730	0.07730	0.07730
Orange County Cemetery District	0.00057	0.00057	0.00057	0.00057	0.00057	0.00057	0.00057	0.00057	0.00057	0.00057
Orange County Department Of Education	0.01579	0.01579	0.01579	0.01579	0.01579	0.01579	0.01574	0.01574	0.01574	0.01574
Orange County Flood Control District General	0.02197	0.02197	0.02197	0.02197	0.02197	0.02197	0.02190	0.02190	0.02190	0.02190
Orange County General Fund	0.06849	0.06849	0.06849	0.06849	0.06849	0.06849	0.06827	0.06827	0.06827	0.06827
Orange County Harbors Beaches & Parks CSA	0.01698	0.01698	0.01698	0.01698	0.01698	0.01698	0.01693	0.01693	0.01693	0.01693
Orange County Sanitation District #2 Operating	0.03227	0.03227	0.03227	0.03227	0.03227	0.03227	0.03469	0.03469	0.03469	0.03469
Orange County Transportation Authority	0.00312	0.00312	0.00312	0.00312	0.00312	0.00312	0.00311	0.00311	0.00311	0.00311
Orange County Vector Control	0.00124	0.00124	0.00124	0.00124	0.00124	0.00124	0.00124	0.00124	0.00124	0.00124
Orange County Water District	0.00831	0.00831	0.00831	0.00831	0.00831	0.00831	0.00893	0.00893	0.00893	0.00893
Orange County Water District Water Reserve	0.00012	0.00012	0.00012	0.00012	0.00012	0.00012	0.00013	0.00013	0.00013	0.00013
Anaheim Elementary School Districts	0.04227	0.02867	0.05848	0.05382	0.05371	0.03363	0.03193	0.02248	0.03544	0.02240
Anaheim High School Districts	0.04948	0.02412	0.02620	0.02858	0.02678	0.02745	0.02617	0.02363	0.02516	0.02355
North Orange County Community College	0.03043	0.01704	0.01704	0.01902	0.01742	0.01758	0.01662	0.01493	0.01502	0.01444
Water District Rate	0.00350	0.00350	0.00350	0.00350	0.00370	0.00370	0.00430	0.00430	0.00450	0.00470
Total Direct and Overlapping Rate	1.12741	1.07531	1.10733	1.10719	1.10385	1.08460	1.08117	1.06742	1.08237	1.06734

⁽¹⁾ Excludes rates associated with mello-roos districts.

⁽²⁾ In 1978, California voters passed Proposition 13 which sets the property tax rate at a 1% fixed amount. This 1% is shared by all taxing agencies for which the subject property resides. In 1986, the State Constitution was amended to allow rates over the 1% base rate for voter approved general obligation debt. Valuations of real property are frozen at the value of the property in 1975, with an allowable adjustment up to 2% per year for inflation. However, property is assessed to its current value when a change of ownership occurs. New construction, including tenant improvements, is assessed at its current value.

Principal Property Tax Payers
Current Year and Nine Years Ago (In thousands)

Tax Payer	Fiscal Year					
	2016			2007		
	Rank	Percentage of Total Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Assessed Value	Taxable Assessed Value
Walt Disney World Company	1	11.65%	\$4,407,003	1	10.63%	\$3,466,814
HHC HA Investment II Inc.	2	0.53%	200,459			
US REIF MG Madison Park CA LLC	3	0.31%	115,715			
Irvine Company LLC	4	0.30%	112,863			
Teachers Insurance & Annuity Association	5	0.27%	102,871			
Prologis California I LLC	6	0.25%	95,329			
Angeli LLC	7	0.24%	90,721	10	0.24%	78,733
OTR	8	0.24%	89,666			
Mary Susan Samia Trust	9	0.24%	89,007			
Essex Anavia LP	10	0.22%	84,900			
Lennar Platinum Triangle				2	0.63%	205,049
Kaiser Foundation Health				3	0.46%	149,332
Anaheim Hotel Partnership				4	0.40%	129,662
PPC Anaheim Apartments				5	0.32%	104,040
CREA / Nexus Anaheim				6	0.29%	95,333
Anaheim Memorial Hospital				7	0.27%	88,254
Maguire Properties				8	0.25%	81,600
Boeing North America				9	0.25%	81,428
Total		<u>14.25%</u>	<u>\$5,388,534</u>		<u>15.27%</u>	<u>\$4,480,245</u>

Source: Finance Department, City of Anaheim, California Municipal Statistics, Inc.

Property Tax Levies and Collections

Last Ten Fiscal Years (In thousands)

Fiscal Year	Total Taxes Levy	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date		Total Tax Increments Levy ²	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount ¹	Percentage of Levy		Amount	Percentage of Levy		Amount ²	Percentage of Levy		Amount	Percentage of Levy
2016	\$ 40,026	\$ 38,832	97.02%	\$ 191	\$ 39,023	97.49%						
2015	38,365	37,456	97.63%	414	37,870	98.71%						
2014	36,293	35,558	97.97%	460	36,018	99.24%						
2013	34,813	34,116	98.00%	384	34,500	99.10%						
2012	33,598	32,560	96.91%	512	33,072	98.43%	\$ 49,004	\$ 28,327 ²	57.81%		\$ 28,327	57.81%
2011	33,512	32,517	97.03%	558	33,075	98.70%	49,294	45,906	93.13%	\$ 282	46,188	93.70%
2010	33,627	32,490	96.62%	796	33,286	98.99%	49,119	46,584	94.84%	524	47,108	95.91%
2009	34,579	33,068	95.63%	1,231	34,299	99.19%	48,432	46,057	95.10%	622	46,679	96.38%
2008	34,283	32,798	95.67%	1,237	34,035	99.28%	46,785	44,793	95.74%	552	45,345	96.92%
2007	33,897	32,324	95.36%	789	33,113	97.69%	42,472	39,807	93.73%	549	40,356	95.02%

¹ Excludes property taxes in-lieu of vehicle license fees

² Decrease in property tax collection is due to the dissolution of the Redevelopment Agency on February 1, 2012. Property tax increments were received up to January 31, 2012.

Note: Certain reclassifications have been made to prior fiscal years' data to conform to the current presentation.

Source: Auditor-Controller, County of Orange

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years (In thousands, except per capita amount)

	Fiscal Year				
	2016	2015	2014	2013	2012
Governmental Activities					
Bonds	\$ 632,321	\$ 640,891	\$ 614,757	\$ 616,086	\$ 616,444
Certificates of participation			8,880	10,020	11,085
Notes and loans	20,820	21,372	50,757	54,877	25,546
Capital leases	2,088	2,346	1,325	1,369	1,694
Total governmental activities	<u>655,229</u>	<u>664,609</u>	<u>675,719</u>	<u>682,352</u>	<u>654,769</u>
Business-Type Activities					
Bonds	1,124,159	1,116,443	780,553	863,987	889,581
Certificates of participation			38,000	38,000	38,000
Notes and loans	36,200	57,399	48,271	62,722	24,652
Capital leases					
Total business-type activities	<u>1,160,359</u>	<u>1,173,842</u>	<u>866,824</u>	<u>964,709</u>	<u>952,233</u>
Total Government	<u>\$1,815,588</u>	<u>\$1,838,451</u>	<u>\$1,542,543</u>	<u>\$1,647,061</u>	<u>\$1,607,002</u>
Percentage of Personal Income	20.19%	21.26%	18.88%	19.74%	20.95%
Per Capita	\$5,070	\$5,231	\$4,429	\$4,758	\$4,674

	Fiscal Year				
	2011	2010	2009	2008	2007
Governmental Activities					
Bonds	\$ 821,587	\$ 810,504	\$ 805,068	\$ 793,343	\$ 740,107
Certificates of participation	12,070	12,990	13,840	23,333	26,788
Notes and loans	34,566	29,094	24,621	27,538	57,614
Capital leases	2,341	2,605	1,235	2,353	2,484
Total governmental activities	<u>870,564</u>	<u>855,193</u>	<u>844,764</u>	<u>846,567</u>	<u>826,993</u>
Business-Type Activities					
Bonds	908,683	805,925	829,707	689,791	706,126
Certificates of participation	38,000	38,000	38,000	88,185	96,475
Notes and loans	30,519	11,379	12,299	13,189	14,081
Capital leases					267
Total business-type activities	<u>977,202</u>	<u>855,304</u>	<u>880,006</u>	<u>791,165</u>	<u>816,949</u>
Total Government	<u>\$1,847,766</u>	<u>\$1,710,497</u>	<u>\$1,724,770</u>	<u>\$1,637,732</u>	<u>\$1,643,942</u>
Percentage of Personal Income	24.57%	23.32%	23.96%	21.93%	22.17%
Per Capita	\$ 5,418	\$ 5,088	\$ 5,193	\$ 4,953	\$ 4,985

Note: Per capita amounts are estimates
 Certain reclassifications have been made to prior year data to conform to the current presentation.

Sources: California State Department of Finance and Finance Department, City of Anaheim
 US Census Yearly American Community Survey

Ratios of Net General Bonded Debt Outstanding Last Ten Fiscal Years

(In thousands, except per capita amount)

	Fiscal Year				
	2016	2015	2014	2013	2012
Bonds					
General Obligation	\$ 700	\$ 1,360	\$ 1,995	\$ 2,605	\$ 3,185
Lease Revenue	631,621	639,531	612,762	613,481	616,444
Tax Allocation					
	<u>632,321</u>	<u>640,891</u>	<u>614,757</u>	<u>616,086</u>	<u>619,629</u>
Less amounts available in debt service fund	<u>108,482</u>	<u>88,174</u>	<u>73,500</u>	<u>61,625</u>	<u>53,398</u>
Total net obligation bonds outstanding	<u>\$ 523,839</u>	<u>\$ 552,717</u>	<u>\$ 541,257</u>	<u>\$ 554,461</u>	<u>\$ 566,231</u>
Percentage of Assessed Value of Property	1.32%	1.44%	1.49%	1.54%	1.63%
Per capita	\$ 1,463	\$ 1,573	\$ 1,554	\$ 1,602	\$ 1,647

	Fiscal Year				
	2011	2010	2009	2008	2007
Bonds					
General Obligation	\$ 3,735	\$ 4,255	\$ 4,750	\$ 5,220	\$ 5,700
Lease Revenue	609,683	605,252	600,064	588,692	582,272
Tax Allocation	208,169	200,997	200,254	199,431	152,135
	<u>821,587</u>	<u>810,504</u>	<u>805,068</u>	<u>793,343</u>	<u>740,107</u>
Less amounts available in debt service fund	<u>67,363</u>	<u>69,043</u>	<u>63,560</u>	<u>57,995</u>	<u>39,075</u>
Total net obligation bonds outstanding	<u>\$ 754,224</u>	<u>\$ 741,461</u>	<u>\$ 741,508</u>	<u>\$ 735,348</u>	<u>\$ 701,032</u>
Percentage of Assessed Value of Property	2.19%	2.14%	2.12%	2.17%	2.15%
Per capita	\$ 2,212	\$ 2,205	\$ 2,233	\$ 2,224	\$ 2,126

Note: Details regarding the City's outstanding debt can be found in the notes to the basic financial statements
 Certain reclassifications have been made to prior year data to conform to current presentation.

Source: Finance Department, City of Anaheim

Direct and Overlapping Governmental Activities Debt

As of June 30, 2016 (In thousands)

2015-16 Assessed Valuation	<u>\$39,815,177</u>		
<u>DIRECT TAX AND ASSESSMENT DEBT:</u>			
City of Anaheim			Outstanding \$ 700
<u>DIRECT GENERAL FUND DEBT:</u>			
City of Anaheim General Fund Obligations			654,529
TOTAL GROSS DIRECT DEBT			655,229
Less: City of Anaheim Public Financing Authority (100% self-supporting)			631,621
City of Anaheim various revenue funds (100% self-supporting)			22,908
TOTAL NET DIRECT DEBT			700
	Total Debt		City's Share
	6/30/2016	% Applicable (1)	of Debt
			6/30/2016
<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>			
Metropolitan Water District	\$ 92,865	1.622	% \$ 1,506
North Orange Joint Community College District	171,564	27.618	47,382
Rancho Santiago Community College District	332,293	13.267	34,753
Anaheim Union High School District	144,804	67.752	98,108
Fullerton Joint Union High School District	88,878	0.243	216
Garden Grove Unified School District	240,640	0.595	1,432
Placentia - Yorba Linda Unified School District	246,799	19.199	47,383
Anaheim School District	144,389	99.213	143,253
Magnolia School District	22,673	67.295	15,258
Other School Districts	123,821	Various	21,768
City of Anaheim Community Facilities Districts	32,725	100.000	32,725
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT	<u>1,641,451</u>		<u>443,784</u>
<u>OVERLAPPING GENERAL FUND DEBT:</u>			
Orange County General Fund Obligations	124,614	7.979	9,943
Orange County Pension Obligation Bonds	353,418	7.979	28,199
Orange County Board of Education Certificates of Participation	14,840	7.979	1,184
Municipal Water District of Orange County Certificate of Participation	2,770	0.001	-
North Orange County Regional Occupation Program Certificates of Participation	10,190	28.403	2,894
Orange Unified School District Certificates of Participation	27,837	26.470	7,368
Orange Unified School District Benefit Obligations	82,965	26.470	21,961
Placentia-Yorba Linda Unified School District Certificates of Participation	99,075	19.199	19,021
Anaheim Union High School District Certificates of Participation	5,000	67.752	3,388
Fullerton Joint Union High School District Certificates of Participation	20,525	0.243	50
Fullerton School District Certificates of Participation	5,510	0.172	10
TOTAL GROSS OVERLAPPING GENERAL FUND OBLIGATION DEBT	<u>746,744</u>		<u>94,018</u>
<u>OVERLAPPING TAX INCREMENT DEBT (Successor Agency):</u>			
City of Anaheim Tax Allocation Bonds	199,765	100.000	199,765
TOTAL OVERLAPPING TAX INCREMENT DEBT			199,765
TOTAL GROSS OVERLAPPING DEBT			737,567
TOTAL NET OVERLAPPING DEBT			737,567
GROSS COMBINED TOTAL DEBT			<u>\$ 1,392,796⁽²⁾</u>
NET COMBINED TOTAL DEBT			<u>\$ 738,267</u>

(continued)

Direct and Overlapping Governmental Activities Debt
As of June 30, 2016 (In thousands) (continued)

(1) Percentage of overlapping agency's assessed valuation located within boundaries of the city.
 (2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue, and tax allocation bonds and non-bonded capital lease obligations.

Ratios to 2014-15 Assessed Valuation:

Direct Debt (\$700)	0.002%
Total Direct and Overlapping Tax and Assessment Debt	1.12%

Ratios to Adjusted Assessed Valuation:

Gross Combined Direct Debt (\$662,817)	1.65%
Net Combined Direct Debt (\$700)	0.002%
Gross Combined Total Debt	3.50%
Net Combined Total Debt	1.82%

Ratios to Redevelopment Increment Valuation (\$4,862,6601)

Total Overlapping Tax Increment Debt	3.81%
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Source: California Municipal Statistics, Inc.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

Legal Debt Margin
Last Ten Fiscal Years (In thousands)

	Fiscal Year				
	2016	2015	2014	2013	2012
Debt limit	\$ 1,250,203	\$ 1,200,891	\$ 1,145,558	\$ 1,110,336	\$ 1,080,332
Total net debt applicable to limit	(700)	(1,360)	(1,995)	(2,605)	(3,185)
Legal debt margin	<u>\$ 1,249,503</u>	<u>\$ 1,199,531</u>	<u>\$ 1,143,563</u>	<u>\$ 1,107,731</u>	<u>\$ 1,077,147</u>
Total net debt applicable to the limit as a percentage of debt limit	0.06%	0.11%	0.17%	0.23%	0.29%
<u>Legal Debt Margin</u>					
Assessed value	\$ 33,338,748	\$ 32,023,757	\$ 30,548,214	\$ 29,608,967	\$ 28,808,849
Debt limit (3.75% of total assessed value)	1,250,203	1,200,891	1,145,558	1,110,336	1,080,332

	Fiscal Year				
	2011	2010	2009	2008	2007
Debt limit	\$ 1,072,506	\$ 1,079,100	\$ 1,099,840	\$ 1,067,746	\$ 994,021
Total net debt applicable to limit	(3,735)	(4,255)	(4,750)	(5,220)	(5,700)
Legal debt margin	<u>\$ 1,068,771</u>	<u>\$ 1,074,845</u>	<u>\$ 1,095,090</u>	<u>\$ 1,062,526</u>	<u>\$ 988,321</u>
Total net debt applicable to the limit as a percentage of debt limit	0.35%	0.39%	0.43%	0.49%	0.57%
<u>Legal Debt Margin</u>					
Assessed value	\$ 28,600,152	\$ 28,775,989	\$ 29,329,062	\$ 28,473,221	\$ 26,507,227
Debt limit (3.75% of total assessed value)	1,072,506	1,079,100	1,099,840	1,067,746	994,021

Note:
¹ California Government Code sets the debt limit at 15%. The Code section was enacted when assessed valuation were based on 25% of full market value. This has since changed to 100% of full market value. Thus the limit shown is 3.75% (one-fourth the limit of 15%).

By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying general obligation bonds.

Note: Certain reclassifications have been made to prior fiscal years' data to conform to the current presentation.

Source: Finance Department, City of Anaheim

See accompanied Independent auditors' report

Pledged-Revenue Coverage
Last Ten Fiscal Years (In thousands)

Electric Utility Revenue Bonds							
Fiscal Year	Electric Revenue	Less Operating Expenses ¹	Net Available Revenue	Debt Service		Total	Coverage
				Principal	Interest		
2016	\$433,744	\$319,169	\$114,575	\$14,040	\$27,995	\$42,035	2.7257
2015	458,211	341,206	117,005	12,950	27,878	40,828	2.8658
2014	430,782	347,290	83,492	11,590	30,039	41,629	2.0056
2013	453,949	349,835	104,114	18,995	33,335	52,330	1.9896
2012	407,787	314,231	93,556	18,175	34,104	52,279	1.7896
2011	391,218	309,274	81,944	17,825	30,825	48,650	1.6844
2010	390,364	309,112	81,252	15,995	31,788	47,783	1.7004
2009	378,916	300,269	78,647	15,370	28,798	44,168	1.7806
2008	373,842	299,534	74,308	14,690	29,450	44,140	1.6835
2007	330,421	265,340	65,081	13,765	24,424	38,189	1.7042

¹ Operating expenses excludes amortization and depreciation.

Water Utility Revenue Bonds							
Fiscal Year	Water Revenue	Less Operating Expenses ²	Net Available Revenue	Debt Service		Total	Coverage
				Principal	Interest		
2016	\$61,721	\$46,383	\$15,338	\$5,885	\$1,775	\$7,660	2.0023
2015	65,518	52,883	12,635	960	4,178	5,138	2.4591
2014	66,979	50,046	16,933	920	4,217	5,137	3.2963
2013	61,849	44,838	17,011	950	4,255	5,205	3.2682
2012	59,330	44,615	14,715	915	4,292	5,207	2.8260
2011	56,935	45,293	11,642	880	3,275	4,155	2.8019
2010	57,787	45,231	12,556	1,490	2,544	4,034	3.1125
2009	53,039	40,123	12,916	1,435	1,967	3,402	3.7966
2008	51,052	41,190	9,862	1,375	325	1,700	5.8012
2007	51,595	43,203	8,392	1,325	379	1,704	4.9249

² Operating expenses include transfer and excludes amortization and depreciation.

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

Source: Finance Department, City of Anaheim

Pledged-Revenue Coverage
Last Ten Fiscal Years (In thousands)

(continued)

Sanitation Revenue Bonds							
Fiscal Year	Wastewater Revenue ³	Less Operating Expenses ⁴	Net Available Revenue	Debt Service			Coverage
				Principal	Interest	Total	
2016	\$13,291	\$5,733	\$7,558	\$1,005	\$1,994	\$2,999	2.5202
2015	13,373	6,103	7,270	955	2,042	2,997	2.4258
2014	12,572	5,594	6,978	920	2,079	2,999	2.3268
2013	12,106	5,477	6,629	880	2,118	2,998	2.2111
2012	11,933	4,832	7,101	835	2,161	2,996	2.3702
2011	11,813	4,030	7,783	805	2,193	2,998	2.5961
2010	11,773	5,452	6,321	775	2,224	2,999	2.1077
2009	10,913	5,176	5,737		2,224	2,224	2.5796
2008	10,299	5,167	5,132		1,532	1,532	3.3499
2007	10,113	6,734	3,379				

³ Amounts based on the notes to the basic financial statement, segment reporting

⁴ Operating expenses excludes amortization and depreciation.

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

Source: Finance Department, City of Anaheim

Demographic and Economic Statistics Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Population ⁽¹⁾</u>	<u>Personal Income (thousands of dollars)</u>	<u>Per Capita Personal Income</u>	<u>Median Age ⁽¹⁾</u>	<u>Education Level in Years of Schooling</u>	<u>School Enrollment</u>	<u>Orange County Unemployment Rate</u>
2016	358,136	\$ 8,990,732	\$ 25,104 ⁽²⁾	32.8	12.2	65,692	4.40%
2015	351,433	8,649,469	24,612	32.8	12.2	66,439	4.10%
2014	348,305	8,955,966	25,713	33.8	12.2	66,982	6.20%
2013	346,161	8,344,211	24,105	32.4	12.2	67,014	6.10%
2012	343,793	7,669,678	22,309	32.4	12.2	67,760	7.90%
2011	341,034	7,519,459	22,049	32.4	12.2	67,884	9.20%
2010	336,208	7,333,705	21,813	32.4	12.2	68,331	9.50%
2009	332,120	7,198,701	21,675	32.4	12.2	68,890	9.30%
2008	330,659	7,467,272	22,583	32.4	12.2	68,663	5.30%
2007	329,780	7,416,752	22,490	32.4	12.2	69,296	3.90%

(1) Population and Median Age were updated to reflect Census 2010 counts.

(2) Per capita income for FY 2016 is estimated. Data not readily available.

Sources: California State Department of Finance
 Anaheim City Superintendent of Schools
 State of California, Employment Development Department
 State Department of Commerce and Labor
 State Department of Education
 US Census Yearly American Community Survey

Principal Employers Current Year and Nine Years Ago

<u>Employer</u>	Fiscal Year					
	2016			2007		
	Rank	Employees	Percentage of Total City Employment	Rank	Employees	Percentage of Total City Employment
Disneyland Resort	1	30,550	18.7%	1	21,710	12.9%
Kaiser Foundation Hospital	2	6,040	3.7%	2	3,660	2.2%
Anaheim Regional Medical Center	3	1,300	0.8%	3	1,185	0.7%
Angels Baseball	4	1,139	0.7%			
L-3 Communications	5	1,070	0.7%			
Hilton Anaheim	6	975	0.6%	7	920	0.5%
Anaheim Global Medical Center	7	900	0.5%			
Time Warner Cable Business Class	8	900	0.5%			
St. Joseph Health	9	800	0.5%			
Carrington Mortgage Services LLC (CMS)	10	800	0.5%			
West Anaheim Medical Center				9	774	0.5%
Honda Center				5	1,000	0.6%
Alstyle Apparel				4	1,000	0.6%
Northgate Gonzalez Supermarkets				6	1,000	0.6%
Long Beach Mortgage				8	800	0.5%
Anaheim Marriott				10	730	0.4%
Total		<u>44,474</u>	<u>27.2%</u>		<u>32,779</u>	<u>19.5%</u>

Source: Inside Prospects Database

Full-time Equivalent City Government Employees by Function/Program Last Ten Fiscal Years

Function/Program	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
City Council	6	7	7	7	7	7	7	7	7	7
City Administration	19	20	20	20	21	21	24	24	24	22
City Attorney	33	33	31	30	30	30	35	35	35	35
City Clerk	8	7	7	7	6	6	7	7	7	7
Human Resources	39	37	37	38	36	36	40	40	40	40
Finance	54 ¹	44	44	44	46	47	52	53	54	54
Police	569	561	549	536	530	554	610	610	604	591
Fire & Rescue	274	267	262	262	275	277	289	289	290	290
Community & Economic Development	73	71	68	78	102	105	106	109	108	114
Planning & Building	76	75	71	69	73	75	93	94	97	96
Public Works	235	237	236	234	235	252	252	252	252	249
Community Services	92	91	87	87	115	123	180	183	184	183
Public Utilities	352	354	353	352	355	377	377	377	367	354
Convention, Sports and Entertainment	85	85	84	83	91	91	91	91	88	88
Total	<u>1,915</u>	<u>1,889</u>	<u>1,856</u>	<u>1,847</u>	<u>1,922</u>	<u>2,001</u>	<u>2,163</u>	<u>2,171</u>	<u>2,157</u>	<u>2,130</u>

¹ Increase is due to reorganization of the Citywide Geographic Information System (GIS) and Police Information Technology into Finance.

Source: City of Anaheim

Operating Indicators by Function

Last Ten Fiscal Years

Function/Program	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Police Department										
Number of calls for service	208,710	195,305	186,042	186,461	189,751	195,587	185,934	191,037	196,241	203,832
Number of 911 calls received	155,371	158,447	145,813	182,856	179,313	165,698	140,529	129,998	125,174	134,938
Number of Part I Crimes per 100,000 population	3,279	2,950	2,883	3,326	3,057	2,886	2,857	2,764	2,899	3,042
Number of Arrest	11,604	11,405	11,846	11,617	11,494	13,345	17,650	15,951	16,212	14,135
Number of Field Reports processed by Records Bureau	41,655	39,191	38,362	39,066	33,050	35,807	35,256	37,999	40,232	43,000
Number of traffic collisions	5,179	4,833	4,686	4,414	4,044	4,046	4,027	4,251	4,626	4,461
Number of Hours of Volunteer service	21,647	22,885	24,124	23,470	25,309	20,335	18,038	16,201	16,820	15,654
Fire Department										
Fire responses	1,082	952	885	902	923	983	1,275	1,016	1,082	649
False alarm responses	1,848	3,910	1,735	1,424	1,390	1,487	1,467	1,503	1,398	719
Mutual aid responses	5,506	4,322	3,001	2,860	2,744	2,707	2,560	2,532	2,662	2,296
Medical responses	28,858	27,158	24,912	24,735	23,061	22,202	24,045	21,553	21,301	16,326
Hazardous condition responses	211	213	211	207	201	199	207	224	203	263
Public Works										
Centerline miles of arterial highway pavement improved	4.7	3.55	7.13	5.9	8.7	5.8	9.0	8.1	9.1	8.7
Square feet of deteriorated pavement replaced	2,487,188	2,101,231	4,345,480	4,029,806	2,977,482	4,274,463	820,000	780,500	890,500	890,500
Square feet of deteriorated pavement slurry sealed	1,941,187	7,253,633	4,422,148	2,850,939	4,208,194	4,167,569	1,975,000	2,532,000	3,483,000	3,483,000
Number of traffic intersections maintained	333	321	327	318	318	319	318	318	316	316
Number of traffic control hubs maintained	18	18	19	18	18	18	18	17	16	16
Square feet of deteriorated sidewalk replaced	232,922	153,531	96,399	77,590	74,780	62,940	60,000	50,500	50,200	50,200
Linear feet of damaged curb/gutter replaced	33,373	30,152	29,996	25,187	27,661	24,755	11,500	12,500	11,500	11,500
Square feet of medians/parkways maintained	6,063,299	5,721,764	5,644,799	5,644,818	5,511,065	5,460,655	5,400,000	5,350,000	5,350,000	5,350,000
Square feet of landscape maintained in the Anaheim Resort	1,554,886	1,542,442	1,542,442	1,430,486	1,430,486	1,430,486	1,430,486	1,419,286	1,419,286	1,419,286
Square feet of landscape maintained in the Anaheim Resort	991,360	991,370	991,360	858,828	858,828	1,001,743	858,828	858,828	858,828	858,828
Number of vehicles maintained	1,025	1,097	1,144	1,106	1,152	1,162	1,331	1,331	1,351	1,283
Number of vehicles per mechanic	49	57	58	58	50	47	50	55	59	48
Square feet of interior space maintained	2,379,100	2,379,100	2,700,000	2,362,992	2,176,265	2,176,265	2,176,265	2,176,265	2,176,265	1,941,287
Square feet of exterior space maintained	37,662,184	37,662,184	37,655,278	37,645,278	39,138,187	39,138,187	39,138,187	39,138,187	39,138,187	35,298,000
Number of facility square feet (interior) per worker	1,459,000	1,459,000	150,000	139,000	120,904	114,540	103,631	103,631	103,631	77,651
Number of construction projects	120	100	165	120	100	136	130	130	132	167
Number of permit inspections	510	429	486	380	404	355	800	800	802	1,623
Parks										
Number of park acres maintained per full-time equivalent employee	77	76	75	75	75	75	12.00	12.00	10.52	10.52
Number of sports fields prepared	66	66	66	66	66	66	66	66	66	66
Cost per acre of parks maintained	\$8,952	\$8,691	\$8,438	\$8,192	\$8,031	\$8,333	\$9,651	\$9,950	\$10,699	\$10,288
Cost per sports field maintained	\$4,655	\$4,519	\$4,387	\$4,260	\$4,133	\$4,261	\$5,134	\$5,134	\$4,937	\$4,747
Golf Courses										
Cost per acre of golf course maintained	\$10,076	\$9,455	\$9,931	\$9,595	\$9,010	\$9,569	\$11,327	\$10,674	\$10,617	\$10,305
Number of rounds played	102,234	110,855	117,652	118,879	120,675	116,287	124,404	137,948	153,661	157,649
Number of acres maintained	200	200	200	200	200	200	200	200	200	200

(continued)

Operating Indicators by Function Last Ten Fiscal Years

(continued)

Function/Program	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
City Libraries										
Hours open	15,461	16,929	16,820	16,243	15,530	15,364	18,944	19,290	20,292	
Total circulation of materials, including eBooks	1,169,829	1,257,127	1,397,239	1,520,841	1,635,627	1,700,104	1,655,922	1,721,779	1,658,731	1,630,580
Patron assistance (reference, information, computer)	185,436	207,305	240,287	291,960	347,085	397,287	530,364	537,807	461,819	350,325
Patron visits	1,098,146	1,221,982	1,264,972	1,317,689	1,321,309	1,403,995	1,572,138	1,752,838	1,615,640	1,545,205
Library cardholders	217,661	201,194	186,891	158,396	157,278	156,444	149,501	138,826	147,638	161,278
Programs offered	3,900	3,800	3,397	3,097	3,235	3,927	3,991	4,777	4,410	3,923
Program attendance	125,609	117,226	111,380	102,728	101,696	124,401	146,357	158,669	152,532	129,661
Hours of public internet usage	150,712	184,851	209,953	237,340	220,930	209,673	246,676	277,097	242,734	192,817
Community Services Programs										
Number of youth program participants	183,967	177,746	126,429	136,345	129,215	110,013	134,611	146,381	455,725	362,839
Number of youth program participants in recreation classes	13,026	10,136	13,897	10,906	9,213	10,231	10,125	16,332	16,006	13,675
Number of adult program sports teams	725	750	791	841	845	908	885	875	840	756
Number of park ranger contacts	278,599	327,893	263,765	233,308	275,014	232,132	187,000	208,176	161,038	140,000
Public Utilities Department										
Electric Utility:										
Number of meters	117,593	115,682	115,474	115,418	115,113	114,662	113,434	112,548	111,784	111,319
Megawatt-hours - sales	3,229,569	3,725,386	4,065,552	3,312,018	2,966,119	2,976,014	3,344,188	3,208,123	2,979,396	3,233,508
Megawatt-hours - purchased power	3,050,657	3,417,459	3,751,220	3,029,766	2,707,466	2,737,174	3,085,358	2,836,962	2,978,800	2,780,318
Megawatt-hours - owned generation	318,921	371,657	467,348	410,601	430,323	431,027	410,784	435,835	301,021	696,563
Water Utility:										
Number of meters	63,775	63,145	63,002	62,917	62,793	62,717	62,607	62,456	62,436	62,372
Millions of gallons sold	16,607	19,804	20,743	20,464	19,672	19,526	20,492	22,238	23,154	24,075
Millions of gallons purchased from Metropolitan Water	4,373	4,717	5,286	6,878	7,023	7,398	8,054	6,614	4,978	8,049
Millions of gallons pumped from water system wells	13,213	15,180	16,749	14,659	14,100	13,399	14,669	17,034	18,961	16,844
Anaheim Convention Center										
Number of events serviced	181	197	221	263	222	200	232	310	339	347
Number of attendees	954,000	986,000	1,020,000	1,070,000	1,059,000	935,000	944,000	917,000	1,008,000	1,098,000
Percentage of occupancy	59.0%	63.0%	63.0%	58.0%	62.0%	56.0%	68.0%	56.0%	61.0%	70.0%

Sources: Various City departments

Capital Assets Statistics by Function Last Ten Fiscal Years

Function/Program	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Police Department										
Police Facilities	10	10	10	10	10	10	10	10	9	8
Motorized Equipment	260	250	247	247	242	242	250	266	255	251
Police Helicopters	2	2	2	3	3	3	4	4	3	3
Shooting Range	1	1	1	1	1	1	1	1	1	1
Communication/Radio Tower	1	1	1	1	1	1	1	1	1	1
Fixed Wing	1	1	1	1	1					
Fire Department										
Fire stations	11	11	11	11	11	11	11	11	11	11
Training center	1	1	1	1	1	1	1	1	1	1
Fire trucks, engines, and other vehicles	75	74	74	79	74	69	74	74	79	79
Public Works										
Streets (center lane miles)	584	584	578	578	578	578	588	633	633	633
Traffic signals	321	321	321	318	318	318	306	318	314	312
Sewers (miles)	578.13	577.60	575.52	575.52	573.63	570.44	569.60	568.30	565.70	561.50
Storm Drains (miles)	151.30	151.30	151.30	151.30	151.24	151.24	151.24	148.00	148.00	148.00
Parks										
Community parks	11	11	11	11	11	11	11	11	11	11
Mini parks	10	9	7	7	7	7	7	7	6	6
Neighborhood parks	21	21	21	21	21	21	21	21	20	20
Special use parks	7	7	7	7	7	7	6	6	6	6
Golf Courses										
	2	2	2	2	2	2	2	2	2	2
City Libraries										
Branch libraries	8	8	7	7	7	7	7	7	7	6
Book mobiles	1	1	1	1	1	1	2	2	2	2
Museums/Historic properties	5	5	5	5	5	5	5	3	3	3

See accompanied Independent auditors' report

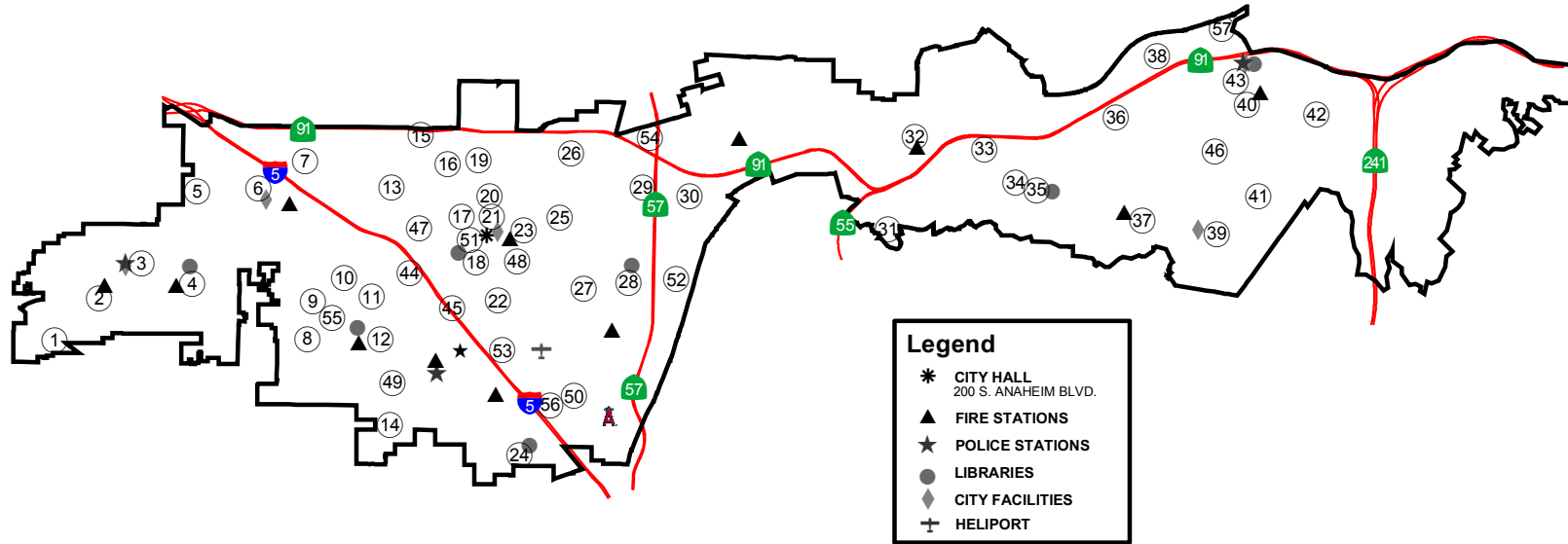
Capital Assets Statistics by Function Last Ten Fiscal Years

(continued)

Function/Program	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Public Utilities Department										
Electric Utility:										
Transmission, 69 kV, circuit miles	88	87	86	87	86	90	80	80	80	77
Distribution, 12 kV and lower, circuit miles										
Overhead	408	414	420	426	428	440	446	446	453	458
Underground	693	680	666	662	656	658	617	625	615	582
Water Utility:										
Active Wells	17	18	17	18	18	18	18	18	21	19
Reservoirs	14	14	14	14	14	14	13	13	13	13
Water Mains (miles)	753	753	753	753	753	752	753	750	750	747
Fire Hydrants	7,832	7,840	7,832	7,816	7,812	7,802	7,805	7,751	7,749	7,730
Anaheim Convention Center										
Square footage available	1,130,000	1,130,000	1,130,000	1,130,000	1,130,000	1,130,000	1,130,000	1,130,000	1,130,000	1,130,000
Number of exhibit halls	5	5	5	5	5	5	5	5	5	5

Source: Various City Departments

CITY OF ANAHEIM



PARKS

- | | | | | |
|--|--|---|---|--|
| 1. HANSEN PARK
1300 S. Knott St. | 13. SAGE PARK
1313 Lido Pl. | 25. LINCOLN PARK
1440 E. Lincoln Ave. | 37. OAK PARK
6400 E. Nohl Ranch Rd. | 49. ENERGY FIELD
1625 S. Ninth St. |
| 2. REID PARK
3100 W. Orange Ave. | 14. STODDARD PARK
901 S. Ninth St. | 26. EDISON PARK
1145 Baxter St. | 38. YORBA REGIONAL PARK
7600 E. La Palma Ave. | 50. MAGNOLIA PARK
1515 Wright Cir. |
| 3. SCHWEITZER PARK
238 S. Bel Air St. | 15. MANZANITA PARK
1260 Riviera St. | 27. BOYSEN PARK
951 State College Blvd. | 39. OAK CANYON NATURE CENTER
6700 Walnut Canyon Rd. | 51. FRIENDSHIP PLAZA PARK
200 S. Anaheim Blvd. |
| 4. MAXWELL PARK
2660 W. Orange Ave. | 16. LA PALMA PARK & STADIUM
1151 La Palma Park Way | 28. JUAREZ PARK
841 S. Sunkist St. | 40. SYCAMORE PARK
8268 Monte Vista Rd. | 52. ANAHEIM COVES
962 S. Rio Vista St. |
| 5. PETER MARSHALL PARK
801 N. Magnolia Ave. | 17. PEARSON PARK
400 N. Harbor Blvd. | 29. PIONEER PARK
2565 E. Underhill Ave. | 41. CANYON RIM PARK
7305 E. Canyon Rim Rd. | 53. PAUL REVERE PARK
160 Guinida Ln. |
| 6. BROOKHURST COMMUNITY PARK
2271 W. Crescent Ave. | 18. LITTLE PEOPLES PARK
220 W. Elm St. | 30. RIO VISTA PARK
201 N. Park Vista St. | 42. RONALD REAGAN PARK
945 S. Weir Canyon Rd. | 54. MIRALOMA PARK
2600 E. Miraloma Way |
| 7. JOHN MARSHALL PARK
2066 Falmouth Ave. | 19. JULIANNA PARK
309 E. Juliana St. | 31. OLIVE HILLS PARK
4200 Nohl Ranch Rd. | 43. ROOSEVELT PARK
8160 E. Bauer Rd. | 55. CIRCLE PARK
924 S. Park Cir. |
| 8. MODJESKA PARK
1331 S. Nutwood St. | 20. GEORGE WASHINGTON PARK
250 E. Cypress St. | 32. RIVERDALE PARK
4545 E. Riverdale Ave. | 44. ROSS PARK
1280 W. Santa Ana St. | 56. CORAL TREE PARK
1711 S. Betmor Ln. |
| 9. CLARA BARTON PARK
1926 Clearbrook Ln. | 21. COLONY SQUARE
210 E. Lincoln Ave. | 33. PERALTA CANYON PARK
115 N. Pinney Dr. | 45. COTTONWOOD PARK
853 W. Cottonwood Cir. | 57. WETLANDS
8300 E. La Palma Ave. |
| 10. CHAPARRAL PARK
1770 E. Broadway | 22. WALNUT GROVE PARK
905 S. Anaheim Blvd. | 34. PELANCONI PARK
222 S. Avenida Margarita | 46. DEER CANYON PARK
Mohler & Santa Ana Rd. | |
| 11. WILLOW PARK
1625 W. Crone Ave. | 23. CITRUS PARK
104 S. Atchison St. | 35. IMPERIAL PARK
450 S. Imperial Hwy. | 47. FOUNDERS PARK
400 N. West St. | |
| 12. PALM LANE PARK
1595 Palais Rd. | 24. PONDEROSA PARK
2100 S. Haster St. | 36. EUCALYPTUS PARK
100 N. Quintana Dr. | 48. COLONY PARK
501 E. Water St. | |



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