

CITY OF IRVINE, CALIFORNIA  
**COMPREHENSIVE  
ANNUAL FINANCIAL  
REPORT**  
FOR FISCAL YEAR ENDED JUNE 30, 2016





## City of Irvine

Incorporation: December 28, 1971  
 Population: 258,386 (January 1, 2016)  
 Size: 66 square miles  
 Sphere of Influence: 74 square miles (approx.)



**City of Irvine, California**  
**Comprehensive Annual Financial Report**  
For the Fiscal Year Ended June 30, 2016



**Prepared by Fiscal Services**



# City of Irvine

## Comprehensive Annual Financial Report

### For the Fiscal Year Ended June 30, 2016

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City of Irvine, One Civic Center Plaza, P.O. Box 19575, Irvine, California 92623-9575

November 7, 2016

To the Honorable Mayor, Councilmembers and Residents of the City of Irvine:

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) of the City of Irvine (City) for the fiscal year ended June 30, 2016. This report is published in accordance with local ordinance and state law requirements that financial statements be presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by an independent public accounting firm of licensed certified public accountants.

This report contains management's representations concerning the City's finances. Management assumes full responsibility for the completeness and reliability of all of the information presented and that it is reported in a manner that fairly presents the financial position and operations of the various funds and component units of the City. To provide a reasonable basis for making these representations, and assurance that the financial statements will be free from material misstatement, City management has established a comprehensive internal control framework designed both to protect its assets and to compile sufficient reliable information to prepare the City's financial statements in conformity with GAAP.

White Nelson Diehl Evans, LLP, a firm of licensed certified public accountants, has audited the City's financial statements. The goal of the independent audit was to provide reasonable assurance the City's financial statements for the fiscal year ended June 30, 2016 are free of material misstatement. The independent auditor concluded it was reasonable to render an unqualified opinion and that the City's financial statements for the fiscal year ended June 30, 2016, are fairly presented in conformity with GAAP. Their report is presented as the first component of the financial section of this report.

In addition, White Nelson Diehl Evans, LLP audited the City's major program expenditures of federal funds for compliance with Title 2 of the United States Code of Federal Regulations Part 200 (Uniform Guidance), and the standards applicable to financial audits contained in Government Auditing Standards. The report of the Single Audit is published separately from this CAFR and may be obtained upon request from the City's Administrative Services Department.

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

## **CITY OF IRVINE PROFILE**

The City, incorporated in 1971, is located in Orange County, California, approximately 40 miles southeast of Los Angeles and six miles from the ocean. As one of the nation's largest master-planned communities, the City will increase from its current size of 66 square miles to 74 square miles at build-out, and is the largest city in Orange County (in square miles). The City includes residential communities, commercial retail centers, several industrial and office complexes, a 1,500-acre University of California campus, as well as civic, cultural, and recreational facilities. The City's residential population has grown from 10,081 in 1971 to 258,386 in 2016.

The City operates under the Council-Manager form of government. Policymaking and legislative authority are vested in the City Council, which consists of a Mayor and a four-member Council. The City Council is responsible, among other things, for passing the City's ordinances and operating resolutions, adoption of the annual budget, appointing commissions and committees, and hiring the City Manager, City Clerk, City Treasurer, and City Attorney. In November 2014 Measure W was approved amending the Irvine City Charter and setting lifetime term limits for City Council of two four-year terms and the office of mayor for two two-year terms. The City Manager is responsible for implementing the policies, ordinances, and directives of the City Council, overseeing the day-to-day operations of the City, and appointing the Assistant City Manager and the department directors. The City Council is elected on a nonpartisan basis. Councilmembers are elected to four-year staggered terms and the Mayor is elected to a two-year term.

The City provides a wide range of municipal services with core services consisting of public safety, infrastructure maintenance, financial support of our K-12 public schools, and preservation of the City's aesthetics and beauty. The City is proud of the life-affirming programs and services it provides to the City's youngest, oldest and most vulnerable populations. The City contracts with the Orange County Fire Authority for fire protection and emergency medical aid services. The Orange County Transportation Authority provides transit services in the City alongside the City's TRIPS transportation program. Other independent special districts provide educational, library, water and sewer services to Irvine residents.

The City is financially accountable for a number of legally separate entities that are included as part of the City's financial statements. These component units include a nonprofit public benefit entity, the Orange County Great Park Corporation; a nonprofit corporation, the Irvine Community Land Trust; and the Irvine Public Facilities and Infrastructure Authority, a corporate public body created by the City for the construction, acquisition, maintenance, and improvements of public facilities and infrastructure within the City.

The annual budget serves as the foundation for the City's financial planning and budgetary control. The City Council is required to adopt a budget by the start of the fiscal year. The budget is prepared by fund, program (e.g. senior services) and department (e.g. Community Services). After adoption, the City Manager may amend the adopted general fund budget provided that the change does not decrease overall fund balance. Departmental requests for budget amendments for all funds except the Great Park fund over \$50,000, or amendments that decrease fund balance, or expand or add to City programs or services require review of the Finance Commission and approval by the City Council. The City's budgetary procedures are further discussed in section II.A. of the notes to the basic financial statements.

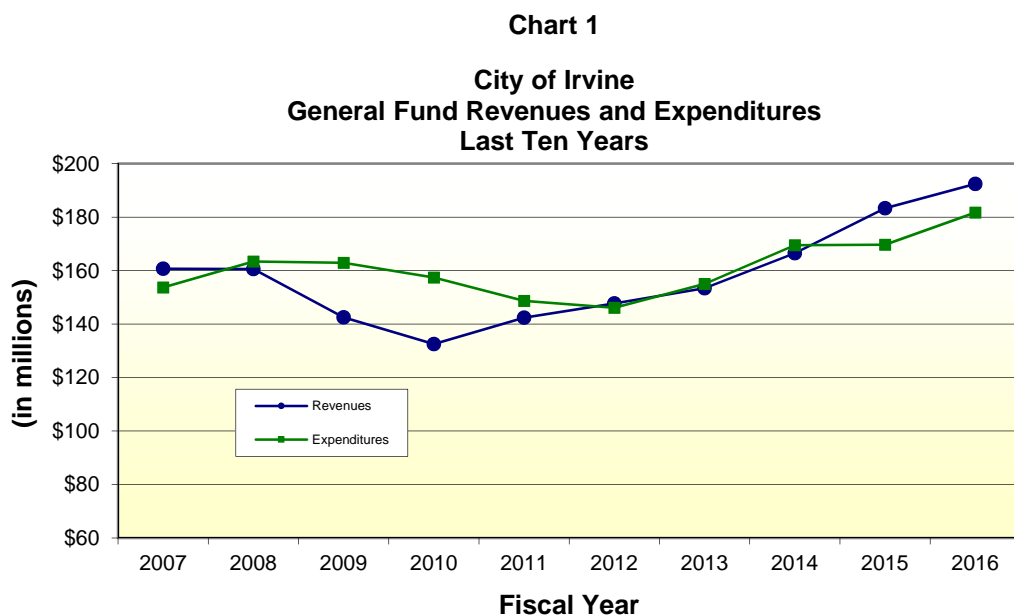
## ECONOMIC CONDITION

Irvine is renowned as one of the largest, culturally diverse and successful master-planned communities in the nation. The City was recognized for its outstanding quality of life by the U.S. Conference of Mayors with a 2015 outstanding achievement award as one of the “Most Livable” cities in America. Money Magazine named Irvine the 3<sup>rd</sup> best City in America for working parents, NerdWallet.com ranked Irvine 2<sup>nd</sup> in California for quality of life, and the Trust for Public Land identified Irvine as having the 8<sup>th</sup> best park system in the United States. Based on the Federal Bureau of Investigations data for eleven consecutive years the City has had the lowest per capita violent crime rate in the nation with populations of more than 100,000 residents.

The economy continues to grow and Orange County has outperformed much of California. The California Economic Development Department reports the County gained 40,900 jobs during the fiscal year with the largest gains from healthcare, construction, hospitality, professional and business services. Unemployment rates for the County remained steady at 4.4 percent with rates even lower for Irvine at 3.3 percent. In June of 2016 Orange County had 1.59 million non-farm jobs, a new record high. Residential building permits in the County are forecasted to have a gain of 19.0 percent in 2016, while commercial real estate vacancy rates continue to decline from 13.6 percent a year ago to 11.5 percent the last quarter of 2015.

Much of the credit for the City's success is attributable to the diverse local economy, talented workforce, mild climate and outstanding quality of life that make Irvine an ideal location for business. The City continues to attract well-known technology and bioscience companies that choose Irvine as their corporate headquarters. Over 10,000 acres in the City are available for business uses and it is home to more than 25,000 businesses. Major commercial/industrial centers include: Irvine Business Complex, University Research Park, and Irvine Spectrum.

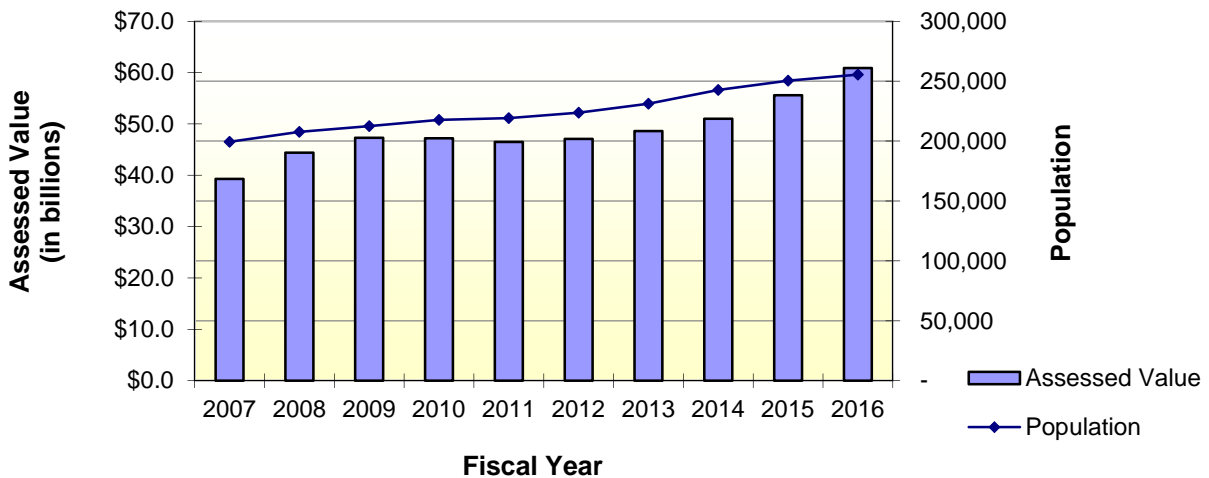
Overall, the City's general fund revenue for fiscal year 2016-17 increased 5 percent from the prior fiscal year. Expenditures increased by 7 percent. Chart 1 displays revenue and expenditure trends for the last 10 years.



The City has prospered the last few years, realizing gains in all areas that impact economic growth with sales and property taxes particularly strong. Sales tax is the City's largest general fund revenue source with revenues of \$65.6 million, an increase of 12 percent over the prior fiscal year, followed by property tax revenues of \$55.2 million. The healthy local economy also had a positive impact on tourism and business travel, driving hotel taxes up 14 percent over the prior year. General fund revenues are forecasted to increase at a moderate pace, aided by increases in population, real estate and other economic activity.

Since 2004, when the State swapped cities' motor vehicle license fee (VLF) allocations for additional property tax revenue, property taxes have become a more significant revenue source. Property tax growth reflects both new development and increasing property values in Irvine. In fiscal year 2014-15, the City's assessed property value grew 9.6 percent to \$60.9 billion. In June, the Orange County Assessor reported Irvine's assessed property valuation will increase another 8.1 percent for fiscal year 2016-17, leading the county with an assessed value of \$65.6 billion. Chart 2 compares the total assessed valuation of property located in Irvine against the annual population for the past 10 fiscal years. The City's population has climbed steadily over the last 10 years, surpassing 250,000 in 2015.

**Chart 2**  
**City of Irvine**  
**Assessed Valuation and Population Trends**  
**Last Ten Fiscal Years**



**Major initiatives.** The City effectively utilizes its resources to provide quality services to the community, grow its contingency reserve, and provide financial support to Irvine public schools through the “Support Our Schools Initiative”. The following strategic goals set priorities for City operations.

- Maintain essential services, including public safety, school support, community aesthetics, infrastructure, and human service programs;

- Fund infrastructure rehabilitation;
- Hire additional police officers to maintain the City's high quality police services as the City grows;
- Finalize the Park Facilities Master Plan Update and develop parks, including Quail Hill Community Park;
- Recruit and retain high quality employees;
- Replace the existing countywide 800 MHz radio system in cooperation with the County of Orange;
- Develop new operational facilities to accommodate population, program and infrastructure growth;
- Enhance citywide mobility by responding to infrastructure maintenance needs including landscape, roadways, traffic signals, bike trails, parking lots and bridges and operating the City's circulation and traffic signal system to maximize capacity and minimize delays, property loss and personal injury;
- Reduce the City's unfunded pension liability.

**Long-term financial planning.** The strategic business plan (SBP) is updated and adopted by the City Council annually as a component of the budget. It evaluates the City's financial capability to achieve its goals, helps set priorities for City operations and the annual budget, and guides the City's capital improvement and rehabilitation program. The SBP establishes the foundation and framework for guiding policy and financial management decisions. This long-term perspective integrates strategic planning and budgeting in order to forecast and identify challenges and opportunities before they arise.

The SBP projects five years into the future to provide a long-term operating budget projection for the City's general fund revenues and expenditures. The purpose of the operating forecast is to prepare for the upcoming budget year and also to identify long-term financial trends and possible imbalances so the budget can be proactively addressed. The SBP also presents the five-year Capital Improvement Project program, the City's investment plan for infrastructure, which guides staff in pursuing funding for future projects.

In June 2013, the Irvine City Council adopted a 10-year plan to reduce its unfunded pension liability. The goal to attain a level of 98 percent pension funding within 10-years utilizes funds from the City's Asset Management Plan (AMP) to make accelerated payments. This plan leverages the City's AMP funding, earning less than 1 percent per year, to reduce its unfunded pension liability.

**Financial policies.** At the close of fiscal year 2014-2015, the City Council revised the Contingency Reserve policy upwards from a target level of 20 percent of general fund adopted

budget operating appropriations to 25 percent over the course of the next three fiscal years. The minimum reserve of 3 percent remained unchanged. The contingency reserve may be used at the discretion of the City Council to provide resources during temporary decreases in revenues, in the event of an economic downturn while expenditure reductions are implemented, or to provide resources to meet emergency expenditures in the case of flood, fire, earthquake, landslides, or other natural disasters. At June 30, 2016, the fund balance is \$35.0 million meeting the original 20 percent goal. Of that amount, \$4.9 million has been set aside as the 3 percent minimum reserve.

## **AWARDS AND ACKNOWLEDGEMENTS**

The Government Finance Officers Association (GFOA) of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report for the fiscal year ended June 30, 2015. This was the 37th consecutive year the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the government published a CAFR that goes beyond the minimum requirement of GAAP and demonstrates the spirit of transparency and full disclosure that ensures users of the financial statements have the information they need to assess the City's financial health. A Certificate of Achievement is valid for 1 year only and management believes that the current CAFR continues to meet the program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

The City's Budget Office also received the GFOA Distinguished Budget Presentation Award for its fiscal year 2014-15 budget document. The Distinguished Budget Presentation Award judges a government's budget document for compliance with the guidelines established by the National Advisory Council on State and Local Budgeting and best practices of the GFOA.

The CAFR reflects the hard work, talent and commitment of the Fiscal Services Division staff. This document could not have been accomplished without their efforts and we express our appreciation to all members of the division who assisted and contributed to the preparation of the CAFR. Appreciation is also expressed to the Finance Commission, Investment Advisory Committee, Budget Office and City departments for their support of the financial operations of the City during this fiscal year and to the Mayor and Councilmembers for their steadfastness in maintaining the highest standards of professionalism in the management of the City's finances.

Respectfully submitted,



Kristin Griffith  
Acting Director of Administrative Services







Government Finance Officers Association

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

Presented to

**City of Irvine  
California**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2015**

Executive Director/CEO

# IRVINE CITY OFFICIALS

June 30, 2016



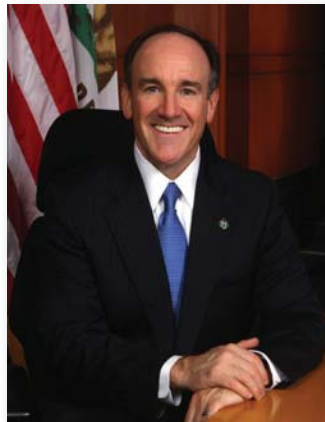
STEVEN S. CHOI, PH.D.  
Mayor



LYNN SCHOTT  
Mayor Pro Tem



BETH KROM  
Councilmember



JEFFREY LALLOWAY  
Councilmember



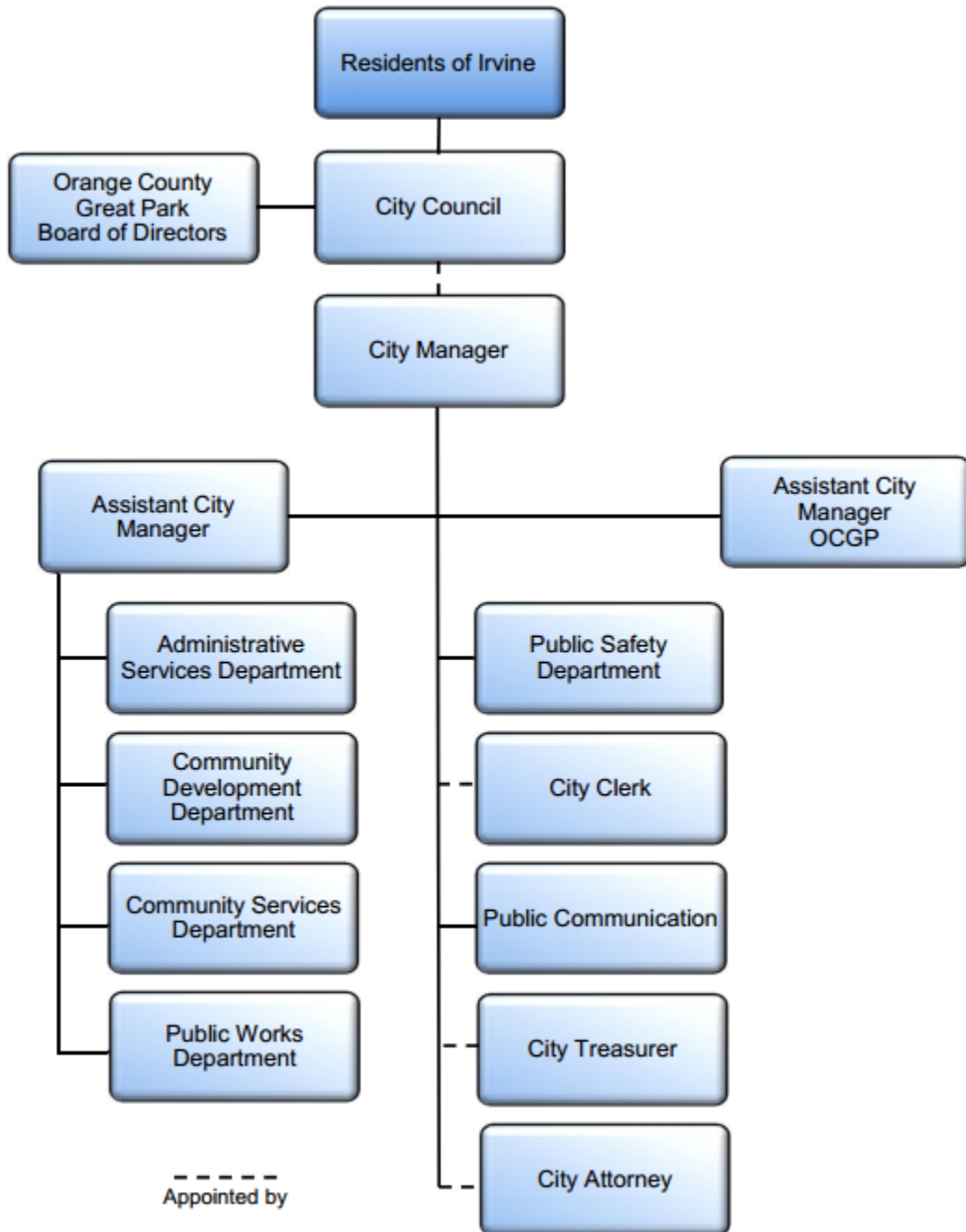
CHRISTINA SHEA  
Councilwoman

City Manager • Sean Joyce

Assistant City Manager.....	Sharon Landers
Assistant City Manager, Orange County Great Park .....	Eric Tolles
City Attorney.....	Jeff Melching
City Clerk .....	Molly McLaughlin
Director of Administrative Services.....	Grace Leung
Director of Community Development .....	Susan Emery
Director of Community Services .....	Laurie Hoffman
Director of Public Affairs & Communications.....	Craig Reem
Director of Public Safety.....	Mike Hamel
Director of Public Works.....	Manuel Gomez

# City of Irvine Organizational Chart

June 30, 2016





## INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and  
Members of the City Council  
of the City of Irvine  
Irvine, California

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Irvine (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 accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Irvine Community Land Trust, which represent 3.9%, 4.2%, and 0.01%, respectively, of the assets, fund balance, and revenues of the City of Irvine's governmental funds. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Irvine Community Land Trust, is based solely on the report of the other auditors. 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.

## **Auditors' Responsibility (Continued)**

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 auditors consider internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Irvine 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 Fund and the Orange County Great Park special revenue fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter**

As discussed in Note III H to the financial statements, the beginning net position of the governmental activities and the beginning fund balance of the Capital Improvement Projects Fund and the Other Governmental Funds were restated. Our opinions are not modified with respect to these matters.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedules of changes in net pension liability and related ratios, the schedules of plan contributions, and the schedule of funding progress - other post-employment benefits plan, identified as Required Supplementary Information (RSI) in the accompanying table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the RSI in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the RSI because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

## **Other Matters (Continued)**

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, supplementary information and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The introductory section and statistical section 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 November 1, 2016, on our consideration of the City of Irvine'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 of Irvine's internal control over financial reporting and compliance.

*White Nelson Nick Evans LLP*

Irvine, California  
November 1, 2016

# City of Irvine

## Management's Discussion and Analysis

As management of the City of Irvine (City), California, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 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 with the City's financial statements, which follow this discussion.

### Overview of the Financial Statements

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

#### Government-wide financial statements

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

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

The *Statement of Activities* presents information illustrating how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The government-wide financial statements present information about the functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*). The governmental activities of the City include general government, public safety, public works, community services, and community development.

The government-wide financial statements include not only the City itself (known as the *primary government*), but also two legally separate entities: the Orange County Great Park Corporation and the Irvine Community Land Trust. The City is financially accountable for these entities and financial information for these *blended component units* is reported within the financial information presented for the primary government itself. Financial information for two other blended component units, the Irvine Public Facilities Corporation and the Irvine Public Facility

See Independent Auditors' Report



Infrastructure Authority, is also included with the activities of the primary government, although no governmental activity has occurred in these funds. The government-wide financial statements immediately follow this discussion and analysis.

### **Fund financial statements**

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

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

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

The City maintains various individual governmental funds. Information is presented separately in the Governmental Funds Balance Sheet, and in the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances, for the General Fund, Orange County Great Park Fund, Orange County Great Park Development Fund, Assessment Districts Fund, Capital Improvement Projects Fund, and the Community Facilities Districts Fund; all of which are considered to be major funds. Data from other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these other governmental funds is provided in the form of *combining statements* elsewhere in this report.

The basic financial statements also include budgetary comparison statements for the General Fund and Orange County Great Park Fund to demonstrate compliance with the annual budget as adopted and amended.

The basic governmental fund financial statements immediately follow the government-wide financial statements.

**Proprietary funds.** The City maintains various *internal service funds*. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its self-insurance activities, vehicle fleet operations, miscellaneous equipment maintenance, duplication and telecommunications services, and information technology systems. Because these services benefit governmental

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functions, they have been included within *governmental activities* in the government-wide financial statements.

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

The basic proprietary fund financial statements immediately follow the basic governmental fund financial statements.

***Fiduciary funds.*** Fiduciary funds account for resources held for the benefit of parties outside the government. Fiduciary funds are not included in the government-wide financial statement because the resources of those funds are *not* available to support the City's programs. The basic fiduciary fund financial statements immediately follow the basic proprietary fund financial statements.

### **Notes to the basic financial statements**

The notes to the basic financial statements 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 basic financial statements immediately follow the basic fiduciary fund financial statements.

### **Other information**

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City's annual required contribution to the Defined Benefit Pension Plans, and Other Post Employment Benefit Plan. Required supplementary information immediately follows the notes to the basic financial statements.

The combining statements referred to earlier in connection with other governmental funds and internal service funds for Other Special Revenue Funds, Other Capital Projects Funds, Permanent Fund, Internal Service Funds, and Fiduciary Funds. These combining and individual fund statements and schedules immediately follow the required supplementary information.

The *blended component units* referred to earlier in connection with the government-wide financial statements, although legally separate, function at the discretion and direction of the City's management. Their financial position and results of operations, therefore, have been included as an integral part of the primary government, and are presented in the fund financial statements.

## Financial Highlights

- The assets of the City exceeded its liabilities, at June 30, 2016, by \$2.50 billion (*net position*). Of this amount, \$434.40 million (*unrestricted net position*) may be used to meet the government's ongoing obligations to residents and creditors, but is subject to allocation for specific City programs and \$500.47 million is restricted or nonexpendable. Two of the most significant restrictions are \$164.51 million for new development infrastructure financed through the assessment districts and community facilities districts, and \$180.48 million for streets and roads.
- At the fiscal year ended June 30, 2016, the government's total net position increased by \$99.69 million. The increase in net position is attributable to revenues exceeding expenses by \$107.37 million, and an extraordinary loss and special item of \$7.78 million due to a settlement agreement with the State of California, the Successor Agency to the Dissolved Irvine Redevelopment Agency, and the City.
- As of June 30, 2016, the City's governmental funds reported combined ending fund balances of \$1.0 billion, an increase of \$41.25 million in comparison with the prior year. Approximately 50 percent of this total amount, \$504.35 million, is available for spending at the government's discretion (*committed, assigned, and unassigned fund balance*) within the guidelines of the funding sources.
- At June 30, 2016, committed, assigned, and unassigned fund balance for the general fund was \$119.97 million or 67 percent of total general fund expenditures. This represents an increase of \$6.37 million or 6 percent, from the prior year. The City Council has designated all of the committed and assigned fund balance for specified purposes, in accordance with City policies and budgetary guidelines. The unassigned fund balance which is unrestricted, is anticipated to be designated by City Council at a future City Council meeting.
- The City's total long-term liabilities increased by \$8.27 million, during the current fiscal year due to additional accrual of compensated absences and an increase of net pension liability.

## Government-wide Financial Analysis

The government-wide financial statements provide long-term and short-term information about the City's overall financial condition. This analysis addresses the financial statements of the City as a whole.

The largest portion of the City's net position, 63 percent, reflects its net investment in capital assets (e.g., land, buildings and systems, improvements other than buildings, machinery and equipment, infrastructure, and construction in progress); less any related outstanding debt used to acquire those assets. The City uses these capital assets to provide services to residents; consequently, these assets are *not* available for future spending. Although the City's investment in its 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.

**City of Irvine**  
**Summary of Net Position**  
**June 30, 2016 and 2015**  
(amounts expressed in thousands)

	<b>Governmental Activities</b>	
	<b>2016</b>	<b>As restated 2015</b>
<b>Assets</b>		
Current and other assets	\$ 1,110,206	\$ 1,057,599
Capital assets	1,566,452	1,517,613
Total Assets	2,676,658	2,575,212
<b>Deferred Outflow of Resources</b>		
Pension related items	28,897	24,308
<b>Liabilities</b>		
Other liabilities	60,063	45,493
Long-term liabilities	131,999	124,067
Total Liabilities	192,062	169,560
<b>Deferred Inflows of Resources</b>		
Pension related items	12,172	28,327
<b>Net Positions</b>		
Net investment in capital assets	1,566,452	1,506,908
Restricted	500,474	478,204
Unrestricted	434,395	416,521
Total Net Positions	\$ 2,501,321	\$ 2,401,633

During the fiscal year ended June 30, 2016, net position of the City increased to \$2.50 billion, of which \$1.57 billion was the net invested in capital assets such as equipment, buildings and infrastructure. Of the remaining total, \$500.47 million is restricted to specifically stipulated spending agreements originated by law, contract or other agreements with external parties. The remaining, \$434.40 million, is unrestricted but subject to designation for specific purposes as approved by the City Council. Two of the most significant restrictions are \$164.51 million for new development infrastructure financed through the assessment districts and community facilities districts and \$180.48 million for streets and roads.

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**City of Irvine**  
**Summary of Changes in Net Position**  
**For the Years Ended June 30, 2016 and 2015**  
(amounts expressed in thousands)

	<b>Governmental Activities</b>	
	<b>2016</b>	<b>As restated 2015</b>
<b>Revenues</b>		
Program revenues:		
Charges for services	\$ 81,358	\$ 94,124
Operating grants and contributions	29,738	30,404
Capital grants and contributions	136,641	111,573
General revenues:		
Property taxes	57,944	53,300
Sales taxes	62,120	58,725
Investment revenue	5,779	5,243
Other taxes	33,900	31,218
Other revenues	825	10,230
Total Revenues	408,305	394,817
<b>Expenses</b>		
General Government	29,152	24,558
Public Safety	63,878	59,266
Public Works	91,387	70,697
Community Services	37,152	39,119
Community Development	27,943	24,286
Interest on long-term debt	-	6
Unallocated infrastructure depreciation	51,423	49,647
Total Expenses	300,935	267,579
Excess (Deficiency) of Revenues Over (Under) Expenditures Before Extraordinary Items	107,370	127,238
Extraordinary Gain (Loss)	(7,781)	107,833
Special item	99	-
<b>Change in Net Positions</b>	99,688	235,071
Beginning Net Positions, as restated	2,401,633	2,166,562
Ending Net Positions	\$ 2,501,321	\$ 2,401,633

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Overall, Citywide revenues for the fiscal year ended June 30, 2016, increased by \$13.44 million, a 3 percent increase from the prior year. The increase is primarily due to a \$24.40 million increase in grants and contributions, a \$10.72 million increase in taxes partially offset by reductions in other revenue classifications.

- Program revenues of \$247.74 million were 61 percent of total revenues. Within this category, charges for services and capital grants and contributions related to infrastructure and capital improvements accounted for 20 percent and 41 percent of total revenues, respectively.
- General revenues of \$160.57 million were 39 percent of total revenues. The largest general revenue, sales tax, accounted for 15 percent of total revenues.

Total expenses increased by \$33.36 million, a 12 percent increase from the prior year. During fiscal year 2015-16, the Public Works department which manages the City's construction projects had an increase of \$20.69 million, largely due to increased development of the Orange County Great Park and northern sphere of the City. Overall, General Government expenses, Public Safety expenses and Community Development expenses increased 20 percent, 8 percent, and 15 percent, respectively. These increases are partially offset by a \$1.97 million decrease in Community Services expenses.

## Financial Analysis of the Government's Funds

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

***Governmental funds.*** The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information may be useful in assessing the City's financing requirements.

As of June 30, 2016, the City's governmental funds reported total combined ending fund balances of \$1.0 billion, an increase of \$41.25 million from the prior year. Approximately 49 percent of the City's governmental funds ending fund balances, or \$495.00 million, constitutes *committed, assigned, and unassigned fund balance*, which is available for spending at the government's discretion within the guidelines of the funding sources. The remainder of fund balance, \$511.24 million, is either nonspendable or restricted for purposes imposed by creditors, grantors, contributors, laws or regulations of other governments or through enabling legislation.

The nonspendable total of \$0.61 million consists of \$0.12 million of prepaid expenditures, and a senior citizens services program endowment of \$0.49 million. The remaining restricted funds totaling \$510.63 million are comprised of \$434.18 million for capital improvement projects, circulation improvements and maintenance, \$49.36 million for low-income housing, \$9.38 million for Orange County Great Park development and operations, \$4.86 million as a contingency reserve, \$5.04 million for public education, \$2.80 million for public transportation, \$1.08 million for development activities, \$1.79 million for law enforcement purposes, \$0.88 million for air quality improvement activities, \$0.59 million for animal care, and \$0.67 million for senior, public and community service activities.

## General Fund Financial Highlights

The general fund is the chief operating fund of the City. At June 30, 2016, committed, assigned, and unassigned fund balance of the general fund was \$119.97 million, while total fund balance was \$128.24 million. As a measure of the general fund's liquidity, it is useful to compare committed, assigned, and unassigned fund balance to total fund expenditures. Committed, assigned, and unassigned fund balance represents 67 percent of the total general fund expenditures. The City Council has designated all of the committed and assigned for specified purposes.

For the fiscal year ended June 30, 2016, the cash and investments balance in the general fund was \$126.99 million, a decrease of \$1.81 million from the prior fiscal year.

**City of Irvine**  
**Summary of Changes in Fund Balances - General Fund**  
**For the Years Ended June 30, 2016 and 2015**  
(amounts expressed in thousands)

	2016	2015
<b>Revenues</b>		
Taxes:		
Property	\$ 55,205	\$ 50,720
Sales	65,620	58,767
Other	29,248	27,159
Total Taxes	150,073	136,646
Charges for services	28,844	27,697
Intergovernmental	831	1,625
Investment revenue	2,059	1,496
Other	15,136	15,801
Total Revenues	196,943	183,265
<b>Expenditures</b>		
General Government	26,007	24,816
Public Safety	67,350	63,272
Public Works	26,657	26,882
Community Development	25,283	23,454
Community Services	34,468	31,227
Total Expenditures	179,765	169,651
Excess (Deficiency) of Revenues Over (Under) Expenditures	17,178	13,614
<b>Other Financing Sources (Uses)</b>		
Proceeds from sale of capital assets	58	14,224
Net transfers	(9,329)	(8,850)
Extraordinary gain/(loss)	(6,568)	-
<b>Net Change in Fund Balance</b>	<b>\$ 1,339</b>	<b>\$ 18,988</b>

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Overall, General Fund revenues for the fiscal year ended June 30, 2016, increased by \$13.68 million, or 7 percent, over the prior year. The majority of this increase is attributable to higher tax revenues. Tax revenues increased \$13.43 million or 10 percent, over the prior year.

Total General Fund expenditures increased by \$10.11 million or 6 percent, from the prior year. Changes in expenditures, by function, occurred as follows during the fiscal year ended June 30, 2016:

- General Government expenditures increased by \$1.19 million to \$26.01 million. This increase is a combination of operational costs for personnel, additional legal services and technology upgrades.
- Public Safety expenditures increased by \$4.08 million to \$67.35 million. This increase is primarily due to the addition of traffic officers, operational costs and support personnel.
- Public Works expenditures decreased by \$0.23 million to \$26.66 million. This decrease is a combination of the completion of a two-year project to upgrade the fire system at the Civic Center during fiscal year 2014-15.
- Community Development expenditures increased by \$1.83 million to \$25.28 million. This increase is primarily due to services for permits, plan checks, and inspections which are fee driven as well as development services that are partially funded by fees, and increased housing services expenditures.
- Community Services expenditures increased by \$3.24 million to \$34.47 million. This increase is due to an expansion in services at the community parks and facilities which is partially offset by fees, environmental programs such as open space management, waste reduction and recycling, and increased services at the Animal Care Center.

### **General Fund Budgetary Highlights**

Differences between the general fund original budget expenditures and the final amended budget were \$2.92 million and briefly summarized as follows:

#### Increases for activities:

- \$1.06 million for community development.
- \$0.51 million for public safety.
- \$0.49 million for public works.
- \$0.49 million for general government.
- \$0.37 million for community services.

In each of the functional expenditure categories, actual expenditures were less than final budgeted amounts, totaling \$179.77 million, and \$190.78 million, respectively. Additionally, for the fiscal year ended June 30, 2016, revenues received exceeded budgetary estimates, at \$196.94 million and \$196.61 million, respectively. Revenues received exceeded operating expenditures by \$17.18 million. In addition, there was a \$0.58 million sale of city property and transfers to/from other funds of a negative \$9.33 million. Overall, \$1.34 million was added to ending fund balance bring the fund balance at year end to \$126.90 million.

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## **Financial Analysis of the Other Major Funds**

The Orange County Great Park Fund accounts for transactions relating to the development and operations of the Orange County Great Park to be located on the site of the former Marine Corps Air Station (MCAS) at El Toro. Current year revenues totaled \$22.82 million of which \$10.05 million was received from developers. Current year expenditures were \$10.46 million. The ending fund balance is a combination of \$9.38 million of restricted funding and \$300.05 million of committed funding to be utilized for the operation, maintenance, and future development of the Orange County Great Park.

Orange County Great Park Development Fund accounts for expenditures related to the planning, design, demolition, and construction of the Orange County Great Park. Current year expenditures were \$1.05 million. Funding for these efforts is transferred from the Orange County Great Park Fund. The ending fund balance of \$19.04 million is committed to the purposes of this fund.

The Assessment Districts Fund accounts for the 1915 Improvement Bond Act bond proceeds to fund major road and drainage improvements throughout the City. Capital outlay was \$38.83 million for improvements related to new development in the City. The ending fund balance of \$144.71 million is restricted for future construction of these projects.

The Capital Improvement Projects Fund accounts for street, bridge, traffic signals, and other circulation related capital projects funded by grants, fees, gas tax, sales tax, and interest revenue. Fund balance increased by \$13.83 million as a result of funding sources exceeding the \$6.80 million of capital expenditures. The ending fund balance of \$18.82 million is committed to future circulation construction improvements.

Community Facilities Districts Fund accounts for infrastructure improvements associated with Columbus Grove, Central Park and Great Park. Revenues are primarily from Community Facilities Districts contributions and expenditures are primarily for capital outlay. During the year, \$16.70 million in revenues were received and \$67.05 million was spent. The ending fund balance of \$19.80 million is restricted for purposes of this fund.

## Capital Assets and Debt Administration

The City's investment in capital assets for its governmental activities as of June 30, 2016, amounts to \$1.57 billion, net of accumulated depreciation. This investment in capital assets includes land, buildings, improvements other than buildings, machinery and equipment, park facilities, roads, highways, trails, and bridges. The total increase over prior fiscal year in the City's investment in capital assets was \$48.84 million, or a 3.22 percent increase.

**City of Irvine**  
**Summary of Changes in Capital Assets**  
**For the Year Ended June 30, 2016**  
(amounts expressed in thousands)

	Balance June 30, 2015	Increases	Decreases	Balance June 30, 2016
<b>Governmental Activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 632,609	\$ 11,893	\$ -	\$ 644,502
Construction in progress	63,554	13,864	5,789	71,629
Total capital assets not being depreciated	<u>696,163</u>	<u>25,757</u>	<u>5,789</u>	<u>716,131</u>
Capital assets, being depreciated:				
Buildings and systems, as restated	130,739	8,572	-	139,311
Improvements other than buildings	137,758	554	-	138,312
Machinery and equipment	46,550	4,364	15,380	35,534
Infrastructure	1,484,834	81,952	-	1,566,786
Total capital assets being depreciated, as restated	<u>1,799,881</u>	<u>95,442</u>	<u>15,380</u>	<u>1,879,943</u>
Less accumulated depreciation for:				
Buildings and systems, as restated	(56,148)	(3,459)	-	(59,607)
Improvements other than buildings	(61,914)	(7,973)	-	(69,887)
Machinery and equipment	(35,815)	(3,310)	(14,974)	(24,151)
Infrastructure	(824,554)	(51,423)	-	(875,977)
Total accumulated depreciation, as restated	<u>(978,431)</u>	<u>(66,165)</u>	<u>(14,974)</u>	<u>(1,029,622)</u>
Total capital assets, being depreciated, net	<u>821,450</u>	<u>29,277</u>	<u>406</u>	<u>850,321</u>
Governmental activities capital assets, net	<u>\$ 1,517,613</u>	<u>\$ 55,034</u>	<u>\$ 6,195</u>	<u>\$ 1,566,452</u>

Major capital asset transactions during the current fiscal year included the following:

- Infrastructure additions were \$81.95 million. Street additions accounted for \$70.53 million, traffic signal additions totaled \$2.82 million, bridge additions totaled \$0.16 million, trail additions totaled \$3.59 million, and landscaping additions were \$4.85 million.
- Machinery and equipment acquisitions of \$4.36 million included vehicles, computer hardware, computer software, and other types of machinery and equipment.

See Independent Auditors' Report

- Additional information on the City's capital assets can be found under Section III. B. entitled "Capital Assets" of the Notes to the Basic Financial Statements section of this report.

### Long-term

Total outstanding long-term debt at June 30, 2016, is \$26.81 million, a decrease of \$0.17 million from the prior year.

**City of Irvine**  
**Summary of Changes in Long-Term Liabilities**  
**For the Year Ended June 30, 2016**  
(amounts expressed in thousands)

	Balance June 30, 2015	Increases	Decreases	Balance June 30, 2016	Long- Term	Due Within One Year
Compensated absences	\$ 11,440	\$ 4,327	\$ 3,529	\$ 12,238	\$ 8,835	\$ 3,403
Claims payable	15,460	1,246	2,136	14,570	10,229	4,341
Capital lease obligation	78	-	78	-	-	-
<b>Total Long-Term Liabilities</b>	<b>\$ 26,978</b>	<b>\$ 5,573</b>	<b>\$ 5,743</b>	<b>\$ 26,808</b>	<b>\$ 19,064</b>	<b>\$ 7,744</b>

Long-term debt-related events during the fiscal year ended June 30, 2016, included:

- Compensated absences liabilities increased by \$4.33 million and payouts to employees upon termination amounted to \$3.53 million or a net increase of \$0.80 million.
- A net decrease to claims payable of \$0.89 million to adjust for possible future general liability and workers' compensation claims.
- Capital lease obligations decreased \$0.78 million as a result of the City concluding its lease obligations.

Additional information on the City's long-term debt can be found under Section III. E. entitled "Changes in Long-term Liabilities" of the Notes to the Basic Financial Statements.

### Economic Factors and Next Year's Budgets and Rates

The City's economy is linked to the national and state economy. However, because the City is still developing, its local economy can experience departures from other local, state or national trends; with resultant recurring revenue fluctuations. Additionally, because the City's revenues are obtained from a limited number of sources, further revenue fluctuations may occur from year to year. To develop its budget model, the City uses the "Orange County Economic Forecast" prepared by Chapman University's Center for Economic Research, the UCLA Anderson Forecast, and the California State University at Fullerton Mihaylo College of Business and Economics as well as projections provided by City consultants. Detailed information about the economic analysis, revenue assumptions, and other budgetary process parameters utilized in the annual budget preparation, can be obtained from the City's fiscal year 2015-16 citywide budget, available through the Administrative Services Department.

See Independent Auditors' Report

## **Request for Information**

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Manager of Fiscal Services, One Civic Center Plaza, Post Office Box 19575, Irvine, CA 92623-9575.

# BASIC FINANCIAL STATEMENTS



**City of Irvine**  
**Statement of Net Position**  
**June 30, 2016**  
(amounts expressed in thousands)

	<u><b>Governmental Activities</b></u>
<b>ASSETS</b>	
Cash and investments	\$ 765,211
Receivables, net of allowances:	
Taxes	24,447
Accounts	3,009
Accrued interest	4,439
Prepaid	360
Inventories	81
Due from the Successor Agency	280,056
Due from other governments	5,253
Due from developers	16,864
Long-term notes receivable, net of allowances	10,486
Capital assets, not being depreciated:	
Land	644,502
Construction in progress	71,629
Capital assets, net of accumulated depreciation:	
Buildings and systems	79,704
Improvements other than buildings	68,425
Machinery and equipment	11,383
Infrastructure	690,809
Total Assets	<u>2,676,658</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Pension related items	<u>28,897</u>
Total Deferred Outflows of Resources	<u>28,897</u>
<b>LIABILITIES</b>	
Accounts payable	16,345
Accrued liabilities	14,635
Due to other governments	2,410
Deposits	10,440
Unearned revenue	8,489
Noncurrent liabilities:	
Due within one year	7,744
Due in more than one year	19,064
Net OPEB	1,755
Net pension	111,180
Total Liabilities	<u>192,062</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Pension related items	<u>12,172</u>
Total Deferred Inflows of Resources	<u>12,172</u>
<b>NET POSITION</b>	
Net investment in capital assets	1,566,452
Restricted	
Expendable:	
Assessment infrastructure and capital improvements	435,350
Housing programs	49,387
Public safety programs	497
Other programs and activities	14,743
Nonexpendable:	
Senior Services Fund program	497
Unrestricted	434,395
Total Net Position	<u>\$ 2,501,321</u>

See Independent Auditor's Report and Notes to the Basic Financial Statements

**City of Irvine**  
**Statement of Activities**  
**For the Fiscal Year Ended June 30, 2016**  
(amounts expressed in thousands)

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Primary Government</b>					
<b>Governmental Activities:</b>					
General Government	\$ 29,152	\$ 11,336	\$ 10,445	\$ 117	\$ (7,254)
Public Safety	63,878	2,968	1,761	-	(59,149)
Public Works	91,387	26,898	11,066	117,606	64,183
Community Services	37,152	12,611	1,382	-	(23,159)
Community Development	27,943	27,545	5,084	18,918	23,604
Unallocated infrastructure depreciation	51,423	-	-	-	(51,423)
Total Governmental Activities	<u>\$ 300,935</u>	<u>\$ 81,358</u>	<u>\$ 29,738</u>	<u>\$ 136,641</u>	<u>(53,198)</u>
<b>General Revenues</b>					
Taxes:					
Property taxes					57,944
Sales taxes					62,120
Franchise taxes					14,669
Transient occupancy taxes					15,368
Document transfer taxes					3,762
Unrestricted motor vehicle in-lieu					101
Investment revenue					5,779
Other revenue					825
Total General Revenues					<u>160,568</u>
Extraordinary gain (loss)					(7,781)
Special item					<u>99</u>
Change in Net Position					99,688
Total Net Position, Beginning, as restated					<u>2,401,633</u>
Total Net Position, Ending					<u>\$ 2,501,321</u>

See Independent Auditor's Report and Notes to the Basic Financial Statements

**City of Irvine**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2016**  
(amounts expressed in thousands)  
Page 1 of 2

	General	Orange County Great Park	Orange County Great Park Development	Assessment Districts
<b>ASSETS</b>				
Cash and investments	\$ 126,993	\$ 58,287	\$ 19,095	\$ 144,957
Receivables, net of allowances:				
Taxes	20,939	2	-	-
Accounts	2,472	185	-	-
Accrued interest	185	69	16	-
Prepaid	87	-	-	-
Due from other funds	-	-	-	-
Due from other governments	95	-	-	-
Due from developers	40	-	-	-
Due from the Successor Agency	-	280,056	-	-
Long-term notes receivable, net of allowances	-	-	-	-
Total Assets	<u>\$ 150,811</u>	<u>\$ 338,599</u>	<u>\$ 19,111</u>	<u>\$ 144,957</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 3,961	\$ 839	\$ 70	\$ 166
Accrued liabilities	4,102	166	3	16
Due to other funds	-	28,006	-	-
Due to other governments	47	6	-	68
Deposits	9,856	19	-	-
Unearned revenue	4,510	52	-	-
Total Liabilities	<u>22,476</u>	<u>29,088</u>	<u>73</u>	<u>250</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenues	94	84	-	-
Total Deferred Inflows of Resources	<u>94</u>	<u>84</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES (DEFICITS)</b>				
Nonspendable	87	-	-	-
Restricted	8,188	9,377	-	144,707
Committed	30,090	300,050	19,038	-
Assigned	77,713	-	-	-
Unassigned	12,163	-	-	-
Total Fund Balances (Deficits)	<u>128,241</u>	<u>309,427</u>	<u>19,038</u>	<u>144,707</u>
Total Liabilities, Deferred Inflow of Resources, and Fund Balances (Deficits)	<u>\$ 150,811</u>	<u>\$ 338,599</u>	<u>\$ 19,111</u>	<u>\$ 144,957</u>

- continued -



**City of Irvine**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2016**  
(amounts expressed in thousands)  
Page 2 of 2

	Capital Improvement Projects	Community Facilities Districts	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and investments	\$ 24,629	\$ 34,563	\$ 321,532	\$ 730,056
Receivables, net of allowances:				
Taxes	-	-	1,040	21,981
Accounts	-	-	264	2,921
Accrued interest	23	106	378	777
Prepaid	-	-	29	116
Due from other funds	-	-	28,006	28,006
Due from other governments	4,292	-	866	5,253
Due from developers	-	-	16,824	16,864
Due from the Successor Agency	-	-	-	280,056
Long-term notes receivable, net of allowances	-	-	10,486	10,486
Total Assets	<u>\$ 28,944</u>	<u>\$ 34,669</u>	<u>\$ 379,425</u>	<u>\$ 1,096,516</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 1,067	\$ 5,119	\$ 3,587	\$ 14,809
Accrued liabilities	67	9,749	409	14,512
Due to other funds	-	-	-	28,006
Due to other governments	2,278	-	3	2,402
Deposits	427	-	90	10,392
Unearned revenue	1,213	-	2,714	8,489
Total Liabilities	<u>5,052</u>	<u>14,868</u>	<u>6,803</u>	<u>78,610</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenues	5,068	-	6,444	11,690
Total Deferred Inflows of Resources	<u>5,068</u>	<u>-</u>	<u>6,444</u>	<u>11,690</u>
<b>FUND BALANCES (DEFICITS)</b>				
Nonspendable	-	-	526	613
Restricted	-	19,801	328,555	510,628
Committed	17,892	-	37,623	404,693
Assigned	932	-	1,967	80,612
Unassigned	-	-	(2,493)	9,670
Total Fund Balances (Deficits)	<u>18,824</u>	<u>19,801</u>	<u>366,178</u>	<u>1,006,216</u>
Total Liabilities, Deferred Inflow of Resources, and Fund Balances (Deficits)	<u>\$ 28,944</u>	<u>\$ 34,669</u>	<u>\$ 379,425</u>	<u>\$ 1,096,516</u>

See Independent Auditor's Report and Notes to the Basic Financial Statements

**City of Irvine**  
**Reconciliation of the Balance Sheet of Governmental Funds**  
**to the Statement of Net Position**  
**June 30, 2016**  
(amounts expressed in thousands)

Total Fund Balances of Governmental Funds	\$ 1,006,216
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in government activities are nonfinancial resources and are not reported in the funds. The following is net of the Internal Service Funds of \$7,261.	
Governmental capital assets	2,572,751
Less: accumulated depreciation	<u>(1,013,560)</u>
	1,559,191
Accrued interest in long-term receivables are not available to pay for current period expenditures and, therefore, are not reported in the funds.	3,237
Long-term note receivable for the revolving loan programs are not available to pay current period expenditures and are shown as unavailable revenues in the funds.	6,059
Deferred outflow related to pension items contribution made subsequent to the measurement date, net of the Internal Service Funds of \$483.	28,414
Intergovernmental revenues are not collected within current period and are shown as unavailable revenues in the funds. However, on an accrual basis revenues are included in the government-wide statements. These revenues include:	
Capital Improvement Projects Funds	5,068
Grant Fund	197
Park Development Fund	102
General Fund	94
Orange County Great Park Fund	84
Irvine Business Complex Fund	55
Maintenance District Fund	31
	5,631
Other revenues are not available to pay for current period expenditures and are not reported in the funds.	403
The net other post employment benefit pension obligation is not due and payable in the current period and are not reported in the funds.	(1,755)
A portion of sales tax receivable is not available to pay for current period expenditures and is not reported in the fund financial statements.	2,466
Internal service funds are used by management to charge the cost of activities involved in rendering services to departments within the City. The assets and liabilities of the internal services funds are included in the Statement of Net Position.	24,519
Compensated absences long-term liabilities not due and payable in the current period and are not reported in the funds.	(12,065)
The net pension obligation is not due and payable in the current period and is not reported in the funds.	(109,044)
Deferred inflow related to pension items differences between expected and actual experience and net investment income, net of the Internal Service Funds of \$221.	(11,951)
Net Position of Governmental Activities	<u><u>\$ 2,501,321</u></u>

See Independent Auditor's Report and Notes to the Basic Financial Statements



**City of Irvine**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Fiscal Year Ended June 30, 2016**  
(amounts expressed in thousands)  
Page 1 of 2

	<u>General</u>	<u>Orange County Great Park</u>	<u>Orange County Great Park Development</u>	<u>Assessment Districts</u>
<b>REVENUES</b>				
Taxes	\$ 150,073	\$ 9,116	\$ -	\$ -
Licenses and permits	9,594	-	-	-
Fines and forfeitures	1,453	-	-	-
Investment income	2,059	635	125	171
Intergovernmental	831	267	-	-
Charges for services	28,844	2,695	-	-
Special districts contributions	-	-	-	61,278
Revenue from developers	-	10,050	-	-
Revenue from property owners	-	-	-	-
Donations	14	6	-	-
Other revenue	4,075	46	-	0
Total Revenues	<u>196,943</u>	<u>22,815</u>	<u>125</u>	<u>61,449</u>
<b>EXPENDITURES</b>				
Current:				
General Government	26,007	3,251	1	-
Public Safety	67,350	329	-	-
Public Works	26,657	2,433	73	4,852
Community Development	25,283	306	-	-
Community Services	34,468	4,142	-	-
Capital outlay	-	-	978	38,825
Total Expenditures	<u>179,765</u>	<u>10,461</u>	<u>1,052</u>	<u>43,677</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>17,178</u>	<u>12,354</u>	<u>(927)</u>	<u>17,772</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from sale of capital assets	58	67	-	-
Transfers in	106	-	18,163	-
Transfers out	(9,435)	(1,020)	-	-
Total Other Financing Sources (Uses)	<u>(9,271)</u>	<u>(953)</u>	<u>18,163</u>	<u>-</u>
Extraordinary gain/(loss)	(6,568)	(14,600)	-	-
Special item	-	99	-	-
Net Change in Fund Balances	1,339	(3,100)	17,236	17,772
Fund Balances, Beginning, as restated	<u>126,902</u>	<u>312,527</u>	<u>1,802</u>	<u>126,935</u>
Fund Balances, Ending	<u>\$ 128,241</u>	<u>\$ 309,427</u>	<u>\$ 19,038</u>	<u>\$ 144,707</u>

- continued -

See Independent Auditor's Report and Notes to the Basic Financial Statements

**City of Irvine**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Fiscal Year Ended June 30, 2016**  
(amounts expressed in thousands)  
Page 2 of 2

	<b>Capital Improvement Projects</b>	<b>Community Facilities Districts</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>REVENUES</b>				
Taxes	\$ -	\$ -	\$ 29,209	\$ 188,398
Licenses and permits	-	-	-	9,594
Fines and forfeitures	-	-	-	1,453
Investment income	204	202	3,702	7,098
Intergovernmental	3,000	-	10,219	14,317
Charges for services	-	-	4,484	36,023
Special districts contributions	-	16,421	-	77,699
Revenue from developers	579	-	42,744	53,373
Revenue from property owners	-	77	6,732	6,809
Donations	-	-	704	724
Other revenue	6	-	533	4,660
Total Revenues	<u>3,789</u>	<u>16,700</u>	<u>98,327</u>	<u>400,148</u>
<b>EXPENDITURES</b>				
Current:				
General Government	23	487	188	29,957
Public Safety	-	-	2,383	70,062
Public Works	433	5,556	20,257	60,261
Community Development	-	1	5,751	31,341
Community Services	-	-	1,063	39,673
Capital outlay	6,343	61,007	13,941	121,094
Total Expenditures	<u>6,799</u>	<u>67,051</u>	<u>43,583</u>	<u>352,388</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(3,010)</u>	<u>(50,351)</u>	<u>54,744</u>	<u>47,760</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from sale of capital assets	-	-	-	125
Transfers in	16,844	-	20,341	55,454
Transfers out	-	(4,249)	(40,913)	(55,617)
Total Other Financing Sources (Uses)	<u>16,844</u>	<u>(4,249)</u>	<u>(20,572)</u>	<u>(38)</u>
Extraordinary gain/(loss)	-	-	14,600	(6,568)
Special item	-	-	-	99
Net Change in Fund Balances	13,834	(54,600)	48,772	41,253
Fund Balances, Beginning, as restated	<u>4,990</u>	<u>74,401</u>	<u>317,406</u>	<u>964,963</u>
Fund Balances, Ending	<u>\$ 18,824</u>	<u>\$ 19,801</u>	<u>\$ 366,178</u>	<u>\$ 1,006,216</u>

See Independent Auditor's Report and Notes to the Basic Financial Statements



**City of Irvine**  
**Reconciliation of the Statement of Revenues, Expenditures, and Changes**  
**in Fund Balances of Governmental Funds to the Statement of Activities**  
**For the Fiscal Year Ended June 30, 2016**  
(amounts expressed in thousands)

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

Net Change in Fund Balances - Total Governmental Funds		\$ 41,253
Governmental funds report capital outlays as expenditures. In the Statement of Activities, however, the cost of these assets is allocated over their estimated useful lives as depreciation expense.		
Expenditures for capital outlays	121,094	
Expenditures for capital equipment purchases	1,541	
Less amounts not capitalized	(26,578)	
Depreciation expense	<u>(63,855)</u>	32,202
Governmental funds do not report the donation of capital assets not held for resale. Such transactions are included as revenue on the Statement of Activities.		
Donation of capital infrastructure assets		15,582
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds.		
Interest	966	
Charges for services	(3,044)	
Grants	(928)	
Sales taxes	<u>(3,499)</u>	(6,505)
Governmental funds do not report the changes in the net pensions, since it does not provide or require the use of current financial resources.		
Defined Benefit Pension Plans		12,281
Other Post Employment Benefit Plan		(273)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and are not reported as governmental fund expenditures.		
Compensated absences	<u>(809)</u>	(809)
Extraordinary gain and losses relating to long term liabilities reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported in the governmental funds.		
		(1,213)
Internal Service Funds are used by management to charge the costs of certain activities such as insurance and fleet, to individual funds. The net revenue (expense) of the Internal Service Funds is included in the Statement of Activities.		
		<u>7,170</u>
Change in Net Position of Governmental Activities		<u>\$ 99,688</u>

See Independent Auditor's Report and Notes to the Basic Financial Statements





**City of Irvine**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2016**  
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 147,229	\$ 147,234	\$ 150,073	\$ 2,839
Licenses and permits	11,183	11,183	9,594	(1,589)
Fines and forfeitures	1,832	1,832	1,453	(379)
Investment income	1,625	1,625	2,059	434
Intergovernmental	507	576	831	255
Charges for services	27,169	27,910	28,844	934
Donations	4	4	14	10
Other revenue	3,044	3,249	4,075	826
Total Revenues	192,593	193,613	196,943	3,330
<b>EXPENDITURES</b>				
Current:				
General Government:				
City Manager	10,876	11,293	9,314	1,979
Administrative Services	17,726	17,794	16,693	1,101
Public Safety	68,126	68,640	67,350	1,290
Public Works	28,380	28,873	26,657	2,216
Community Development	26,859	27,917	25,283	2,634
Community Services	35,888	36,258	34,468	1,790
Total Expenditures	187,855	190,775	179,765	11,010
Excess (Deficiency) of Revenues Over (Under) Expenditures	4,738	2,838	17,178	14,340
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from sale of property	10	10	58	48
Transfers in	153	153	106	(47)
Transfers out	(12,577)	(13,377)	(9,435)	3,942
Total Other Financing Sources (Uses)	(12,414)	(13,214)	(9,271)	3,943
Extraordinary gain/(loss)	-	-	(6,568)	(6,568)
Net Change in Fund Balances	(7,676)	(10,376)	1,339	11,715
Fund Balances, Beginning	126,902	126,902	126,902	-
Fund Balances, Ending	\$ 119,226	\$ 116,526	\$ 128,241	\$ 11,715

See Independent Auditor's Report and Notes to the Basic Financial Statements

**City of Irvine**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**Orange County Great Park**  
**For the Fiscal Year Ended June 30, 2016**  
(amounts expressed in thousands)

Page 1 of 2

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 9,500	\$ 9,500	\$ 9,116	\$ (384)
Investment income	428	428	635	207
Intergovernmental	200	267	267	-
Charges for services	3,681	3,700	2,695	(1,005)
Revenue from developers	10,050	10,050	10,050	-
Donations	-	5	6	1
Other revenue	-	-	46	46
Total Revenues	23,859	23,950	22,815	(1,135)
<b>EXPENDITURES</b>				
Current:				
City Manager				
Personnel	1,185	1,185	1,107	78
Supplies	97	133	51	82
Internal service allocations	29	29	29	-
Contract services	2,564	2,615	1,554	1,061
Training and business expenses	35	35	10	25
Capital equipment	39	39	-	39
Miscellaneous	80	155	124	31
Total City Manager	4,029	4,191	2,875	1,316
Administrative Services				
Personnel	373	373	366	7
Internal service allocations	7	7	7	-
Contract services	6	6	3	3
Training and business expenses	2	2	-	2
Total Administrative Services	388	388	376	12
Public Safety				
Personnel	377	377	329	48
Total Public Safety	377	377	329	48
Public Works				
Personnel	732	732	574	158
Supplies	166	166	68	98
Internal service allocations	28	28	28	-
Contract services	2,710	3,032	1,441	1,591
Training and business expenses	8	8	-	8
Utilities	513	513	322	191
Capital equipment	2	2	-	2
Total Public Works	4,159	4,481	2,433	2,048

- continued -

**City of Irvine**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**Orange County Great Park**  
**For the Fiscal Year Ended June 30, 2016**  
(amounts expressed in thousands)

Page 2 of 2

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>EXPENDITURES (Continued)</b>				
Current:				
Community Development				
Personnel	50	50	10	40
Supplies	3	3	-	3
Contract services	247	665	296	369
Total Community Development	<u>300</u>	<u>718</u>	<u>306</u>	<u>412</u>
Community Services				
Personnel	2,521	2,521	2,034	487
Supplies	258	258	112	146
Internal service allocations	448	448	448	-
Contract services	1,399	1,411	793	618
Training and business expenses	26	26	3	23
Capital equipment	762	762	668	94
Miscellaneous	90	90	84	6
Repairs and maintenance	5	5	-	5
Total Community Services	<u>5,509</u>	<u>5,521</u>	<u>4,142</u>	<u>1,379</u>
Total Expenditures	<u>14,762</u>	<u>15,676</u>	<u>10,461</u>	<u>5,215</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>9,097</u>	<u>8,274</u>	<u>12,354</u>	<u>4,080</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from sale of capital assets	-	-	67	67
Transfers out	(1,020)	(2,686)	(1,020)	1,666
Total Other Financing Sources (Uses)	<u>(1,020)</u>	<u>(2,686)</u>	<u>(953)</u>	<u>1,733</u>
Extraordinary gain/(loss)	-	-	(14,600)	(14,600)
Special item	-	-	99	99
Net Change in Fund Balances	8,077	5,588	(3,100)	(8,688)
Fund Balances, Beginning	<u>312,527</u>	<u>312,527</u>	<u>312,527</u>	<u>-</u>
Fund Balances, Ending	<u>\$ 320,604</u>	<u>\$ 318,115</u>	<u>\$ 309,427</u>	<u>\$ (8,688)</u>

See Independent Auditor's Report and Notes to the Basic Financial Statements

**City of Irvine**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2016**  
(amounts expressed in thousands)

	<u>Governmental Activities - Internal Service Funds</u>
<b>ASSETS</b>	
Current Assets:	
Cash and investments	\$ 35,155
Receivables, net of allowances:	
Accounts	69
Accrued interest	41
Prepaid	244
Inventories	81
Total Current Assets	<u>35,590</u>
Noncurrent Assets:	
Capital assets:	
Equipment	23,324
Less accumulated depreciation	<u>(16,063)</u>
Total Noncurrent Assets	<u>7,261</u>
Total Assets	<u>42,851</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Pension related items	<u>483</u>
Total Deferred Outflows of Resources	<u>483</u>
<b>LIABILITIES</b>	
Current Liabilities:	
Accounts payable	1,564
Accrued liabilities	123
Due to other governments	8
Deposits	20
Compensated absences	49
Claims payable	4,340
Total Current Liabilities	<u>6,104</u>
Noncurrent Liabilities:	
Compensated absences	125
Claims payable	10,229
Net pension	2,136
Total Noncurrent Liabilities	<u>12,490</u>
Total Liabilities	<u>18,594</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Pension related items	<u>221</u>
Total Deferred Inflows of Resources	<u>221</u>
<b>NET POSITION</b>	
Net investment in capital assets	7,261
Unrestricted	17,258
Total Net Position	<u>\$ 24,519</u>

See Independent Auditor's Report and Notes to the Basic Financial Statements

**City of Irvine**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2016**  
(amounts expressed in thousands)

	<b>Governmental Activities - Internal Service Funds</b>
<b>OPERATING REVENUES</b>	
Charges for services	\$ 26,066
Other	664
	26,730
<b>OPERATING EXPENSES</b>	
Salaries and benefits	2,428
Supplies and equipment	5,440
Contract services	5,409
Administration	1,419
Self-insured losses	1,282
Insurance premiums	2,174
Depreciation	2,310
	20,462
Total Operating Expenses	20,462
Operating Income	6,268
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Interest revenue	395
Interest expense	(2)
Gain on disposal of equipment	29
	422
Total Nonoperating Revenues	422
Income Before Capital Contributions and Transfers	6,690
Capital contributions	317
Transfers in	182
Transfers out	(19)
	7,170
Change in Net Position	7,170
Total Net Position, Beginning	17,349
Total Net Position, Ending	\$ 24,519

See Independent Auditor's Report and Notes to the Basic Financial Statements

**City of Irvine**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2016**  
(amounts expressed in thousands)

	<u>Governmental Activities - Internal Service Funds</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Received from customers and users	\$ 527
Received from interfund services provided	26,438
Paid to suppliers and providers	(16,987)
Paid for salaries and benefits	(2,756)
Net Cash Provided by Operating Activities	<u>7,222</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>	
Transfers from other funds	182
Transfers to other funds	(19)
Net Cash Provided by Non-Capital Financing Activities	<u>163</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Proceeds from sale of equipment	30
Equipment purchases	(2,568)
Interest paid	(2)
Net Cash Used by Capital and Related Financing Activities	<u>(2,540)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest received on investments	385
Net Cash Provided by Investing Activities	<u>385</u>
Net Increase in Cash and Cash Equivalents	5,230
Cash and Cash Equivalents, Beginning of Fiscal Year	<u>29,925</u>
Cash and Cash Equivalents, End of Fiscal Year	<u>\$ 35,155</u>
<b>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities</b>	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Operating income	<u>\$ 6,268</u>
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation	2,310
Changes in assets and liabilities:	
(Increase) decrease in receivables, net of allowances	234
(Increase) decrease in prepaid costs	(239)
(Increase) decrease in due from other governments	1
(Increase) decrease in inventories	12
Increase (decrease) in accounts payable	(82)
Increase (decrease) in accrued liabilities	28
Increase (decrease) in due to other governments	6
Increase (decrease) in lease payable	(78)
Increase (decrease) in compensated absences	(10)
Increase (decrease) in claims payable	(891)
Increase (decrease) in net pension	(248)
Increase (decrease) in pension obligations	(89)
Total Adjustments	<u>954</u>
Net Cash Provided by Operating Activities	<u>\$ 7,222</u>
<b>Schedule of Non-Cash and Related Financing Activities</b>	
Contribution of Capital Assets	<u>\$ 317</u>

See Independent Auditor's Report and Notes to the Basic Financial Statements



**City of Irvine**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**December 31, 2015 and June 30, 2016**  
(amounts expressed in thousands)

	<u>December 31, 2015</u>		
	<u>Pension and Employee Benefit Trust Funds</u>	<u>Successor Agency Private-Purpose Trust Funds</u>	<u>Agency Funds</u>
<b>ASSETS</b>			
Cash	\$ -	\$ 1,939	\$ 106,091
Investments:			
Short-term investments	153	-	-
Receivables, net of allowances:			
Taxes	-	-	728
Accrued interest	-	-	10
Loans	67	-	-
Due from other governments	-	280,056	-
Due from developers	-	-	816
Investments:			
Pooled Funds	23,399	-	-
Mutual Funds - Closed End Funds Equity	173	-	-
Mutual Funds - Equity	3,477	-	-
Mutual Funds - Corporate Bonds	623	-	-
Mutual Funds - Balanced	398	-	-
Wells Fargo Funds Balanced	689	-	-
Total Assets	<u>28,979</u>	<u>281,995</u>	<u>107,645</u>
<b>LIABILITIES</b>			
Accounts payable	18	1,066	799
Accrued liabilities	19	-	40
Advances from the City of Irvine	-	280,056	-
Due to bondholders	-	-	106,746
Due to other governments	-	-	60
Total Liabilities	<u>37</u>	<u>281,122</u>	<u>107,645</u>
<b>NET POSITION</b>			
Held in trust for pension benefits	28,942	-	-
Held in trust for enforceable obligations	-	873	-
Total Net Position	<u>\$ 28,942</u>	<u>\$ 873</u>	<u>\$ -</u>

See Independent Auditor's Report and Notes to the Basic Financial Statements



**City of Irvine**  
**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**  
**For the Year Ended December 31, 2015 and June 30, 2016**  
(amounts expressed in thousands)

	<u>December 31, 2015</u>	
	<b>Pension and Employee Benefit Trust Funds</b>	<b>Successor Agency Private- Purpose</b>
<b>ADDITIONS</b>		
Contributions:		
Employer	\$ 272	\$ -
Plan members	107	-
Interest from participants' loan	4	-
Total Contributions	<u>383</u>	<u>-</u>
Investment income (loss):		
Interest and dividends	92	-
Other income	1	-
Net appreciation (depreciation) in fair value of investments	46	-
Total Investment Income	139	-
Less investment expenses	<u>(114)</u>	<u>-</u>
Net Investment Income	25	-
Taxes	<u>-</u>	<u>2,091</u>
Total Additions	<u>408</u>	<u>2,091</u>
<b>DEDUCTIONS</b>		
Benefit payments	2,178	-
Administration	21	1,479
Total Deductions	<u>2,199</u>	<u>1,479</u>
Extraordinary gain/(loss)	<u>-</u>	<u>7,781</u>
Change in Net Position	(1,791)	8,393
Total Net Position, Beginning	<u>30,733</u>	<u>(7,520)</u>
Total Net Position, Ending	<u>\$ 28,942</u>	<u>\$ 873</u>

See Independent Auditor's Report and Notes to the Basic Financial Statements



**City of Irvine**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2016**  
(amounts expressed in thousands)

**I. Summary of Significant Accounting Policies**

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

**A. Reporting Entity**

The City was incorporated December 28, 1971, under the general laws of the State of California. The City adopted its Charter in 1975. An elected mayor and four-member council govern the City. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. The City's blended component units, although legally separate entities, are, in substance, part of the City's operations and the financial data is combined with data of the City.

**Blended Component Units**

The criteria used in determining the scope of the reporting entity are based on the provisions of GASB Statement 14, *The Financial Reporting Entity*, as amended by GASB Statement 39, *Determining Whether Certain Organizations Are Component Units* and GASB Statement 61, *The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34*. Certain organizations warrant inclusion as part of the financial reporting entry because of the nature and significance of its relationship with the City. A legally separate, tax-exempt organization should be reported as a component unit of the City if all of the following criteria are met:

1. The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the City, its component units, or its constituents.
2. The City, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization.
3. The economic resources received or held by an individual organization that the City, or its component units, is entitled to, or has the ability to otherwise access, are significant to the City.

Based upon the application of the criteria listed above, the following component units have been included.

The Irvine Public Facilities Corporation (Corporation) and the Irvine Public Facilities and Infrastructure Authority (Authority) were used to finance the acquisition and construction of the City's civic center, operations support facility, animal services facilities, and other infrastructure improvements in the City. The Corporation and Authority are governed by boards comprised of appointed Finance Commissioners and the elected City Councilmembers, respectively. Since the governing bodies of the City Council, the Corporation and the Authority are substantially the same, these entities are reported as component units and their transactions are reported in the governmental fund financial statements as debt service funds. The Corporation's debt was retired in fiscal year 2001-02 and the Authority's debt was retired in fiscal year 2010-11; no additional activity has occurred in these funds. Separate financial statements are not prepared for the Corporation and the Authority.

**City of Irvine**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2016**  
(amounts expressed in thousands)

**I. Summary of Significant Accounting Policies (Continued)**

The Orange County Great Park Corporation (OCGPC) was established by the Irvine City Council on July 7, 2003, as a support agency to the City, for the specific purpose of managing and effecting the development, operation, and maintenance of the Orange County Great Park on the site of the former Marine Corps Air Station (MCAS) El Toro. The OCGPC board of directors is comprised of the five elected City Councilmembers. Since the governing bodies of the City Council and OCGPC are substantially the same, and there is a financial burden relationship between the City and the OCGPC, the OCGPC is reported as a blended component unit. The transactions of the OCGPC are reported in the governmental fund financial statements as a part of the major special revenue fund Orange County Great Park. Copies of separate financial statements may be obtained from the City of Irvine City Hall, One Civic Center Plaza, Irvine, California, 92606.

The Irvine Community Land Trust (Land Trust) was established by the Irvine City Council on February 14, 2006, as a support agency to the City, for the specific purpose of assisting the City to ensure that its residents are able to secure affordable housing by, among other things, developing, constructing, financing, managing, selling, renting, subsidizing, and monitoring single and multi-family housing. A board of directors comprised of two individuals appointed by the City and five “At-Large-Directors” appointed from a pool of candidates governs the Land Trust. Since the Land Trust obtains the majority of its funding from the City, City staff holds management positions, and Land Trust provides almost exclusively, benefits to the City even though it does not provide services directly to the City, the Land Trust is reported as a blended component unit. Transactions are reported in the governmental fund financial statements as an other governmental special revenue fund. Copies of separate financial statements for the Land Trust may be obtained from the City of Irvine City Hall, One Civic Center Plaza, Irvine, California, 92606.

**B. Government-wide and Fund Financial Statements – Basis of Presentation**

Government-wide Statements: The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government and its component units. 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 City activities are governmental; no business-type activities are reported in the statements.

The Statement of Activities demonstrates the degree to which the direct expenses of given functions or segments are offset by program revenues. Direct expenses are expenses that are clearly identifiable with a specific program, project, function or segment. Program revenues of the City include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items that are not properly included among program revenues are reported instead as general revenues. As a general rule, the effects of interfund activity have been eliminated from the government-wide financial statements.

Net Position, which is equity, is reported in the following categories: net investment in capital assets, represents the City's equity interest in capital assets; restricted assets, are net positions whose use is not subject to the City's own discretion; and unrestricted net positions, are available for use. When both

**City of Irvine**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2016**  
(amounts expressed in thousands)

**I. Summary of Significant Accounting Policies (Continued)**

restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first when possible, and then use unrestricted resources as needed.

Fund Financial Statements: The fund financial statements provide information about the government's funds, including its fiduciary funds and blended component units. Separate statements for each fund category-governmental, proprietary, and fiduciary are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

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 for those required to be accounted for in another fund.

The Orange County Great Park Fund, a special revenue fund, accounts for the receipt and disbursement of funds used for the specific purpose of managing, developing, operating, and maintaining the Orange County Great Park.

The Orange County Great Park Development, a capital projects fund, accounts for expenditures related to the planning, design, demolition, and constructing the Orange County Great Park.

The Assessment Districts Fund accounts for the capital project activity in the assessment districts.

The Capital Improvement Projects Fund, a capital projects fund, accounts for acquisition or construction of the City's general circulation related infrastructure including traffic signals, street, medians, and bridges.

The Community Facilities District Fund, a capital projects fund, accounts for the capital infrastructure improvements associated with Columbus Grove, Central Park, and Great Park.

Additionally, the City reports the following fund types:

**Governmental Funds**

Special Revenue Funds account for proceeds of specific revenue sources that are legally restricted or otherwise designated for specific purposes.

Capital Projects Funds account for financial resources used for the acquisition or construction of major capital facilities and circulation infrastructure.

Permanent Fund accounts for resources that are legally restricted, to the extent that only earnings, and not principal, may be used for purposes that support the City's programs. Adult day health services and senior citizen programs are funded from these interest earnings and donations.

**City of Irvine**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2016**  
(amounts expressed in thousands)

**I. Summary of Significant Accounting Policies (Continued)**

**Proprietary Funds**

Internal Service Funds account for operations that provide services to other departments of the City on a cost reimbursement basis. These services include self-insurance, acquisition, replacement and maintenance of the City's vehicle fleet, other major equipment, Civic Center maintenance, telephone, mail and duplicating services, and central stores supplies.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's internal service funds are charges to customers for sales and services. Operating expenses for internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**Fiduciary Funds**

Pension and Employee Benefit Trust Funds account for the activities of the City's Defined Benefit Pension Plan for sworn employees and the Defined Contribution Pension Plan for non-sworn employees.

Private-Purpose Trust Funds are the Successor Agency Trust funds, which hold assets and receive resources to pay enforceable obligations and administrative costs of the dissolved Irvine Redevelopment Agency.

Agency Funds are used to account for debt service activities related to the Assessment District and Community Facilities District conduit debt issues, in which the City acts as an agent, not as a principal. Inter-Agency Custodial Fund is used to account for cash seized by Public Safety and held until final disposition of the cases.

The Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

During the course of operations, the government has activity between funds for various purposes. Any residual balances outstanding at year-end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only net amount is included as internal balances in the governmental activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

**City of Irvine**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2016**  
(amounts expressed in thousands)

**I. Summary of Significant Accounting Policies (Continued)**

**C. Measurement Focus and Basis of Accounting**

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned, as are the proprietary fund and fiduciary fund financial statements; however, the measurement focus is not applicable to agency funds. Under the *economic resources measurement focus*, all assets, deferred outflow of resources, liabilities (current and long-term), and deferred inflow of resources are reported. Under the *accrual basis of accounting*, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the providers have been met.

In general, the effect of inter-fund activity has been eliminated from the government-wide financial statements. Direct expenses have not been eliminated from the functional categories; however, indirect expenses and internal payments have been eliminated.

Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Under the *current financial resources measurement focus*, generally only current assets and liabilities are reported in the governmental funds.

Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the *modified accrual basis of accounting*, revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, under accrual accounting. However, expenditures for debt service and compensated absences are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered susceptible to accrual, and are therefore recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered susceptible to accrual as revenue of the current period. All other revenue items are considered measurable and available only when cash is received by the City.

**City of Irvine**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2016**  
(amounts expressed in thousands)

**I. Summary of Significant Accounting Policies (Continued)**

The proprietary, pension, and private-purpose trust funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. The agency fund has no measurement focus but utilizes the *accrual basis of accounting* for reporting its assets and liabilities.

**D. Use of Restricted and Unrestricted Resources**

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, and then use unrestricted resources as needed.

**E. Assets, Liabilities, Deferred Outflow/Inflow of Resources, and Net Position or Fund Balance**

**Cash and Investments**

Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates or fair market value when market quotations are readily available. Real estate assets (purchased for investment purposes) are reported at fair value utilizing an income approach to valuation method. If real estate investment assets are owned, an independent appraisal is obtained at least annually to determine the fair market value of the investment.

The City maintains a cash and investment pool that is available for use by all funds except the Pension Trust Funds, Private-Purpose Trust Funds, Irvine Community Land Trust, and the Inter-Agency Custodial Fund, which holds cash and investments separately from those of other City funds. Each fund's portion of the City's pool is displayed in the financial statements as "Cash and investments." Investment income is allocated to all participating funds based on each fund's average daily cash balance.

**Inventories and Prepaid**

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures/expenses when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to a future accounting period and are recorded as prepaid items in both government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

**Capital Assets**

Capital assets include property, plant, equipment and infrastructure. Property, plant and equipment are reported as assets with an initial individual cost of at least \$5,000 (amount not rounded) and an estimated useful life in excess of two years. Infrastructure components, which include street, bridge, traffic signal, landscape and trail networks, are reported as assets with an initial individual cost of at least \$50,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of acquisition.



**City of Irvine**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2016**  
(amounts expressed in thousands)

**I. Summary of Significant Accounting Policies (Continued)**

The estimated historical cost of infrastructure asset networks, as of July 1, 2001, was derived by calculating the current construction or purchase cost from recent historical data, and deflating that cost back in time to estimated prior in-service dates for network classes, using a generally used cost index deflator. Infrastructure asset networks are included in the City's capital assets reporting at estimated historical cost. Additions to the networks after June 30, 2001 are reported at actual cost consistent with the capitalization policy described above. The costs of normal maintenance and repairs that do not add to the value of assets or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as construction in progress as projects are constructed.

Property, plant, equipment, and infrastructure are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Lives</u>
Buildings & systems	30 - 40
Improvements other than buildings	15
Machinery and equipment	3 - 10
Infrastructure	17 - 62

**Deferred Outflow/Inflow of Resources**

In addition to assets, the statement of net position and governmental fund balance sheet will sometimes report a separate section for deferred outflow of resources. This separate financial statement element, deferred outflow of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenditure/expense) until then. The City has only one type of item in the statement of net position, \$28,897 for pension related items.

In addition to liabilities, the statement of net position and governmental fund balance sheet will sometimes report a separate section for deferred inflow of resources. The separate financial statement element, deferred inflow of resources, represents an acquisition of 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 this category:

1. Unavailable revenues 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.
2. Changes in the net pension liability not included in pension expense.

**City of Irvine**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2016**  
(amounts expressed in thousands)

**I. Summary of Significant Accounting Policies (Continued)**

Deferred inflows of resources that are included in the governmental fund financial statements and government-wide statements at June 30, 2016 are as follows:

	General Fund	Orange County Great Park	Capital Improvement Projects	Other Governmental Funds	Total
<u>Governmental Funds:</u>					
Grants	\$ -	\$ -	\$ 5,068	\$ 354	\$ 5,422
Other revenue	94	84	-	31	209
Notes and long-term receivable	-	-	-	6,059	6,059
Total	<u>\$ 94</u>	<u>\$ 84</u>	<u>\$ 5,068</u>	<u>\$ 6,444</u>	<u>\$ 11,690</u>
<u>Government-wide:</u>					
Pension related items					<u>\$ 12,172</u>

**Net Position Flow Assumptions**

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

**Fund Balance Flow Assumptions**

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

**Long-Term Notes Receivable**

Long-term notes receivable consist of loans to developers to assist in the stimulation of low and moderate income housing projects, rehabilitation loans to low income individuals that need assistance in rehabilitating their homes, and first time buyers assistance loans. Loan repayment terms range from due at the sale of the property to 58 years. A majority of the loans to the developers will be paid from residual rental receipts earned on the property.

Due to the long-term nature and contingent repayment requirements for some of the loans, an allowance for doubtful accounts has been estimated, actual results can differ from the estimates. Some of the loans were funded from Department of Housing and Urban Development and CalHOME grants and are part of a revolving loan program. In the governmental funds financial statements,

**City of Irvine**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2016**  
(amounts expressed in thousands)

**I. Summary of Significant Accounting Policies (Continued)**

disbursements for providing these revolving loan receivables are recorded as expenditures while the collection of these receivables are recorded as revenue. Due to the requirement of the granting agency, these receivable collections must be utilized for the purpose of the grant requirements. The City has recorded a deferred inflow of resources equal to the outstanding revolving loan principal of \$6,059.

Developer loans	\$	18,440
Rehabilitation loans		1,460
First time home buyer assistance loans		797
Total		20,697
Allowance for doubtful accounts		(10,211)
Long-Term Notes Receivable, Net	\$	10,486

**Property Taxes**

Property taxes are attached as enforceable liens on the related property as of January 1. Taxes are levied on July 1 and are payable in two installments on December 10 and April 10. The County of Orange (County) bills and collects the property taxes and remits the amounts to the City in installments during the year. California State legislation (known as the "Teeter Plan") allowed the City and County to adopt an alternative property tax allocation plan whereby the City receives 100 percent of the tax levied. The City is not responsible to reimburse the County for unpaid property taxes; in return, the County receives all penalty charges or delinquent property taxes and is also responsible for any foreclosure proceedings.

**Compensated Absences**

It is the City's policy to allow employees to accumulate earned but unused vacation, compensatory time, and sick pay benefits. The vesting method is used to calculate the liability. Depending on the bargaining group and years of service, an employee will be paid between 0 percent and 90 percent of earned sick pay benefits, and 100 percent of earned vacation and compensatory time upon separation. All vacation pay, compensatory time, and sick pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements; the current portion of the liability is estimated from prior year payments and adjusted for material expected variances. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements. The General Fund is used to liquidate the compensated absences liabilities.

**Long-term Obligations**

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund type statement of net positions. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs with the exception of prepaid insurance costs, are recognized as an outflow of resources in the period when the debt is issued. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

**City of Irvine**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2016**  
(amounts expressed in thousands)

**I. Summary of Significant Accounting Policies (Continued)**

Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**Pensions**

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

GASB Statement No. 68 requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used.

	Defined Benefit Pension Plan	CalPERS Pension Plans
Valuation date (VD)	December 31, 2014	June 30, 2014
Measurement date (MD)	December 31, 2015	June 30, 2015
Measurement period (MP)	January 1, 2015 to December 31, 2015	July 1, 2014 to June 30, 2015

**Fund Balance-Net Position**

In the fund financial statements, governmental fund balance is made up of the following components:

Nonspendable fund balance typically includes inventories, prepaid items, and other items that must be maintained intact pursuant to legal or contractual requirements, such as endowments.

Restricted fund balance category includes amounts that can be spent only for specific purposes imposed by creditors, grantors, contributors, or laws or regulations of other governments or through enabling legislations.

Committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the City Council ordinances. These amounts cannot be used for any other purposes unless the City removes or changes the specified use by taking the same type of action it employed previously to commit those amounts.

Assigned fund balance reflects the City's intended use of resources. Through the adoption of the budget and subsequent budget adjustments throughout the year, the City assigns the specific purpose of the funding.

Unassigned fund balance is the residual classification that includes all spendable amounts in the General Fund 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.

**City of Irvine**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2016**  
(amounts expressed in thousands)

**I. Summary of Significant Accounting Policies (Continued)**

When expenditures are incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) fund balances are available, the City's policy is to apply restricted first. When expenditures are incurred for purposes for which committed, assigned, or unassigned fund balances are available, the City's policy is to apply committed fund balance first, then assigned fund balance, and finally unassigned fund balance.

In the governmental-wide financial statement and proprietary fund financial statements, net positions are classified as follows:

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding debt attributed to the acquisition, construction or improvement of the assets.

Restricted net position is restricted by external creditors, grantors, contributors, or laws or regulations of other governments.

Unrestricted net position is all resources that do not meet the definition of “net investment in capital assets” or “restricted net position”.

**F. Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Specifically, the City has made certain estimates and assumptions related to the collectibility of its receivables (e.g. accounts receivable, intergovernmental receivables, loans receivable, amounts due from other funds and amounts advanced to other funds), the depreciation of its capital assets and infrastructure networks, and the ultimate outcome of claims and judgments. Actual results could differ from those estimates.

**G. Implementation of New GASB Pronouncements**

In fiscal year ended June 30, 2016, the City adopted the following accounting standards.

GASB Statement No. 72, *Fair Value Measurement and Applications* is effective for fiscal year beginning after June 15, 2015. GASB Statement No. 72 requires the City to use valuation techniques which are appropriate under the circumstances and are either a market approach, a cost approach or income approach. GASB Statement No. 72 establishes a hierarchy of inputs used to measure fair value consisting of three levels. Level 1 inputs are quoted prices in active markets for identical assets or liabilities. Level 2 inputs are inputs, other than quoted prices included within Level 1, which are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs, and typically reflect management's estimates of assumptions that market participants would use in pricing the asset or liability. GASB Statement No. 72 also contains note disclosure requirements regarding the hierarchy of valuation inputs and valuation techniques that were used for the fair value measurements.

**City of Irvine**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2016**  
(amounts expressed in thousands)

**I. Summary of Significant Accounting Policies (Continued)**

GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68* is effective for fiscal year beginning after June 15, 2015. The Statement's goal is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability.

GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments* is effective for fiscal year beginning after June 15, 2015. The objective of this Statement is to identify-in the context of the current governmental financial reporting environment-the hierarchy of generally accepted accounting principles (GAAP).

GASB Statement No. 79, *Certain External Investment Pools and Pool Participants* is effective for the fiscal year beginning after June 15, 2015. This Statement addresses accounting and financial reporting for certain external investment pools and pool participants.

GASB Statement No. 82, *Pension Issue – An Amendment of GASB Statements No. 67, No. 68, and No. 73* is effective for the fiscal year beginning after June 15, 2016. The objective of this Statement is to address certain issues that have been raised with respect to Statement No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pension*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The City has early implemented GASB Statement No. 82.

**H. Pending GASB Accounting Pronouncements**

The following accounting statement which may impact the City's financial reporting requirements in the near future is listed below.

GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* becomes effective for fiscal years beginning after June 15, 2016. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability.

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension* becomes effective for fiscal year beginning after June 15, 2017. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities.

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**I. Summary of Significant Accounting Policies (Continued)**

GASB Statement No. 77, *Tax Abatement Disclosures* becomes effective for fiscal years beginning after December 15, 2015. This Statement requires disclosure of tax abatement information about (1) a reporting government's own tax abatement agreements and (2) those that are entered into by other governments and that reduce the reporting government's tax revenues.

GASB Statement No. 78, *Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans* becomes effective for fiscal year beginning after December 15, 2015. The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*.

GASB Statement No. 80, *Blending Requirements for Certain Component Units-An Amendment of GASB Statement No. 14*, becomes effective for fiscal year beginning after June 15, 2016. The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units.

GASB Statement No. 81, *Irrevocable Split-Interest Agreements* becomes effective for fiscal year beginning after December 15, 2016. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement.

**II. Stewardship, Compliance, and Accountability**

**A. Budgetary Information**

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

1. During May and June, the City Manager submits to the City's Finance Commission and the City Council a proposed operating budget for all funds of the City for the fiscal year commencing the following July 1. In addition during May and June, the Orange County Great Park funds' budget is submitted to the Orange County Great Park Board. The budget includes proposed expenditures and the means of financing them.
2. The Finance Commission and City Council hold public meetings to consider the proposed budget. Prior to July 1, the budget is legally enacted through adoption of an appropriation resolution.
3. After adoption, the annual budget except for the Orange County Great Park Funds may be amended by the City Manager, if amendments are less than \$50,000 (amount not rounded) and do not expand or add to the City's programs or services, except for the General Fund that has no limit if the amendments do not expand or add to the City's programs or services. The legal level of control in the General Fund is considered to be the department level. The City departments are: City Manager, Administrative Services, Community Development, Community Services, Public Safety, and Public Works. The first two departments are classified

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**II. Stewardship, Compliance, and Accountability (Continued)**

together for reporting purposes as General Government, but City Manager and Administrative Services operate separately as departments for budgetary control purposes. Review by the Finance Commission and approval by the City Council are required if an amendment is in excess of \$50,000 (amount not rounded). Amendments to the adopted General Fund budget for the fiscal year ended June 30, 2016, increased appropriations by \$2,920 to an amended total of \$190,775.

The legal level of control for the Orange County Great Park Funds is the budget category by department. Adjustments to the budget must be approved by the Orange County Great Park Board of Directors and majority vote of the City Council. Amendments to the adopted Orange County Great Park budget increased appropriation by \$914 to an amended total of \$15,676.

The legal level of control for all governmental funds other than the General Fund and Orange County Great Park Funds is considered to be the fund level.

4. Budgets for the General, Special Revenue, and Permanent Funds are adopted on a basis consistent with generally accepted accounting principles. Accordingly, actual revenues and expenditures can be compared with related budget amounts without any significant reconciling items. Budgeted amounts contained within this report are the original and final amended amounts, as approved by the City Council. No budgetary comparisons are presented for the Capital Projects Funds since budgets are adopted on a project basis as opposed to an annual basis. Also, no budgetary comparisons are presented for the Internal Service and Fiduciary Funds.



**City of Irvine**  
**Notes to the Basic Financial Statements**  
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**III. Detailed Notes on All Funds**

**A. Cash and Investments**

Cash and investments, as of June 30, 2016, are classified in the accompanying financial statements as follows:

Statement of net position:	
Cash and investments	\$ 571,612
Cash and investments held by trustee	193,599
Total	765,211
Fiduciary funds:	
Cash and investments	3,829
Cash and investments held by trustee	102,202
Agency deposits	60
Cash and investments - Pension trust funds	28,912
Cash and investments - Private purpose trust funds	1,939
Total	136,942
Total Cash and Investments	\$ 902,153

Cash and investments, as of June 30, 2016, consist of the following:

Cash on hand	\$ 21
Deposits with financial institutions - City	22
Deposits with financial institutions - Irvine Community Land Trust	5,190
Investments - City	861,486
Investments - Irvine Community Land Trust	4,583
Total	871,302
Cash and investments - Pension trust funds	28,912
Cash and investments - Private-purpose trust funds	1,939
	30,851
Total Cash and Investments	\$ 902,153

**Investments Authorized By the California Government Code and the City of Irvine's Investment Policy**

The City Treasurer may waive the collateral requirement for deposits that are fully insured up to \$250 by the Federal Deposit Insurance Corporation (FDIC). The following table identifies the investment types that are authorized for the City by the California Government Code (or the City's investment policy, where more restrictive). The table also addresses interest rate risk, credit risk and concentration of credit risk by virtue of the limitations imposed by the California Government Code (or the City's investment policy, where more restrictive). The table does not address investments of debt proceeds held by bond trustees that are governed by the provisions of the bond indentures or investments held by the Irvine Community Land Trust governed by the Irvine Community Land Trust's Board of Directors Investment Policy, rather than the general provisions of the California Government Code or the City's investment policy.

**City of Irvine**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2010 (Continued)**

**IV. Detailed notes on all funds (continued)**

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
U.S. Treasuries	5 years	None	None
U.S. Government Sponsored Enterprise Securities	5 years	None	None
Bankers' Acceptances	180 days	25%	\$5,000
Commercial Paper	270 days	15%	3%
Repurchase Agreements	75 days	25%	None
Reverse Repurchase Agreements	75 days	15%	None
Local Agency Investment Fund (LAIF)	N/A	25%	N/A
Municipal Bonds	5 years	None	None
Corporate Medium Term Notes	5 years	15%	3%
Money Market Mutual Funds	N/A	20%	10%
Supranationals	5 years	10%	10%

**Investments Authorized By Bond Indentures**

Investments of debt proceeds held by trustees are governed by provisions of the bond indentures rather than the general provisions of the California Government Code or the City's investment policy. The City's investment policy is designed to meet the objectives of safety, liquidity and yield. The City, therefore, has consciously subjected bond proceeds to the additional constraint of the investment policy. The City has adopted the practice of investing bond proceeds exclusively in U.S. Treasury obligations, U.S. Government Sponsored Enterprise Securities, Local Agency Investment Fund, and money market mutual funds, in accordance with both the bond indentures and the City's investment policy.

**Investments Authorized By Irvine Community Land Trust Board**

Investments held by the Irvine Community Land Trust (Land Trust) are governed by the Land Trust's Investment Policy Statement rather than the general provisions of the California Government Code or the City's investment Policy.

The overall targeted Land Trust's asset allocation is 20-30 percent equity and 70-80 percent fixed income, with allowable variances of plus or minus 10 percent. Short-term investments with maturity dates of less than two years are limited to \$2 million. Long-term investments are limited to \$4 million and not to exceed seven year terms.

Short-term duration securities that are designated for near-term distributions (less than one year) are invested in money market funds, commercial paper rated A1 or P1, or securities issued or guaranteed by the U.S. Government or its agencies.

The following the list of allowable asset classes, target rates and the allowable ranges for Land Trust's equity and fixed income investments:

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**III. Detailed Notes on All Funds (Continued)**

Asset Class	Target	Range
U.S. Large Cap Equity	7 %	0 - 15%
U.S. Mid & Small Cap Equity	6 %	0 - 10%
Developed International Equity	3 %	0 - 5%
Emerging Markets Equity	2 %	0 - 5%
Alternative Strategies	2 %	0 - 5%
Taxable Fixed Income	76 %	70 - 90%
High Yield Fixed Income	3 %	0 - 5%
Emerging Markets Debt	1 %	0 - 5%

Investment criteria authorized by Land Trust's Investment Policy for fixed income asset class is as follows:

Criteria	Requirement
Average Quality	AA
Minimum Credit Quality	Investment grade as defined by S&P and Moodys at time of purchase
Maximum BBB/Baa Exposure	20%
Maximum Issuer	No limit on U.S. Treasuries and U.S. Government Sponsored Enterprise Securities; all others 5%
Duration	+/-20% of benchmark, Barclays Capital Aggregate Index

**Disclosures Relating to Interest Rate Risk**

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

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

Investment Type	Amount	Remaining Maturity		
		12 Months or Less	13 to 24 Months	25 to 60 Months
U.S. Government Sponsored Enterprise Securities	\$ 586,821	\$ 141,150	\$ 178,173	\$ 267,498
Commercial Paper	146,423	146,423	-	-
Money Market Mutual Funds	74,220	74,220	-	-
Local Agency Investment Fund (LAIF)	48,785	48,785	-	-
Municipal General Obligation Bonds	5,237	-	5,237	-
	<u>\$ 861,486</u>	<u>\$ 410,578</u>	<u>\$ 183,410</u>	<u>\$ 267,498</u>

**City of Irvine**  
**Notes to the Basic Financial Statements**  
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**III. Detailed Notes on All Funds (Continued)**

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

Investment Type	Amount	Remaining Maturity			
		12 Months or Less	13 to 24 Months	25 to 60 Months	71 to 84 Months
Other Individual Fixed Income	\$ 1,501	\$ 137	\$ 533	\$ 831	\$ -
Equities	1,321	1,321	-	-	-
U.S. Treasuries*	984	75	368	541	-
Fixed Income Mutual Funds	443	443	-	-	-
Alternative Strategies: Managed Futures	171	171	-	-	-
Cash Equivalent	113	113	-	-	-
U.S. Government Sponsored Enterprise Securities*	50	-	25	25	-
	<u>\$ 4,583</u>	<u>\$ 2,260</u>	<u>\$ 926</u>	<u>\$ 1,397</u>	<u>\$ -</u>

\*Investment types U.S. Treasuries and U.S. Government Sponsored Enterprise Securities represent individual holdings within the Irvine Community Land Trust portfolio. These types of investments may also be included in underlying investments in Fixed Income Mutual Funds held within the portfolio.

**Investments with Fair Values Highly Sensitive to Interest Rate Fluctuations**

The City's investments (including investments held by trustees) in callable federal agency securities are highly sensitive to interest rate fluctuations. These securities are subject to early payment in a period of declining interest rates. The resultant reduction in expected total cash flows affects the fair value of these securities and makes their fair values highly sensitive to changes in interest rates. The fair value of callable investments in the City's portfolio at June 30, 2016, is \$180,823.

**Disclosures Relating to Credit Risk**

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

Investment Type	Total	Minimum Legal Rating	Not Rated	Rating as of June 30, 2016				
				AAAm	AA+	AA-	A-1+	A-1
U.S. Government Sponsored Enterprise Securities	\$ 586,821	N/A	\$ -	\$ -	\$ 586,821	\$ -	\$ -	\$ -
Commercial Paper	146,423	A-1	-	-	-	-	99,887	46,536
Money Market Mutual Funds	74,220	AAA	-	74,220	-	-	-	-
Local Agency Investment Fund (LAIF)	48,785	N/A	48,785	-	-	-	-	-
Municipal General Obligation Bonds	5,237	A2/A	-	-	-	5,237	-	-
	<u>\$ 861,486</u>		<u>\$ 48,785</u>	<u>\$ 74,220</u>	<u>\$ 586,821</u>	<u>\$ 5,237</u>	<u>\$ 99,887</u>	<u>\$ 46,536</u>

**Concentration of Credit Risk**

The City's investment policy generally limits the amount that can be invested in any obligations of one entity or single security except U.S. Treasuries, U.S. Government Sponsored Enterprise Securities, and LAIF, which is subject to a 25 percent (excluding the fiscal agent cash portfolio) limitation. Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5 percent or more of the City's investments are as follows:

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**III. Detailed Notes on All Funds (Continued)**

Issuer	Investment Type	Fair Value
Federal Farm Credit Bank	U.S. Government Sponsored Enterprise Securities	\$ 168,284
Federal National Mortgage Association	U.S. Government Sponsored Enterprise Securities	\$ 148,964
Federal Home Loan Mortgage Corporation	U.S. Government Sponsored Enterprise Securities	\$ 103,204
Federal Home Loan Bank	U.S. Government Sponsored Enterprise Securities	\$ 93,816

The City's fiscal agent cash portfolio is subject to the constraints of the investment policy in addition to the provisions of the bond indentures. Investments in any one issuer that represent 5 percent or more of the fiscal agent cash portfolio are as follows:

Issuer	Investment Type	Fair Value
Toyota Motor Corporation	Commercial Papers	\$ 50,720
Federal Home Loan Bank	U.S. Government Sponsored Enterprise Securities	\$ 44,292
Nestle Finance International Limited	Commercial Papers	\$ 41,672
Federated Government Obligation Institutional	Money Market Mutual Fund	\$ 32,173
JP Morgan Securities	Commercial Papers	\$ 31,067
Dreyfus Government Prime Cash Fund	Money Market Mutual Fund	\$ 22,053
Federal National Mortgage Association	U.S. Government Sponsored Enterprise Securities	\$ 18,735
Bank of Tokyo-Mitsubishi UFJ	Commercial Papers	\$ 15,469

The Land Trust's investments in any one mutual fund that represent 5% or more of the fiscal agent cash portfolio are as follows:

Issuer	Investment Type	Market Value
BNY Mellon Short-Term U.S. Government Securities	Fixed Income	\$ 268
Dreyfus Growth and Income Fund	Equities	\$ 369

**Notes:**

The BNY Mellon Short-Term U.S. Government Securities Fund has 78 holdings with the top holding comprising approximately 4% of the fund's total assets.

The Dreyfus Growth and Income fund has over 100 holdings with the top holding comprising 2.4% of the fund's total assets.

**Custodial Credit Risk**

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. 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. The City's investment policy requires all demand deposits, time deposits, and repurchase agreements are to be fully collateralized with securities authorized by the California Government Code and the City.

Noninterest-bearing transaction accounts is defined as an account (1) with respect to which interest is neither accrued nor paid; (2) on which the depositor or account holder is permitted to make

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**III. Detailed Notes on All Funds (Continued)**

withdrawals by negotiable or transferable instrument, payment orders of withdrawal, telephone or other electronic media transfers, or other similar items for the purpose of making payments or transfers to third parties or others; and (3) on which the FDIC-insured depository institutions does not reserve the right to require advance notice of an intended withdrawal.

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.

As of June 30, 2016, the City's investments in the following uninsured and uncollateralized investment types were held by the City's safekeeping agent or trustee:

Investment Type	Fair Value
U.S. Government Sponsored Enterprise Securities	\$ 514,268

The following investments in the fiscal agent cash portfolios are uninsured or uncollateralized and currently held by the bond trustee:

Investment Type	Fair Value
U.S. Government Sponsored Enterprise Securities	\$ 72,553

**Investment in State Investment Pool**

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

**Cash and Investments - Pension Trust Funds**

Defined Benefit Pension Plan Investments in the Plan are administered by the City's Defined Benefit Pension Plan Trustee and are subject to the investment policies stipulated in the Plan document rather than the general provisions of the California Government Code or the City's investment policy. Cash and investments of the Defined Benefit Pension Plan are included in the basic financial statements as of December 31, 2015. The fair values of the Plan investments have been determined by the respective unit price provided by the custodian as of December 31, 2015.

Defined Contribution Pension Plan The City's Defined Contribution Pension Plan Committee administers investment options in this Plan, which is subject to the investment policies stipulated in the Plan document rather than the general provisions of the California Government Code or the City's investment policy. Cash and investments of the Defined Contribution Pension Plan are included in the basic financial statements as of December 31, 2015. Investments of the Plan are stated at fair value. The fair value of investments in open-end investment trusts are determined by the funds' quoted share price at December 31, 2015.

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**III. Detailed Notes on All Funds (Continued)**

**Agency Deposits**

The agency deposits are funds which were seized during the course of local law enforcement activities and are held in trust pending a final asset forfeiture hearing by the Orange County District Attorney's Office. At the conclusion of each case, the District Attorney's Office informs the City of the required disposition of the funds, at which time, the City remits the seized amount plus interest as directed.

**Fair Value Measurements**

The City categorizes its fair value measurement within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the relative inputs used to measure the fair value of the investments. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the City has the ability to access.

Level 2: Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement. Unobservable inputs reflect the City's own assumptions about the inputs market participants would use in pricing the asset or liability (including assumptions about risk). Unobservable inputs are developed based on the best information available in the circumstances and may include the City's own data.

The asset's or liability's level within the hierarchy is based on the lowest level of input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The determination of what constitutes observable requires judgment by the City's management. City management considers observable data to be that market data which is readily available, regularly distributed or updated, reliable, and verifiable, not proprietary, and provided by multiple independent sources that are actively involved in the relevant market.

The categorization of an investment or liability within the hierarchy is based upon the relative observability of the inputs to its fair value measurement and does not necessarily correspond to City management's perceived risk of that investment or liability.

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**III. Detailed Notes on All Funds (Continued)**

The following is a description of the recurring valuation methods and assumptions used by the City to estimate the fair value of its investments. The methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. The use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

When available, quoted prices are used to determine fair value. When quoted prices in active markets are available, investments are classified within Level 1 of the fair value hierarchy. When quoted prices in active markets are not available, fair values are based on evaluated prices received by City's asset manager from third party service provider.

For a large portion of the City's portfolio, the City's asset manager applies their leveling methodology across all securities in a specific sector (i.e. U.S. Government Sponsored Agency Securities). Inputs to their pricing models are based on observable market inputs in active markets.

The City has no investments categorized in Level 3. When valuing Level 3 securities, the inputs or methodology are not necessarily an indication of the risks associated with investing in those securities. Changes in valuation techniques may result in transfers into or out of an assigned level within the disclosure hierarchy.

Investment Type	Level			Total
	1	2	3	
U.S. Government Sponsored Enterprise Securities	\$ -	\$ 586,821	\$ -	\$ 586,821
Commercial Paper	146,423	-	-	146,423
Municipal General Obligation Bonds	5,237	-	-	5,237
	<u>\$151,660</u>	<u>\$ 586,821</u>	<u>\$ -</u>	<u>\$ 738,481</u>
Local Agency Investment Fund (LAIF)				48,785
Money Market Mutual Funds				74,220
				<u>\$ 861,486</u>

Below is the categorization of the Land Trust's investments:

Investment Type	Level			Total
	1	2	3	
Other Individual Fixed Income	\$ 1,501	\$ -	\$ -	\$ 1,501
Equities	1,321	-	-	1,321
U.S. Treasuries	-	984	-	984
Fixed Income Mutual Funds	443	-	-	443
Alternative Strategies: Managed Futures	171	-	-	171
U.S. Government Sponsored Enterprise Securities	-	50	-	50
	<u>\$ 3,436</u>	<u>\$ 1,034</u>	<u>\$ -</u>	<u>\$ 4,470</u>
Cash Equivalent				113
				<u>\$ 4,583</u>

**Restricted Cash**

Cash and investments in the Senior Services Permanent Fund, consisting of proceeds from permanent fund contributions totaling \$671 at June 30, 2016, were nonspendable or restricted per terms of an agreement with the Irvine Senior Foundation and the City.



**City of Irvine**  
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**III. Detailed Notes on All Funds (Continued)**

**B. Capital Assets**

Capital asset activity for the year ended June 30, 2016, was as follows:

	Balance June 30, 2015	Increases	Decreases	Balance June 30, 2016
<b>Governmental Activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 632,609	\$ 11,893	\$ -	\$ 644,502
Construction in progress	63,554	13,864	5,789	71,629
Total capital assets not being depreciated	<u>696,163</u>	<u>25,757</u>	<u>5,789</u>	<u>716,131</u>
Capital assets, being depreciated:				
Buildings and systems, as restated	130,739	8,572	-	139,311
Improvements other than buildings	137,758	554	-	138,312
Machinery and equipment	46,550	4,364	15,380	35,534
Infrastructure	1,484,834	81,952	-	1,566,786
Total capital assets being depreciated, as restated	<u>1,799,881</u>	<u>95,442</u>	<u>15,380</u>	<u>1,879,943</u>
Less accumulated depreciation for:				
Buildings and systems, as restated	(56,148)	(3,459)	-	(59,607)
Improvements other than buildings	(61,914)	(7,973)	-	(69,887)
Machinery and equipment	(35,815)	(3,310)	(14,974)	(24,151)
Infrastructure	(824,554)	(51,423)	-	(875,977)
Total accumulated depreciation, as restated	<u>(978,431)</u>	<u>(66,165)</u>	<u>(14,974)</u>	<u>(1,029,622)</u>
Total capital assets, being depreciated, net	<u>821,450</u>	<u>29,277</u>	<u>406</u>	<u>850,321</u>
Governmental activities capital assets, net	<u>\$ 1,517,613</u>	<u>\$ 55,034</u>	<u>\$ 6,195</u>	<u>\$ 1,566,452</u>

**Museum Collections**

The Orange County Great Park (OCGP) has acquired airplane collections for the future museum at the Orange County Great Park. The requirement to capitalize these collections is waived because the OCGP collections are held for reasons other than financial gain; the collection is protected, kept unencumbered, cared for, and preserved; and the collection is subject to the City's policy requiring the proceeds from sales of collection items be used to acquire other items for collections.

Depreciation expense was charged to City functions/programs as follows:

General Government	\$ 1,371
Public Safety	308
Public Works	9,399
Community Development	96
Community Services	1,258
Internal Service Funds Depreciation-charged to programs based on asset usage	2,310
Allocated Depreciation	<u>14,742</u>
Unallocated Infrastructure Depreciation	<u>51,423</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 66,165</u>

**City of Irvine**  
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**III. Detailed Notes on All Funds (Continued)**

**Construction Commitments**

The City has active construction projects as of June 30, 2016. The projects include signals, streets and drainage, bridges, parks, trails, landscape, and facilities. At fiscal year-end, the City's encumbrances with contractors were as follows:

	Spent-to-date	Remaining Commitment
Streets and drainage	\$ 70,608	\$ 2,894
Parks	9,870	1,173
Facilities	4,212	5,753
Landscape and streetscape	4,096	20
Trails	3,595	228
Traffic signal projects	2,825	155
Bridges	163	65
Total	<u>\$ 95,369</u>	<u>\$ 10,288</u>

Special assessment bonds that will be repaid by the benefiting property owners are financing the special assessment commitments. A mixture of outside federal and state grants supplemented by City funding finances the other commitments. City funding includes General Fund transfers, Gas Tax, and Measure M Turnback funding as well as various types of development fees.

**C. Interfund Receivables, Payables, and Transfers**

The composition of interfund balances as of June 30, 2016, was as follows:

**Due to/from other funds:**

Receivable Fund	Payable Fund	Amount
Non-Major Governmental Funds	Orange County Great Park	\$ 28,006

The interfund balance represents a settlement agreement entered into that resolves lawsuits filed by the City, Successor Agency, and Irvine Community Land Trust against the State of California related to debts owed by the former Redevelopment Agency to the City and Irvine Community Land Trust.

**Interfund Transfers:**

	Transfers in:					Total
	General Fund	Orange County Great Park Development	Capital Improvement Projects	Other Governmental Funds	Internal Service Funds	
Transfers out:						
General Fund	\$ -	\$ -	\$ 3	\$ 9,432	\$ -	\$ 9,435
Orange County Great Park	100	920	-	-	-	1,020
Community Facilities Districts	-	-	-	4,249	-	4,249
Other Governmental Funds	6	17,243	16,841	6,641	182	40,913
Internal Service Funds	-	-	-	19	-	19
Total	<u>\$ 106</u>	<u>\$ 18,163</u>	<u>\$ 16,844</u>	<u>\$ 20,341</u>	<u>\$ 182</u>	<u>\$ 55,636</u>

**City of Irvine**  
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**III. Detailed Notes on All Funds (Continued)**

Transfers provided funding for the development of capital projects, as well as capital acquisitions. Transfers are used to move revenues from the fund that statute or budget requires to collect them, to the fund that statute or budget requires to expend them and the use of unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorization.

**D. Leases**

**Operating Revenue Lease**

The City has various operating lease rental agreements producing annual rental revenue to the Orange County Great Park and the General Fund.

**Orange County Great Park**

The Orange County Great Park (OCGP) fund receives revenue for several operating leases for sites within the former MCAS El Toro. The OCGP is currently under development and thus lease rentals are only projected as far out as to the fiscal year ended June 30, 2018, with some leases expiring or planned to be terminated sooner. The leases are for recreational vehicle storage, green waste recycling, office/manufacturing buildings, farming and other uses of the property.

A lease with Flying Bull RV Storage for the storage of recreational vehicles which had been in effect since July 2005 was terminated on July 15, 2014, and converted to a month to month lease, due to future construction of the lease site. Flying Bull RV Storage vacated the premises on January 29, 2016, and terminated the lease. During the fiscal year ended June 30, 2016, rental income of \$301 was collected on this lease.

A lease with Tierra Verde Industries began in May 2006 has been amended and restated over the years and is for two parcels located in the OCGP. The first parcel is approximately 60 acres and is used as a green waste recycling center. The quarterly rental for this property is \$100 for an annual rental of \$400. An additional \$0.64 per ton is charged as a Green Waste Host Fees and the amount collected June 30, 2016, was \$440. The second parcel under this lease are buildings used for office space, light maintenance and manufacturing. The rents received for this parcel for the fiscal year ended June 30, 2016, were \$93.

A farming lease with El Toro Farms, LLC to grow strawberries and vegetable crop. The lease began in July 2005, has been renewed over the years and currently terminates June 30, 2017. Rental revenue at June 30, 2016, was \$32.

A lease with Orange County Produce to grow strawberries and other crops. The lease began in July 2010 and has been extended to June 30, 2025. Rental revenue at June 30, 2016, was \$168.

A lease with AMCI/Omnicom for the use of other sites within OCGP. The lease is month to month with \$360 received in the fiscal year June 30, 2016.

**City of Irvine**  
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**III. Detailed Notes on All Funds (Continued)**

The future minimum rental revenue to be received from the aforementioned operating leases, as of June 30, 2016, is as follows:

Fiscal Year Ending June 30	Annual Rent
2017	\$ 453
2018	407
2019	78
2020	78
2021	78
2021-2026	311
	\$ 1,405

**General Fund**

The City has ongoing operating lease agreements for farming, retail space, right of way, facilities, and cell sites which expire at various dates through 2040. Rental revenue reported by the operating lease agreements for the fiscal year ended June 30, 2016, amounted to \$629. The future minimum rental revenue to be received from the aforementioned operating leases, as of June 30, 2016, is as follows:

Fiscal Year Ending June 30	Annual Rent
2017	\$ 650
2018	657
2019	667
2020	529
2021	410
2021-2026	1,972
2026-2031	877
2031-2036	32
Thereafter	4
	\$ 5,798

**Capital Leases**

Total assets acquired through capital leases at June 30, 2016 were as follows:

Governmental Activities	
Machinery and equipment	\$ 861
Less: Accumulated depreciation	(853)
Total	\$ 8

The City entered into a lease agreement with Ford Motor Credit Company in March 2013 for ten patrol cars at a cost of \$295. The lease meets the capitalization policy and the vehicles have been recorded as assets of the Equipment and Services Internal Service Fund. The interest rate on the lease is 4.80 percent. The term of the lease is three years. Payments are due quarterly under the terms of the lease. The remaining balance of the lease was paid in fiscal year 2015-16.

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**III. Detailed Notes on All Funds (Continued)**

**E. Changes in Long-term Liabilities**

For the fiscal year ended June 30, 2016, changes in long-term liabilities are as follows:

	Balance			Balance June 30, 2016	Long- Term	Due Within One Year
	June 30, 2015	Increases	Decreases			
Compensated absences	\$ 11,440	\$ 4,327	\$ 3,529	\$ 12,238	\$ 8,835	\$ 3,403
Claims payable	15,460	1,246	2,136	14,570	10,229	4,341
Capital lease obligation	78	-	78	-	-	-
<b>Total Long-Term Liabilities</b>	<b>\$ 26,978</b>	<b>\$ 5,573</b>	<b>\$ 5,743</b>	<b>\$ 26,808</b>	<b>\$ 19,064</b>	<b>\$ 7,744</b>

**F. Special Assessment Debt with No City Commitment**

The City issued special tax and assessment bonds on behalf of the property owners, pursuant to the Improvement Bond Act of 1915 and the Mello-Roos Community Facilities Act of 1982, to finance the acquisition and construction of certain infrastructure improvements within the assessment districts and community facilities districts.

The City acts solely as an agent for those paying special tax and assessments and remits the amounts collected to the bondholders of these variable and fixed rate Improvement Bond Act of 1915 and Mello-Roos Community Facilities Act of 1982 issues. The City is acting as an agent and is in no way liable for the Special Tax and Assessment debt.

The bonds are not general obligations of the City but are limited obligations, payable solely from special tax and assessments. The City has no obligation beyond the balances in the designated agency funds for any delinquent assessment and community facilities district bond payments. If delinquencies occur beyond the amounts held in the reserve funds created from bond proceeds, the City has no duty to pay the delinquency out of the available funds of the City. Neither the faith and credit nor the taxing power of the City, or the State of California, or any political subdivision thereof is pledged to the payment of these bonds.

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**III. Detailed Notes on All Funds (Continued)**

Non-committal debt amounts issued and outstanding at June 30, 2016, are as follows:

Variable Rate Issues:		Bonds Issued	Bonds Outstanding
07-22	Stonegate	\$ 40,000	\$ 7,905
05-21	Orchard Hills	79,265	31,644
04-20	Portola Springs	78,605	52,071
03-19	Northern Sphere	121,600	42,517
00-18	Shady Canyon/Turtle Ridge/Quail Hill	84,800	8,683
85-7	Irvine Spectrum	41,150	35,084
87-8	Spectrum 5	74,700	14,238
93-14	Spectrum 6 & 7	72,400	54,537
94-13	Oak Creek	61,600	16,231
94-15	Westpark II	32,700	3,577
97-16	Northwest Irvine	60,000	25,168
97-17	Lower Peters Canyon East	95,000	32,254
Total Variable Rate Issues		841,820	323,909
Fixed Rate Issues:		Bonds Issued	Bonds Outstanding
04-20	Portola Springs	7,450	-
04-20	Portola Springs	11,795	11,570
04-20	Portola Springs	14,460	14,460
04-20	Portola Springs	21,485	21,485
05-21	Orchard Hills	74,860	74,860
05-21	Orchard Hills	16,235	16,235
07-22	Stonegate	20,415	-
07-22	Stonegate	3,095	-
07-22	Stonegate	5,840	-
07-22	Stonegate	28,350	28,350
10-23	Laguna Altura	25,855	-
10-23	Laguna Altura	12,695	12,695
11-24	Cypress Village	38,655	38,377
13-25	Eastwood	34,430	34,430
11-1	Reassessment District	34,855	-
IPFIA	Revenue Bonds, 2012 Series A	33,570	-
12-1	Reassessment District	126,220	99,425
13-1	Reassessment District	80,755	72,655
15-1	Reassessment District	47,360	47,360
15-2	Reassessment District	50,625	50,625
CFD 2004-1	Central Park	18,510	18,510
CFD 2005-2	Columbus Grove	16,975	16,120
CFD 2013-3	Great Park	72,700	72,610
Total Fixed Rate Issues		797,190	629,767
Total All Issues		\$ 1,639,010	\$ 953,676

**City of Irvine**  
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**III. Detailed Notes on All Funds (Continued)**

**G. Fund Balance Classifications**

Fund balances in the governmental funds at June 30, 2016 have been classified as follows:

	General	Orange County Great Park	Orange County Great Park Development	Assessment Districts	Capital Improve- ment Projects	Community Facilities Districts	Other Governmental Funds	Total Governmental Funds
<b>Non Spendable</b>								
Endowment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 497	\$ 497
Prepaid expenditures	87	-	-	-	-	-	29	116
Subtotal	87	-	-	-	-	-	526	613
<b>Restricted for:</b>								
Capital improvement projects	-	-	-	144,707	-	19,801	913	165,421
Park development	-	-	-	-	-	-	88,467	88,467
Circulation improvement	-	-	-	-	-	-	180,297	180,297
Community services activities	-	-	-	-	-	-	101	101
Animal care activities	-	-	-	-	-	-	597	597
Public service activities	-	-	-	-	-	-	148	148
Contingency reserve	4,865	-	-	-	-	-	-	4,865
Development activities	1,085	-	-	-	-	-	-	1,085
Low-income housing activities	-	-	-	-	-	-	49,367	49,367
Air quality improvement activities	-	-	-	-	-	-	885	885
Public safety programs	-	-	-	-	-	-	1,791	1,791
Public education	2,158	-	-	-	-	-	2,881	5,039
Public transportation	-	-	-	-	-	-	2,800	2,800
Great Park development and operations	-	9,377	-	-	-	-	-	9,377
Senior nutrition programs and activities	-	-	-	-	-	-	308	308
Open space maintenance	80	-	-	-	-	-	-	80
Subtotal	8,188	9,377	-	144,707	-	19,801	328,555	510,628
<b>Committed to:</b>								
Capital improvement projects	-	-	-	-	-	-	786	786
Park development	-	-	-	-	-	-	16,824	16,824
Circulation improvements	-	-	-	-	17,892	-	5,758	23,650
Contingency reserve	30,090	-	-	-	-	-	-	30,090
Great Park development and operations	-	300,050	19,038	-	-	-	-	319,088
Public facilities improvements	-	-	-	-	-	-	13,660	13,660
Public safety services	-	-	-	-	-	-	97	97
Lighting, landscape, & park maintenance	-	-	-	-	-	-	498	498
Subtotal	30,090	300,050	19,038	-	17,892	-	37,623	404,693
<b>Assigned to:</b>								
Capital improvement projects	-	-	-	-	932	-	-	932
Park development	-	-	-	-	-	-	1,967	1,967
Compensated absences	4,803	-	-	-	-	-	-	4,803
Development activities	6,365	-	-	-	-	-	-	6,365
Infrastructure and rehabilitation	65,545	-	-	-	-	-	-	65,545
Technology innovation	1,000	-	-	-	-	-	-	1,000
Subtotal	77,713	-	-	-	932	-	1,967	80,612
Unassigned:	12,163	-	-	-	-	-	(2,493)	9,670
<b>Total</b>	<b>\$128,241</b>	<b>\$309,427</b>	<b>\$ 19,038</b>	<b>\$ 144,707</b>	<b>\$ 18,824</b>	<b>\$ 19,801</b>	<b>\$ 366,178</b>	<b>\$ 1,006,216</b>

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**III. Detailed Notes on All Funds (Continued)**

**H. Restatement**

Fund balance/net position at July 1, 2016, has been restated to reflect the following changes:

Funds	Balance at July 1, 2015 as Previously Reported	Fund Restatements	Balance at July 1, 2015 as Adjusted
Capital Improvement Projects	\$ 5,406	\$ (416)	\$ 4,990
Other Governmental Funds	312,949	4,457	317,406
Funds	Net Position at July 1, 2015 as Previously Reported	Fund Restatements	Net Position at July 1, 2015 as Adjusted
Governmental Activities	\$ 2,411,997	\$ (10,364)	\$ 2,401,633

During the fiscal year ended June 30, 2016, it was determined that \$416 in the Capital Improvement Projects fund was misclassified as revenue and reclassified to Due to Other Governments. In addition, the Irvine Community Land Trust had an accounting correction. Long term notes receivable of \$4,457 had an offsetting entry of the same amount in Deferred Inflow of Resources.

The governmental activities in the government-wide financial statements had a following restatements:

Revenues misclassified in the prior year was reclassified as Due to Other Governments.	\$ (416)
Capital assets which are recorded only in the Statement of Net Position had a restatement of \$263 in Buildings and Systems. A condo previously sold to a first time home buyer by the Irvine Community Land Trust was repurchased and is included as part of the portfolio of units available for moderate and low income rentals.	\$ 263
Due to the long-nature and contingent repayment requirements for some of the City's Long-term Notes Receivable, an allowance for doubtful accounts was recorded.	\$ (10,211)

**I. Successor Agency Trust for Assets of Former Redevelopment Agency**

On December 29, 2011, the California Supreme Court (Court) upheld Assembly Bill 1 X 26 (Bill) that provides for the dissolution of all redevelopment agencies in the State of California. This action impacted the reporting entity of the City of Irvine that previously had reported a redevelopment agency within the reporting entity of the City as a blended component unit.

The Bill provides that upon dissolution of a redevelopment agency, either the city or another unit of local government would agree to serve as the successor agency (Successor Agency) to hold the assets until they are distributed to other units of state and local government. On January 10, 2012, the City Council elected to become the Successor Agency for the former redevelopment agency in accordance with the Bill as part of City Council Resolution number 12-11.



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**III. Detailed Notes on All Funds (Continued)**

After enactment of the law, which occurred on June 28, 2011, redevelopment agencies in the State of California cannot enter into new projects, obligations or commitments. Subject to the control of a newly established oversight board, remaining assets can only be used to pay enforceable obligations in existence at the date of dissolution (including the completion of any unfinished projects that were subject to legally enforceable contractual commitments).

Successor agencies will only be allocated revenue in the amount that is necessary to pay the estimated annual installment payments on enforceable obligations of the former redevelopment agency until all enforceable obligations of the prior redevelopment agency have been paid in full and all assets have been liquidated.

In accordance with the timeline set forth in the Bill (as modified by the California Supreme Court on December 29, 2011) all redevelopment agencies in the State of California were dissolved and ceased to operate as a legal entity as of February 1, 2012.

**City Housing Successor**

On January 10, 2012, and pursuant to both the Bill and City Council Resolution number 12-11, the City, through the City Council, elected to retain the housing assets and functions of the former redevelopment agency. The City continues to report the housing assets and functions in the governmental special revenue fund designated City Housing Successor. No financial activity or deposits has occurred in this fund, therefore, no financial schedules are present in the Supplemental Schedules.

**Cash and Investments**

Cash and investments reported in the accompanying financial statements consisted of the following:

Cash and investments                      \$     1,939

**Advances from the City of Irvine**

Advances payable to the City for the year ended June 30, 2016, were as follows:

	Balance June 30, 2015	Additions	Deletions	Balance June 30, 2016
Advances from the City - Principal	\$     6,568	\$     -	\$     6,568	\$     -
Advances from the City - Interest	1,213	-	1,213	-
Advances from the City - Settlement agreement	288,084	-	8,028	280,056
Total	\$   295,865	\$     -	\$   15,809	\$   280,056

The advances from the City represent balances due under a series of financing agreements, including accrued interest at the interest rate allowable under Assembly Bill 1484. Two of the financing agreements dated June 14, 2005 and January 24, 2006, funded the startup operation of the Irvine Redevelopment Agency. These advances were scheduled to begin repayment in fiscal year 2015-16 and are payable over ten years thereafter.

In October 2015, the City, the Successor Agency to the Dissolved Irvine Redevelopment Agency, the California Department of Finance and California State Controller's Office entered into a Settlement

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**III. Detailed Notes on All Funds (Continued)**

Agreement that resolves the following two disputed issues relating to the dissolution of redevelopment in California: 1) the enforceability of two loans made by the Irvine Redevelopment Agency to the City in 2005 and 2006, with a combined original principal amount of \$6,500, and 2) the ownership of 35 acres of land spread over three parcels (8 acres, 7 acres, and 20 acres) near the Orange County Great Park. The settlement agreement resolves those two issues by allowing the City to retain the 35 acres in exchange for the City's agreement that it will not seek enforcement of the two loans.

On August 14, 2007, the Board of Directors of the Irvine Redevelopment Agency approved a purchase, sale, and financing agreement with the City whereby the Irvine Redevelopment Agency borrowed \$134,000 from the City in order to purchase real property from the City that is located within the Orange County Great Park Redevelopment Area. The repayment terms call for an annual calculation of the project area cash flow. On October 24, 2014, a settlement agreement was entered into that resolves lawsuits filed by the City, Successor Agency and Irvine Community Land Trust against the State of California relating to debts owed by the former Redevelopment Agency to the City and Irvine Community Land Trust that the State Department of Finance deemed unenforceable obligations for purposes of providing property tax funding to satisfy debt. The settlement agreement calls for the State to remit to the Successor Agency a total of \$292,000 in property tax receipts over an unspecified period, which when received by the Successor Agency will be remitted to the City and the City disbursing 10 percent of the settlement received to the Irvine Community Land Trust. As of June 30, 2016, the outstanding balance due to the City is \$280,056.

**Insurance Coverage**

Insurance coverage has been obtained by the City of Irvine for the City and all authorities under its control. Information related to the Successor Agency's insurance coverage can be obtained by contacting the City.

**J. Extraordinary Item**

The City incurred the following gains and losses during the year.

As discussed in the Advance from the City of Irvine footnote above, the City loaned the former redevelopment agency \$134,000 to fund the purchase of property located in the Orange County Great Park Redevelopment Area. Upon dissolution of the redevelopment agency on February 1, 2012, this loan became a debt of the Successor Agency and was reported on the Recognized Obligation Payment Schedule as an enforceable obligation, thus eligible for property tax funding. The State Department of Finance denied this obligation. Ultimately, the City and Successor Agency filed lawsuits to compel the State of California Department of Finance to recognize the loan as an enforceable obligation. At a later date, the Irvine Community Land Trust also filed suit to protect its interests.

On October 24, 2014, all parties to the lawsuits the City, Successor Agency, and Irvine Community Land Trust entered into a settlement agreement. This agreement calls for the City returning \$5,500 in interest payments received from the former redevelopment agency back to the Successor Agency for remittance to the County Auditor-Controller as well as a guaranteed future revenue stream of \$292,000 from the Redevelopment Property Tax Fund to the Successor Agency. These funds are to be paid to the City in satisfaction of the principal and interest earnings on the \$134,000 loan. In addition, the City agreed to pay the Irvine Community Land Trust 5 percent of the settlement agreement for a total of

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**III. Detailed Notes on All Funds (Continued)**

\$14,600. The extraordinary gain in the Orange County Great Park fund and the Irvine Community Land Trust fund during fiscal year ended June 30, 2015, is a result of the settlement agreement.

On January 26 2016, the City Council approved an increase in funding to the Irvine Community Land Trust from 5 percent to 10 percent of the settlement agreement. The total to be received by the Irvine Community Land Trust is \$29,200. The extraordinary loss in the Orange County Great Park Fund and the extraordinary gain in the Irvine Community Land Trust Fund of \$14,600 is a result of the City Council decision.

In October 2015, the City, the Successor Agency to the Dissolved Irvine Redevelopment Agency, the California Department of Finance and California State Controller's Office entered into a Settlement Agreement that resolves the following two disputed issues relating to the dissolution of redevelopment in California: 1) the enforceability of two loans made by the Irvine Redevelopment Agency to the City in 2005 and 2006, with a combined original principal amount of \$6,500, and 2) the ownership of 35 acres of land spread over three parcels (8 acres, 7 acres, and 20 acres) near the Orange County Great Park. The settlement agreement resolves those two issues by allowing the City to retain the 35 acres in exchange for the City's agreement that it will not seek enforcement of the two loans. The extraordinary loss \$6,568 is the General Fund and extraordinary gain \$7,781 in the Successor Agency Debt Service Fund are a result of this settlement agreement.

**K. Special Item**

CalPERS's Office of Audit Services released its report on its review of the City's payroll reporting and member enrollment processes related to the City's retirement contract with CalPERS. During the review, it was concluded, by both parties that corrections were required on some of the members' enrollments. The corrections were made in November 2015, which included a return of the City's contributions of \$99, which management determined were attributable to the Orange County Great Park Fund.

**L. Subsequent Events**

Community Facilities District No. 2013-3 (Great Park) On September 29, 2016, the City issued Community Facilities District (CFD) No. 2013-3 Great Park Improvement Area No. 4 Special Tax Bonds, Series 2016 in the principal amount of \$135,835 to provide funds to (a) pay the costs of the acquisition and construction of certain public facilities necessary for the development of the District, (b) to fund a reserve fund for the Series 2016 Bonds, (c) pay certain administrative expenses relating to the Series 2016 Bonds, and (d) to pay the costs of issuing the Series 2016 Bonds.

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**IV. Other Information**

**A. Risk Management**

The City uses a combination of insured and self-insured programs to finance its property and casualty risk. The City is self-insured for workers' compensation, automotive and general liability risks. Excess liability coverage above \$350 per occurrence and a \$3,000 aggregate is provided through a risk-sharing pool, the California Insurance Pool Authority (CIPA). CIPA also purchases excess liability coverage up to a \$43,000 limit for the pool. Excess workers' compensation coverage above \$300 per occurrence and up to \$3,000 is provided through CIPA. Property risk is financed through insurance contracts and has various limits and deductibles.

The City is a member of CIPA in order to jointly purchase insurance coverage and to share costs for professional risk management, claim administration, and group purchasing of insurance products with twelve other cities from Orange, Los Angeles and San Bernardino Counties. Premiums paid during the fiscal year ended June 30, 2016, were \$2,119. CIPA uses independent actuaries and underwriters to determine premiums and help set insurance limits and deductible levels. The pool is managed by an independent general manager and contracted legal advisers. Three internal subcommittees are made up of City members to provide direction on underwriting and claims activities. The Governing Board of CIPA is comprised of one member from each participating City and is responsible for the selection of the independent general manager, legal counsel, and electing subcommittee members.

The government retains a risk of loss, due to the fact that actual losses may exceed estimated claims or coverage amounts. Settled claims have not exceeded any of the City's coverage amounts in any of the last three fiscal years, and there were no reductions in the City's coverage during the fiscal year ended June 30, 2016. All self-insurance activity is reported in the City's Self-Insurance Internal Service Fund.

At June 30, 2016, \$14,570 had been accrued for general liability and workers' compensation claims in the fund. This amount represents the estimated outstanding losses including case reserves, the development on known claims and incurred but not reported claims based upon past experience, modified for current trends and information, including all claims adjustment expenses. The liabilities included in the self-insurance fund are based on the results of an actuarial review performed during fiscal year 2015-16. It is the City's policy to assess its risk exposure periodically.

Changes in the aggregate liability for claims since July 1, 2014, resulted in the following:

	Workers' Compensation	General Liability	Total
Liability Balance, July 1, 2014	\$ 13,075	\$ 1,869	\$ 14,944
Changes in estimates	2,174	1,041	3,215
Claim payments during 2014-2015	<u>(1,985)</u>	<u>(714)</u>	<u>(2,699)</u>
Liability Balance, June 30, 2015	<u>13,264</u>	<u>2,196</u>	<u>15,460</u>
Changes in estimates	262	984	1,246
Claim payments during 2015-2016	<u>(1,848)</u>	<u>(288)</u>	<u>(2,136)</u>
Liability Balance, June 30, 2016	<u>\$ 11,678</u>	<u>\$ 2,892</u>	<u>\$ 14,570</u>

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**IV. Other Information (Continued)**

**B. Contingent Liabilities**

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 government expects such amounts, if any, to be immaterial.

The City is defendant and plaintiff in several pending lawsuits arising out of matters incidental to the operation of the City. Although the outcome of these lawsuits cannot be determined at present, management estimates that any potential claims against the City not covered by insurance resulting from such litigation will not materially affect the City's financial condition.

**C. Other Post Employment Benefits**

**Voluntary Employees' Beneficiary Association**

Plan Description The Voluntary Employees' Beneficiary Association (VEBA) known as "Premium Reimbursement Plan of the Irvine Employees Benefit Trust" is a defined contribution welfare benefit plan. The Plan provides health insurance premium and medical expense reimbursement benefits to retirees. The Plan was established by the Irvine Police Association (IPA), and later joined by the Irvine City Employees Association (ICEA), and Association of Supervisory and Administrative Personnel (ASAP). Separate accounts are maintained under the trust agreement for the three member groups, but the amounts administered are pooled within each employee group. Eligible retirees receive a monthly reimbursement of health insurance premiums and eligible expenses under the plan in an amount to be determined by the Board of Trustees from time to time, based on years of service. Eligibility requires five years of active service and five years of mandatory contributions to the plan. The Plan is administered by Benefit Solutions Inc. under the provisions of IRS Code Section 501(c)(9).

Funding Policy Participants and the City are required to contribute to the plan at a percentage of base pay per the various employee associations' Memorandum of Understanding (MOU). The contribution requirements of plan members and the City are established and may be amended by the MOU with the various employee associations. For the year ended June 30, 2016, employer contributions were \$843 and participant contributions were \$964. Copies of the MOUs may be obtained from City Hall.

**Retirement Health Savings**

Plan Description The City provides post retirement medical benefits to management, Irvine Professional Employees Association (IPEA), and non-represented employees in the form of contributions to a defined contribution Retiree Health Savings Plan (RHS). Employer contribution rates to the Plan are determined by negotiation between the City and the employee association and detailed along with other wage and benefit issues in MOU between those entities. Copies of the MOU may be obtained from City Hall.

Funding Policy The City is required to contribute 2 percent or 3 percent of base salary depending on the employee association's MOU. For the year ended June 30, 2016, the City contributed \$256 to the RHS plan. The Plan is administered by Meritain Health.

**City of Irvine**  
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**IV. Other Information (Continued)**

**Other Post Employment Benefits (OPEB)**

Plan Description The City administers a single employer health care plan. The Plan provides retirees the ability to purchase healthcare insurance benefits through the City's group health insurance plans, which cover both active and retired employees. This benefit coverage is determined by negotiation between the City and the employee associations and detailed along with other wage and benefit issues in MOUs between those entities. Copies of the MOUs may be obtained from City Hall. Employees who have attained age 50 and completed at least five years of service with the City, or who have attained age 60 regardless of years of service, or who medically retire and have coverage immediately prior to retirement, are eligible to retire and participate in the City's healthcare plans by paying the full cost of premiums. As of June 30, 2016, there were 149 retired employees purchasing healthcare benefits. A separate financial statement is not issued.

Funding Policy The retired plan members receiving benefits make contributions at the premium rates identical to those charged for the City's active employees. While the City does not directly contribute towards the cost of premiums, the ability to obtain coverage at an active employee rate constitutes a significant economic benefit to the retirees, called an "implicit subsidy". The implicit subsidy is considered to be an other post-employment benefit (OPEB) of the City. For the year ended June 30, 2016, the City's contribution (implicit subsidy) is \$338.

Annual OPEB Cost and Net OPEB Obligation The City's annual OPEB cost (expense) of \$611, is calculated based on the annual required contribution of the employer (ARC), 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 (or funding excess) not to exceed a thirty-year period. The amortization of benefits previously earned (unfunded actuarial liabilities) is being amortized on a thirty-year level dollar, open period. The following table shows the components of the City's annual OPEB cost for the year:

	June 30, 2016
Annual required contribution (ARC)	\$ 638
Interest adjustment	59
Amortization adjustment	(86)
Annual OPEB cost	611
Employer contribution	(338)
Net change in OPEB obligation	273
Net OPEB obligation - beginning of year	1,482
Net OPEB obligation - end of year	\$ 1,755

The percentage of annual OPEB cost contributed to the plan (implicit subsidy), and the net OPEB obligation is as follows:

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2014	662	68.3%	1,204
6/30/2015	616	54.9%	1,482
6/30/2016	611	55.3%	1,755

**City of Irvine**  
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**IV. Other Information (Continued)**

Funded Status and Funding Progress As of July 1, 2015, the date of the latest actuarial valuation, the funded status of the plan was as follows:

Actuarial accrued liability (AAL)	\$ 5,266
Actuarial value of plan assets	-
	<hr/>
Unfunded actuarial accrued liability (UAAL)	\$ 5,266
Funded ratio (actuarial value of plan assets/AAL)	0.0%
Covered payroll (annual payroll of active employees covered by the plan)	\$ 71,384
UAAL as a percentage of covered payroll	7.4%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined to be 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 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, presents multi-year history of the actuarial accrued liability, actuarial value of assets, their relationship and the relationship of the unfunded actuarial accrued liability to payroll.

Actuarial Methods and Assumptions Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of benefits provided at the time of each valuation. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial assets, consistent with the long-term perspective of the calculations. The ARC for the plan was determined as part of the July 1, 2015, actuarial valuation using the following methods and assumptions:

Actuarial cost method	projected unit credit with service pro-rate
Amortization method	level dollar, open
Remaining amortization period	30-year
Inflation rate	3.0%
Discount rate	4.0%
Health care cost trend rate	8.0%
Asset valuation method	N/A
Investment return	N/A

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**IV. Other Information (Continued)**

**D. Employee Retirement Systems and Pension Plans**

**City of Irvine Defined Benefit Pension Plan**

Plan Description Prior to February 2, 2002, the City provided pension benefits for all of its sworn employees through the City of Irvine Defined Benefit Pension Plan. On February 2, 2002, the City contracted with the California Public Employees' Retirement system (CalPERS) to provide retirement benefits for sworn employees. The City of Irvine Defined Benefit Pension Plan is a single-employer defined benefit pension plan established by City resolution and administered in accordance with the provisions of the Plan document adopted on April 1, 1975, and subsequently restated on January 1, 1984, July 1, 1996, January 1, 2004, and January 1, 2012. The Plan is closed to new participants. An actuarial valuation is performed annually to determine the actuarial implication of the Plan's funding policy. The last new actuarial valuation date was January 1, 2016. The City issues a publicly available financial report that includes financial statements and required supplementary information for the City of Irvine Defined Benefit Pension Plan. Copies of the annual financial report may be obtained from City Hall.

Benefit Provided The City Defined Benefit Pension Plan provides retirement, death and disability benefits to certain sworn employees. Benefits are based on years of credited service, equal to one year of full time employment. The Plan's provisions and benefits in effect at:

Hire Date	Prior to February 2, 2002
Benefit formula	2.5% at 50
Benefit vesting schedule	10 years of service
Benefit payments	Monthly for life
Retirement age	50 - 55
Monthly benefits, as a percentage of eligible compensation	2.5% to 3.0%
Required employee contribution rates	9%
Required employer contribution rates	86.27%

Employees Covered At January 31, 2016 (valuation date), the following employees were covered by the benefit terms for the Plan

Inactive employees or beneficiaries currently receiving benefits	30
Inactive employees entitled to but not yet receiving benefits	3
Active employees	3
Total	36

Contribution Description The City of Irvine Sworn Police Defined Benefit Pension Plan restated January 1, 2012, Section 9 states the employer shall regularly make contribution under the Plan which, together with the assets held in the Trust Fund, will be adequate to finance the Plan's benefits on an actuarial basis consistent with the funding policy adopted for the Plan by the Administrator. The total plan contributions are determined through an annual actuarial process. The actuarially determined rate is the estimated amount necessary to finance any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of the employee.



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**IV. Other Information (Continued)**

Effective August 11, 2015, employees hired prior to January 1, 2013, are contributing an additional amount of 1.5 percent towards the City's required contribution. This has increased the employee contribution for those members hired prior to January 1, 2013 to 10.5 percent.

Net Pension Liability The City's net pension liability for the Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of the Plan is measured as of December 31, 2015, using an annual actuarial valuation as of December 31, 2014, rolled forward to December 31, 2015, using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

Actuarial Assumptions The total pension liabilities in the December 31, 2014, actuarial valuations were determined using the following actuarial assumptions:

Valuation date	December 31, 2014
Measurement date	December 31, 2015
Actuarial cost method	Entry age normal
Actuarial assumptions:	
Discount rate	5.50%
Inflation	3.00%
Salary increases	5.00%
Mortality	1983 Group Annuity Mortality Table-Male <sup>(1)</sup>
Post retirement benefit increase	2.00%

<sup>(1)</sup> 1983 Group Annuity Mortality Table-Male use for post-retirement mortality rates is experience based. Most members of this plan are disabled. As such, mortality projections have been considered and deemed inappropriate for the group as a whole.

Changes in the Net Pension Liability The following table shows the changes in net pension liability recognized over the measurement period:

	Increase (Decrease)		
	Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Balance at 12/31/2014	\$ 20,355	\$ 20,284	\$ 71
Changes for the year:			
Service cost	137	-	137
Interest expense	1,091	-	1,091
Changes of benefits terms	-	-	-
Differences between expected and actual experience	(280)	-	(280)
Changes in assumptions	-	-	-
Contributions-employer	-	130	(130)
Contributions-employee	-	32	(32)
Net investment income	-	71	(71)
Benefit payments, including refunds of employee contributions	(1,171)	(1,171)	-
Administrative expenses	-	(123)	123
Other changes	-	-	-
Net Change	(223)	(1,061)	838
Balance at 12/31/2015	\$ 20,132	\$ 19,223	\$ 909

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**IV. Other Information (Continued)**

Sensitivity of the Net Pension Liability to Changes in the Discount Rate The following presents the net pension liability of the Plan as of the measurement date, calculated using the discount rate of 5.50 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 (4.50 percent) or 1 percentage-point higher (6.50 percent) than the current rate:

	Discount Rate - 1% (4.50%)	Current Discount Rate (5.50%)	Discount Rate + 1% (6.50%)
Plan's Net Pension Liability/(Assets)	\$ 3,209	\$ 909	\$ (1,018)

Subsequent Events There were no subsequent events that would materially affect the results presented in this disclosure.

Recognition of Gains and Losses Under GASB Statement No. 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.

The amortization period differs depending on the source of the gain or loss:

Difference between projected and actual earnings	5 year straight-line amortization
All other amounts	Amortization over the average remaining service period of actives and inactive (one year of future service is assumed for inactive for this calculation).

Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions As of the start of the measurement period (January 1, 2015), the net pension liability/(asset) is \$71. For the measurement period ending December 31, 2015 (the measurement date), the City incurred a pension expense/(income) of \$89 for the Plan.

As of December 31, 2015, the City has deferred outflows and deferred inflows of resources related to pensions as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ -
Change in assumptions	-	-
Contributions made after the measurement date	41	-
Net difference between projected and actual earnings on pension plan investments	622	-
Total	\$ 663	\$ -

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**IV. Other Information (Continued)**

The \$41 reported as deferred outflow of resources related to the contribution made after the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2017. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in future pension expense as follows:

Measurement Period Ended December 31,	Deferred Outflows/(Inflows) of Resources
2016	\$ 139
2017	139
2018	140
2019	204
2020	-
Thereafter	-

**City of Irvine Defined Contribution Pension Plan**

Plan Description The City provides pension benefits through the City of Irvine Defined Contribution Pension Plan for those full time non-sworn employees who elected not to participate in CalPERS in 2003. The City is responsible for the administration of the Plan with the City Council having the authority to amend or terminate contribution provisions. Retirement benefits depend on amounts contributed plus investment earnings. Until July 2004, non-sworn full time employees were eligible to participate from the date of employment; however, the Plan is closed to new participants. Employer and employee contribution rates to the Plan are determined by negotiation between the City and the employee associations and detailed along with other wage and benefit issues in MOUs between those entities. Copies of the annual financial report and MOUs may be obtained from City Hall.

Funding Policy Effective July 1, 2003, eligible participants were required to contribute 4 percent of their base compensation into the Plan and the City's contributions were 15 percent of participants' basic compensation. As of August 10, 2012, pursuant to agreements with the City's employee associations, the City contributes 12.4 percent of the participants' basic compensation, and eligible participants contributes 6.5 percent of their basic compensation into the plan. Plan participants have the right to 100 percent of contributions made on their behalf and related earnings upon their death, permanent and total disability or upon attainment of normal retirement age, 59.5 under the Plan. If employment terminates prior to normal retirement age for reasons other than death, or permanent and total disability, the participant will achieve 50 percent vesting upon successful completion of a six month probationary period or 55 percent vesting upon successful completion of a one-year probationary period. Following the probationary period, the participant will retain 5 percent vesting for each plan year in which the participant attains 1,000 hours of the credited service until the completion of the fifth year when full vesting will occur.

At December 31, 2015, the Plan had 56 members, consisting of 8 active members, and 48 terminated members. All 56 members are fully vested in the Plan. Total Plan assets were \$9,756. Effective April 1996, the Plan became participant-directed. Participants may direct investment of employer contributions and earnings in 1 percent increments among investment options with the third party administrator, Wells Fargo Bank.

Employer contributions to the Plan during the fiscal year ended December 31, 2015 were \$143 and participant contributions were \$75. For additional details concerning the transition to CalPERS, see the

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**IV. Other Information (Continued)**

note below related to miscellaneous (non-sworn) employees. Forfeited nonvested accounts totaled \$6. These accounts will be used to reduce future City contributions, reinstate closed accounts and pay for Plan related expenses (for which the City is responsible) at the discretion of the City. During 2015, \$4 of investment earnings were added to the forfeited nonvested account. The total Plan related expenses (for which the City is responsible) were \$58, of which \$24 were paid from forfeited nonvested accounts.

**CalPERS Defined Benefit Pension Plan for Sworn Employees**

Plan Description The City's sworn employees not in the City's Defined Benefit Pension Plan participate in the California Public Employees Retirement System (CalPERS), an agent multiple-employer public employee defined benefit pension plan. CalPERS acts as a common investment and administrative agent for its participating member employers. Initial participation was determined during the employees' ratification vote during October 2001. New employees are required to join CalPERS. Benefit provisions and all other requirements are established by State statute and City ordinance. Copies of CalPERS' annual financial report and the City of Irvine's annual actuarial valuation report are publicly available and can be obtained at CalPERS' website under Forms and Publications.

Benefits Provided CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. The Plan's provisions and benefits in effect at June 30, 2016, are summarized as follows:

<u>Hire Date</u>	<u>Prior to January 1, 2014</u>	<u>On or After January 1, 2014</u>
Benefit formula	3% at 50	2.7% at 57
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	50	50 - 57
Monthly benefits, as a percentage of eligible compensation	3%	2.0% to 2.7%
Required employee contribution rates	9%	12.75%
Required employer contribution rates	36.087%	36.087%

Employees Covered At June 30, 2014 (valuation date), the following employees were covered by the benefit terms for the Plan:

Active members	190
Retired members and beneficiaries	90
Terminated members	24
Transferred members	46
Total	<u>350</u>

Contribution Description 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

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**IV. Other Information (Continued)**

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.

Contribution Description 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.

Effective August 11, 2015, employees hired prior to January 1, 2013, are contributing an additional amount of 1.5 percent towards the City's required contribution. This has increased the employee contribution for those members hired prior to January 1, 2013, to 10.5 percent.

Payments for Unfunded Actuarial Accrued Liability In June 2013, the City Council approved a plan to reduce the City's unfunded actuarial accrued liability. An initial payment of \$1.5 million was made in June 2013, with additional payments of \$1.0 million, \$1.5 million, \$1.0 million and \$1.0 million made in February 2014, June 2014, June 2015 and June 2016, respectively. Additional prepayments may be made in future years subject to evaluation and discretion of the City Council.

Net Pension Liability The City's net pension liability for the Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of the Plan is measured as of June 30, 2015, using an annual actuarial valuation as of June 30, 2014, rolled forward to June 30, 2015, using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is provided on the next page.

Actuarial Assumptions The total pension liabilities in the June 30, 2014 actuarial valuations were determined using the following actuarial assumptions:

Valuation date	June 30, 2014
Measurement date	June 30, 2015
Actuarial cost method	Entry age normal
Actuarial assumptions:	
Discount rate	7.65%
Inflation	2.75%
Salary increases	Varies on entry age and service
Investment rate of return	7.50% net of pension plan investment expenses, includes inflation
Mortality rate table <sup>(1)</sup>	Derived using CalPERS membership data for all funds
Post retirement benefit increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

<sup>(1)</sup> 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 study report.

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**IV. Other Information (Continued)**

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 plan investment expense but without reduction for pension plan administrative expense. The discount rate of 7.50 percent used for the June 30, 2014, measurement date was net of administrative expenses. The discount rate of 7.65 percent 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, none of the tested plans run out of assets. Therefore, the current 7.65 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long-term expected discount rate of 7.65 percent is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB Statement No. 68 section.

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

In determining the long-term expected rate of return, 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 the CalPERS Board on July 1, 2014.

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**IV. Other Information (Continued)**

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 <sup>(1)</sup>	Real Return Year 11 + <sup>(2)</sup>
Global equity	51.00 %	5.25 %	5.71 %
Global fixed income	19.00	0.99	2.43
Inflation sensitive	6.00	0.45	3.36
Private equity	10.00	6.83	6.95
Real estate	10.00	4.50	5.13
Infrastructure and forestland	2.00	4.50	5.09
Liquidity	2.00	(0.55)	(1.05)

<sup>(1)</sup> An expected inflation of 2.5% used for this period

<sup>(2)</sup> An expected inflation of 3.0% used for this period

Changes in the Net Pension Liability The following table shows the changes in net pension liability recognized over the measurement period:

	Increase (Decrease)		
	Total		
	Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Balance at 6/30/2014	\$ 195,279	\$ 163,428	\$ 31,851
Changes for the year:			
Service cost	6,238	-	6,238
Interest	14,875	-	14,875
Changes of benefits terms	-	-	-
Difference between expected and actual experience	4,152	-	4,152
Changes in assumptions	(4,043)	-	(4,043)
Contributions-employer	-	8,369	(8,369)
Contributions-employee	-	2,131	(2,131)
Net investment income	-	3,683	(3,683)
Benefit payments, including refunds of employee contributions	(8,114)	(8,114)	-
Administrative expense	-	(191)	191
Other charges	-	1	(1)
Net changes	13,108	5,879	7,229
Balance at 6/30/2015	\$ 208,387	\$ 169,307	\$ 39,080

Sensitivity of the Net Pension Liability to Changes in the Discount Rate The following presents the net pension liability of the Plan as 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:

	Discount Rate - 1% (6.65%)	Current Discount Rate (7.65%)	Discount Rate + 1% (8.65%)
Plan's Net Pension Liability/(Assets)	\$ 70,624	\$ 39,080	\$ 13,512

Subsequent Events There were no subsequent events that would materially affect the results presented in this disclosure.

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**IV. Other Information (Continued)**

Recognition of Gains and Losses Under GASB Statement No. 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.

The amortization period differs depending on the source of the gain or loss:

Difference between projected and actual earnings	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

The expected average remaining service lifetime (EARSL) is calculated by dividing the total future service years by the total number of plan participants (active, inactive, and retired).

The EARSL for the Plan for the 2014-15 measurement period is 6.6 years, which was obtained by dividing the total service years of 2,321 (the sum of remaining service lifetimes of the active employees) by 350 (the total number of participants: active, inactive, and retired). Note that inactive employees and retirees have remaining service lifetimes equal to zero. Also note that total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions As of the start of the measurement period (July 1, 2014), the net pension liability/ (asset) is \$31,851. For the measurement period ending June 30, 2015 (the measurement date), the City incurred a pension expense/ (income) of \$5,586 for the Plan.

As of June 30, 2015, the City has deferred outflows and deferred inflows of resources related to pensions as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 3,523	\$ -
Change in assumptions	-	3,430
Contributions made after the measurement date	8,628	-
Net difference between projected and actual earnings on pension plan investments	-	1,384
Total	<u>\$ 12,151</u>	<u>\$ 4,814</u>

The amounts above are net of outflows and inflows recognized in the 2014-15 measurement period expense.



**City of Irvine**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2016**  
(amounts expressed in thousands)

**IV. Other Information (Continued)**

The \$8,628 reported as deferred outflow of resources related to the contribution made after the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2017. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in future pension expense as follows:

Measurement Period Ended June 30,	Deferred Outflows/(Inflows) of Resources
2017	\$ (1,036)
2018	(1,036)
2019	(1,036)
2020	1,790
2021	17
Thereafter	10

**CalPERS Defined Benefit Pension Plan for Miscellaneous (Non-Sworn) Employees**

Plan Description The City's non-sworn employees not in the City's Defined Contribution Pension Plan participate in the California Public Employees Retirement System (CalPERS), an agent multiple-employer public employee defined benefit pension plan. CalPERS acts as a common investment and administrative agent for its participating member employers. Initial participation was determined during the employees' ratification vote in November 2002. New employees are required to join CalPERS. Benefit provisions and all other requirements are established by State statute and City ordinance. Copies of CalPERS' annual financial report and the City's annual actuarial valuation report are publicly available and can be obtained at CalPERS' website under Forms and Publications.

Benefits Provided CalPERS provides retirement and disability benefits, annual cost-of living adjustments, and death benefits to plan members and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. The Plan's provisions and benefits in effect at June 30, 2016, are summarized as follows:

Hire Date	Prior to August 14, 2012	On or After August 14, 2012 and Prior to January 1, 2013	On or After January 1, 2013
Benefit formula	2.7% at 55	2.0% at 55	2.0% at 62
Benefit vesting schedule	5 years of service	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life	Monthly for life
Retirement age	50 - 55	50 - 63	52 - 62
Monthly benefits, as a percentage of eligible compensation	2.0% to 2.7%	1.426% to 2.418%	1.0% to 2.0%
Required employee contribution rates	8%	7%	6.25%
Required employer contribution rates	25.834%	25.834%	25.834%

Employees Covered At June 30, 2014 (valuation date), the following employees were covered by the benefit terms for the Plan:

Active members	658
Retired members and beneficiaries	259
Terminated members	308
Transferred members	251
Total	1,476

**City of Irvine**  
**Notes to the Basic Financial Statements**  
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**IV. Other Information (Continued)**

Contribution Description 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.

Payments for Unfunded Actuarial Accrued Liability In June 2013, the City Council approved a plan to reduce the City's unfunded actuarial accrued liability. An initial payment of \$3.5 million was made in June 2013, with additional payments of \$2.0 million, \$3.5 million, \$4.0 million and \$4.0 million made in February 2014, June 2014, June 2015, and June 2016, respectively. Additional prepayments may be made in future years subject to evaluation and discretion of the City Council.

Net Pension Liability The City's net pension liability for the Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of the Plan is measured as of June 30, 2015, using an annual actuarial valuation as of June 30, 2014, rolled forward to June 30, 2015, using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

Actuarial Assumptions The total pension liabilities in the June 30, 2014, actuarial valuations were determined using the following actuarial assumptions:

Valuation date	June 30, 2014
Measurement date	June 30, 2015
Actuarial cost method	Entry age normal
Actuarial assumptions:	
Discount rate	7.65%
Inflation	2.75%
Salary increases	Varies on entry age and service
Investment rate of return	7.50% net of pension plan investment expenses, includes inflation
Mortality rate table <sup>(1)</sup>	Derived using CalPERS membership data for all funds
Post retirement benefit increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

<sup>(1)</sup> 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 study report.

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 plan investment expense but without reduction for pension plan administrative expense. The discount rate of 7.50 percent used for the June 30, 2014, measurement

**City of Irvine**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2016**  
(amounts expressed in thousands)

**IV. Other Information (Continued)**

date was net of administrative expenses. The discount rate of 7.65 percent 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, none of the tested plans run out of assets. Therefore, the current 7.65 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long-term expected discount rate of 7.50 percent is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called “GASB Crossover Testing Report” that can be obtained at CalPERS’ website under the GASB Statement No. 68 section.

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

In determining the long-term expected rate of return, 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 the CalPERS Board on July 1, 2014.

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 <sup>(1)</sup>	Real Return Year 11 + <sup>(2)</sup>
Global equity	51.00 %	5.25 %	5.71 %
Global fixed income	19.00	0.99	2.43
Inflation sensitive	6.00	0.45	3.36
Private equity	10.00	6.83	6.95
Real estate	10.00	4.50	5.13
Infrastructure and forestland	2.00	4.50	5.09
Liquidity	2.00	(0.55)	(1.05)

<sup>(1)</sup> An expected inflation of 2.5% used for this period

<sup>(2)</sup> An expected inflation of 3.0% used for this period

**City of Irvine**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2016**  
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**IV. Other Information (Continued)**

Changes in the Net Pension Liability The following table shows the changes in net pension liability recognized over the measurement period:

	Increase (Decrease)		
	Total		
	Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balance at 6/30/2014	\$ 314,581	\$ 243,494	\$ 71,087
Changes for the year:			
Service cost	8,319	-	8,319
Interest	23,375	-	23,375
Changes of benefits terms	-	-	-
Difference between expected and actual experience	(1,078)	-	(1,078)
Changes in assumptions	(5,837)	-	(5,837)
Contributions-employer	-	15,677	(15,677)
Contributions-employee	-	3,634	(3,634)
Net investment income	-	5,653	(5,653)
Benefit payments, including refunds of employee contributions	(12,552)	(12,552)	-
Administrative expense	-	(288)	288
Other changes	-	(1)	1
Net changes	12,227	12,123	104
Balance at 6/30/2015	\$ 326,808	\$ 255,617	\$ 71,191

Sensitivity of the Net Pension Liability to Changes in the Discount Rate The following presents the net pension liability of the Plan as 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:

	Discount Rate - 1%	Current Discount Rate	Discount Rate + 1%
	(6.65%)	(7.65%)	(8.65%)
Plan's Net Pension Liability/(Assets)	\$ 116,182	\$ 71,191	\$ 34,081

Subsequent Events There were no subsequent events that would materially affect the results presented in this disclosure.

Recognition of Gains and Losses Under GASB Statement No. 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.

**City of Irvine**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2016**  
(amounts expressed in thousands)

**IV. Other Information (Continued)**

The amortization period differs depending on the source of the gain or loss:

Difference between projected and actual earnings	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

The expected average remaining service lifetime (EARSL) is calculated by dividing the total future service years by the total number of plan participants (active, inactive, and retired).

The EARSL for the Plan for the 2014-15 measurement period is 4.3 years, which was obtained by dividing the total service years of 6,335 (the sum of remaining service lifetimes of the active employees) by 1,476 (the total number of participants: active, inactive, and retired). Note that inactive employees and retirees have remaining service lifetimes equal to zero. Also note that total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions As of the start of the measurement period (July 1, 2014), the net pension liability/(asset) is \$71,087. For the measurement period ending June 30, 2015 (the measurement date), the City incurred a pension expense/(income) of \$6,373 for the Plan.

As of June 30, 2015, the City has deferred outflows and deferred inflows of resources related to pensions as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 827
Change in assumptions	-	4,480
Contributions made after the measurement date	16,082	-
Net difference between projected and actual earnings on pension plan investments	-	2,051
Total	<u>\$ 16,082</u>	<u>\$ 7,358</u>

The amounts above are net of outflows and inflows recognized in the 2014-15 measurement period expense.

**City of Irvine**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2016**  
(amounts expressed in thousands)

**IV. Other Information (Continued)**

The \$16,802 reported as deferred outflow of resources related to the contribution made after the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2017. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in future pension expense as follows:

Measurement Period Ended June 30,	Deferred Outflows/(Inflows) of Resources
2017	\$ (3,168)
2018	(3,169)
2019	(3,169)
2020	2,148
2021	-
Thereafter	-

**Public Agency Retirement System Defined Contribution Plan**

Plan Description The City's part-time, seasonal and temporary employees that are ineligible for another retirement plan are eligible to participate in the Public Agency Retirement Systems Trust (PARS), pursuant to the requirements of 3121(6)(7)(F) of the Internal Revenue Code. The City is responsible for the administration of the Plan with the City Council having the authority to amend, modify or terminate the provisions and contributions. Retirement benefits depend on amounts contributed plus investment earnings. Copies of PARS' annual financial report may be obtained from their executive office: P.O. Box 1291, Newport Beach, California 92658.

Funding Policy Effective September 1, 2013, eligible participants are required to contribute 4.3 percent of their base compensation into the Plan. The City shall contribute an amount equal to 3.2 percent of the base salary compensation. Plan participants have the right to 100 percent of their account balance upon their death, termination of employment, permanent and total disability, or upon attainment of normal retirement age of 59.5 under the Plan.

Annual Pension Cost At December 31, 2015, the Plan had 658 members. Total Plan assets were \$1,910. Employer and employee contributions to the Plan during the year ended December 31, 2015, were \$368.

**E. Permanent Fund**

The City has one permanent fund, which was established during the fiscal year ended June 30, 2002. The Senior Services Fund was created with a contribution received in conjunction with the Agreement to terminate the Irvine Senior Foundation/City of Irvine Distribution of Funds Agreement (Agreement), approved by the City Council in March 2002. This Agreement directs the City to use the interest income earned by investments of the nonexpendable endowment to fund projects at specific senior citizen and adult day health centers, and to use other contributed amounts and its investment earnings in the same manner as previously used by the Irvine Senior Foundation.

The net position of the fund includes a nonexpendable amount of \$497, which is reported as part of Restricted Net Position, Nonspendable. Expendable donations and accrued interest of \$168 are available for expenditure and are reflected as Restricted Net Position, Expendable.

**City of Irvine**  
**Required Supplementary Information**  
**For the Fiscal Year Ended June 30, 2016**  
(amounts expressed in thousands)

**Defined Benefit Pension Plan for Sworn Employees**

**Schedule of Changes in Net Pension Liability and Related Ratios**  
**During the Measurement Periods Ended December 31**  
**Last Ten Fiscal Years <sup>(1)</sup>**  
(amounts expressed in thousands)

	<u>2015</u>	<u>2014</u>
<b>Total Pension Liability</b>		
Service cost	\$ 137	\$ 128
Interest	1,091	1,088
Changes of benefits terms	-	-
Difference between expected and actual experience	(280)	(5)
Changes in assumptions	-	-
Benefit payments, including refunds of employee contributions	(1,171)	(1,145)
Net Change in Total Pension Liability	\$ (223)	\$ 66
Total Pension Liability - Beginning	20,355	20,289
Total Pension Liability - Ending (a)	<u>\$ 20,132</u>	<u>\$ 20,355</u>
<b>Plan Fiduciary Net Position</b>		
Contribution - employer	\$ 130	\$ 243
Contribution - employee	32	20
Net investment income	71	1,391
Benefit payments, including refunds of employee contributions	(1,171)	(1,145)
Administrative expenses	(123)	(129)
Other changes in fiduciary net position	-	-
Net Change in Fiduciary Net Position	\$ (1,061)	\$ 380
Plan Fiduciary Net Position - Beginning	20,284	19,904
Plan Fiduciary Net Position - Ending (b)	<u>\$ 19,223</u>	<u>\$ 20,284</u>
Plan Net Pension Liability/(Assets) - Ending (a) - (b)	<u>\$ 909</u>	<u>\$ 71</u>
Plan fiduciary net position as a percentage of the total pension liability	95.48%	99.65%
Covered payroll	\$ 334	\$ 326
Plan net pension liability/(asset) as a percentage of covered payroll	272.16%	21.78%

<sup>(1)</sup> Historical information is required only for measurement for which GASB 68 is applicable. Fiscal year 2014-15 was the first year of implementation, therefore only two years are shown.

**City of Irvine**  
**Required Supplementary Information**  
**For the Fiscal Year Ended June 30, 2016**  
(amounts expressed in thousands)

**Defined Benefit Pension Plan for Sworn Employees (Continued)**

**Schedule of Plan Contributions**  
**For the Year Ended December 31**  
**Last Ten Fiscal Years <sup>(1)</sup>**  
(amounts expressed in thousands)

	<b>2015</b>	<b>2014</b>
Actuarially determined contribution	\$ 130	\$ 243
Contribution in relation to the actuarially determined contribution	(130)	(243)
Contribution deficiency (excess)	\$ -	\$ -
Covered payroll	\$ 334	\$ 326
Contributions as a percentage of covered payroll	38.92%	74.54%

<sup>(1)</sup> Historical information is required only for measurement for which GASB 68 is applicable. Fiscal year 2014-15 was the first year of implementation, therefore only two years are shown.

**Notes to Schedule**

Additional information used for funding purposes and for the determination of the ARC is as follows:

Valuation date:	December 31, 2014
Actuarial cost method	Entry age normal
Actuarial assumptions:	
Discount rate	5.50%
Inflation	3.00%
Salary increases	5.00%
Mortality	1983 Group annuity Mortality Table-Male <sup>(1)</sup>

<sup>(1)</sup> 1983 Group Annuity Mortality Table-Male use for post-retirement mortality rates is experience based. Most members of this plan are disabled. As such, mortality projections have been considered and deemed inappropriate for the group as a whole.



**City of Irvine**  
**Required Supplementary Information**  
**For the Fiscal Year Ended June 30, 2016**  
(amounts expressed in thousands)

**CalPERS Defined Benefit Pension Plan for Sworn Employees**

**Schedule of Changes in Net Pension Liability and Related Ratios**  
**During the Measurement Periods Ended June 30**  
**Last Ten Fiscal Years <sup>(1)</sup>**  
(amounts expressed in thousands)

	2015	2014
<b>Total Pension Liability</b>		
Service cost	\$ 6,238	\$ 6,341
Interest	14,875	13,661
Changes of benefits terms	-	-
Difference between expected and actual experience	4,152	-
Changes in assumptions	(4,043)	-
Benefit payments, including refunds of employee contributions	(8,114)	(7,391)
Net Change in Total Pension Liability	\$ 13,108	\$ 12,611
Total Pension Liability - Beginning	195,279	182,668
Total Pension Liability - Ending (a)	\$ 208,387	\$ 195,279
<b>Plan Fiduciary Net Position</b>		
Contribution - employer	\$ 8,369	\$ 11,701
Contribution - employee	2,131	2,694
Net investment income	3,683	24,267
Benefit payments, including refunds of employee contributions	(8,114)	(7,391)
Plan to plan resource movement	1	-
Administrative expense	(191)	-
Net Change in Fiduciary Net Position	\$ 5,879	\$ 31,271
Plan Fiduciary Net Position - Beginning	163,428	132,157
Plan Fiduciary Net Position - Ending (b)	\$ 169,307	\$ 163,428
Plan Net Pension Liability/(Assets) - Ending (a) - (b)	\$ 39,080	\$ 31,851
Plan fiduciary net position as a percentage of the total pension liability	81.25%	83.69%
Covered payroll	\$ 21,068	\$ 20,695
Plan net pension liability/(asset) as a percentage of covered payroll	185.49%	153.91%

<sup>(1)</sup> Historical information is required only for measurement for which GASB 68 is applicable. Fiscal year 2014-15 was the first year of implementation, therefore only two years are shown.

**Notes to Schedule:**

Benefit Changes: There were no changes to benefits.

Changes in Assumptions: Beginning the measurement period ended June 30, 2015, the discount rate was changed from 7.5 percent (net of administrative expense) to 7.65 percent.

**City of Irvine**  
**Required Supplementary Information**  
**For the Fiscal Year Ended June 30, 2016**  
(amounts expressed in thousands)

**CalPERS Defined Benefit Pension Plan for Sworn Employees (Continued)**

**Schedule of Plan Contributions**  
**Last Ten Fiscal Years <sup>(1)</sup>**  
(amounts expressed in thousands)

	<b>2015-16</b>	<b>2014-15 <sup>(2)</sup></b>
Actuarially determined contribution	\$ 7,628	\$ 7,369
Contribution in relation to the actuarially determined contribution	(8,628)	(8,369)
Contribution deficiency (excess)	\$ (1,000)	\$ (1,000)
Covered payroll	\$ 24,152	\$ 21,068
Contributions as a percentage of covered payroll	35.72%	39.72%

<sup>(1)</sup> Historical information is required only for measurement for which GASB 68 is applicable. Fiscal year 2014-15 was the first year of implementation, therefore only two years are shown.

<sup>(2)</sup> Information may vary from prior year presentation due to true up with CalPERS's GASB Statement No. 68 reporting.

**Notes to Schedule of Plan Contributions:**

Valuation date: June 30, 2014

Methods and assumptions used to determine contribution rates:

Actuarial cost method Entry age normal

Inflation 2.75%

Salary increases Various by entry age and service

Discount rate 7.50% net of administrative expenses

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 Society of Actuaries.

**City of Irvine**  
**Required Supplementary Information**  
**For the Fiscal Year Ended June 30, 2016**  
(amounts expressed in thousands)

**CalPERS Defined Benefit Pension Plan for Miscellaneous (Non-Sworn) Employees**

**Schedule of Changes in Net Pension Liability and Related Ratios**  
**During the Measurement Periods Ended June 30**  
**Last Ten Fiscal Years <sup>(1)</sup>**  
(amounts expressed in thousands)

	2015	2014
<b>Total Pension Liability</b>		
Service cost	\$ 8,319	\$ 8,705
Interest	23,375	22,042
Changes of benefits terms	-	-
Difference between expected and actual experience	(1,078)	-
Changes in assumptions	(5,837)	-
Benefit payments, including refunds of employee contributions	(12,552)	(11,398)
Net Change in Total Pension Liability	\$ 12,227	\$ 19,349
Total Pension Liability - Beginning	314,581	295,232
Total Pension Liability - Ending (a)	\$ 326,808	\$ 314,581
<b>Plan Fiduciary Net Position</b>		
Contribution - employer	\$ 15,677	\$ 19,604
Contribution - employee	3,634	4,186
Net investment income	5,653	35,985
Benefit payments, including refunds of employee contributions	(12,552)	(11,398)
Plan to plan resource movement	(1)	-
Administrative expense	(288)	-
Net Change in Fiduciary Net Position	\$ 12,123	\$ 48,377
Plan Fiduciary Net Position - Beginning	243,494	195,117
Plan Fiduciary Net Position - Ending (b)	\$ 255,617	\$ 243,494
Plan Net Pension Liability/(Assets) - Ending (a) - (b)	\$ 71,191	\$ 71,087
Plan fiduciary net position as a percentage of the total pension liability	78.22%	77.40%
Covered payroll	\$ 46,846	\$ 45,916
Plan net pension liability/(asset) as a percentage of covered payroll	151.97%	154.82%

<sup>(1)</sup> Historical information is required only for measurement for which GASB 68 is applicable. Fiscal year 2014-15 was the first year of implementation, therefore only two years are shown.

**Notes to Schedule**

Benefit Changes: There were no changes to benefits.

Changes in Assumptions: Beginning the measurement period ended June 30, 2015, the discount rate was changed from 7.5 (net of administrative expense) to 7.65 percent.

**City of Irvine**  
**Required Supplementary Information**  
**For the Fiscal Year Ended June 30, 2016**  
(amounts expressed in thousands)

**CalPERS Defined Benefit Pension Plan for Miscellaneous (Non-Sworn) Employees**  
**(Continued)**

**Schedule of Plan Contributions**  
**Last Ten Fiscal Years <sup>(1)</sup>**  
(amounts expressed in thousands)

	<b>2015-16</b>	<b>2014-15 <sup>(2)</sup></b>
Actuarially determined contribution	\$ 12,082	\$ 11,677
Contribution in relation to the actuarially determined contribution	(16,082)	(15,677)
Contribution deficiency (excess)	\$ (4,000)	\$ (4,000)
Covered payroll	\$ 48,826	\$ 46,846
Contributions as a percentage of covered payroll	32.94%	33.46%

<sup>(1)</sup> Historical information is required only for measurement for which GASB 68 is applicable. Fiscal year 2014-15 was the first year of implementation, therefore only two years are shown.

<sup>(2)</sup> Information may vary from prior year presentation due to true up with CalPERS's GASB Statement No. 68 reporting.

**Notes to Schedule of Plan Contributions:**

Valuation date: June 30, 2014

Methods and assumptions used to determine contribution rates:

Actuarial cost method Entry age normal

Inflation 2.75%

Salary increases Varies by entry age and service

Investment rate of return 7.50% (net of administrative expenses)

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 Society of Actuaries.

**City of Irvine**  
**Required Supplementary Information**  
**For the Fiscal Year Ended June 30, 2016**  
(amounts expressed in thousands)

**Schedule of Funding Progress – Other Post Employment Benefit Plan**

Provided below is the Schedule of Funding Progress for the City of Irvine's Other Post Employment Benefit Plans:

**Schedule of Funding Progress**  
**For the three years ended June 30, 2016**

Actuarial Valuation Date *	Actuarial Accrued Liability (AAL) (A)	Actuarial Value of Assets (AVA) (B)	Unfunded AAL (UAAL) (A-B)	Funded Ratio (B)/(A)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll (A-B)/C
7/1/2010	\$ 4,031	-	\$ 4,031	0.00%	\$ 59,615	6.76%
7/1/2012	5,407	-	5,407	0.00%	68,415	7.90%
7/1/2014	5,266	-	5,266	0.00%	71,384	7.38%

\* Most recent information available





## **OTHER GOVERNMENTAL FUNDS**

The combining statements for Other Governmental Funds represent a consolidation of the information for specific funds contained in the Supplementary Financial Statements. These statements summarize the financial information contained in Other Special Revenue Funds, Other Capital Projects Funds, and Permanent Funds.



**City of Irvine**  
**Combining Balance Sheet**  
**Other Governmental Funds**  
**June 30, 2016**  
(amounts expressed in thousands)

	<u>Other Special Revenue Funds</u>	<u>Other Capital Projects Funds</u>	<u>Permanent Funds</u>	<u>Total Other Governmental Funds</u>
<b>ASSETS</b>				
Cash and investments	\$ 139,103	\$ 181,758	\$ 671	\$ 321,532
Receivables, net of allowances:				
Taxes	1,040	-	-	1,040
Accounts	264	-	-	264
Accrued interest	164	213	1	378
Prepaid	29	-	-	29
Due from other funds	28,006	-	-	28,006
Due from other governments	709	157	-	866
Due from developers	-	16,824	-	16,824
Long-term notes receivable, net of allowances	10,486	-	-	10,486
Total Assets	<u>\$ 179,801</u>	<u>\$ 198,952</u>	<u>\$ 672</u>	<u>\$ 379,425</u>
<b>LIABILITIES</b>				
Liabilities:				
Accounts payable	\$ 2,433	\$ 1,147	\$ 7	\$ 3,587
Accrued liabilities	239	170	-	409
Due to other governments	3	-	-	3
Deposits	90	-	-	90
Unearned revenue	2,614	100	-	2,714
Total Liabilities	<u>5,379</u>	<u>1,417</u>	<u>7</u>	<u>6,803</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenues	6,287	157	-	6,444
Total Deferred Inflows of Resources	<u>6,287</u>	<u>157</u>	<u>-</u>	<u>6,444</u>
<b>FUND BALANCES (DEFICITS)</b>				
Nonspendable	29	-	497	526
Restricted	149,800	178,587	168	328,555
Committed	20,799	16,824	-	37,623
Assigned	-	1,967	-	1,967
Unassigned	(2,493)	-	-	(2,493)
Total Fund Balances	<u>168,135</u>	<u>197,378</u>	<u>665</u>	<u>366,178</u>
Total Liabilities, Deferred Inflow of Resources, and Fund Balances (Deficits)	<u>\$ 179,801</u>	<u>\$ 198,952</u>	<u>\$ 672</u>	<u>\$ 379,425</u>

**City of Irvine**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Other Governmental Funds**  
**For the Fiscal Year Ended June 30, 2016**  
(amounts expressed in thousands)

	Other Special Revenue Funds	Other Capital Projects Funds	Permanent Funds	Total Other Governmental Funds
<b>REVENUES</b>				
Taxes	\$ 29,209	\$ -	\$ -	\$ 29,209
Investment income	1,670	2,025	7	3,702
Intergovernmental	9,834	385	-	10,219
Charges for services	4,483	-	1	4,484
Revenue from developers	25,534	17,210	-	42,744
Revenue from property owners	6,732	-	-	6,732
Donations	647	19	38	704
Other revenue	116	417	-	533
Total Revenues	<u>78,225</u>	<u>20,056</u>	<u>46</u>	<u>98,327</u>
<b>EXPENDITURES</b>				
Current:				
General Government	150	38	-	188
Public Safety	2,383	-	-	2,383
Public Works	19,912	345	-	20,257
Community Development	5,373	378	-	5,751
Community Services	1,033	-	30	1,063
Capital outlay	4,228	9,713	-	13,941
Total Expenditures	<u>33,079</u>	<u>10,474</u>	<u>30</u>	<u>43,583</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>45,146</u>	<u>9,582</u>	<u>16</u>	<u>54,744</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	11,246	9,095	-	20,341
Transfers out	(40,787)	(126)	-	(40,913)
Total Other Financing Sources (Uses)	<u>(29,541)</u>	<u>8,969</u>	<u>-</u>	<u>(20,572)</u>
Extraordinary gain/(loss)	14,600	-	-	14,600
Net Change in Fund Balances	30,205	18,551	16	48,772
Fund Balances, Beginning, as restated	137,930	178,827	649	317,406
Fund Balances, Ending	<u>\$ 168,135</u>	<u>\$ 197,378</u>	<u>\$ 665</u>	<u>\$ 366,178</u>



## OTHER SPECIAL REVENUE FUNDS

Special Revenue Funds account for taxes and other revenues derived from specific taxes or other earmarked revenue sources that are set aside in accordance with law or administrative regulations for expenditures restricted for specified services. Special Revenue Funds include the following:

County Sales Tax Measure M - This fund accounts for the one-half percent sales tax authorized by the Measure M tax initiative within the County of Orange. Sales tax proceeds are distributed by formula to the cities for use, which is restricted solely to transportation planning and implementation activities.

State Gasoline Tax - This fund accounts for gasoline taxes received under Sections 2103, 2105, 2106, 2107 and 2107.5 of the Streets and Highways Code. These funds are utilized solely for street related purposes.

Systems Development - This fund accounts for a 1% tax imposed by City Ordinance on all new construction. Revenues are restricted for circulation and public facilities improvements.

Local Park Fees - This fund accounts for fees received under the Subdivision Map Act of the California State Constitution that requires developers to either contribute land or pay fees to provide recreational facilities within a development area.

Slurry Seal Fees - This fund accounts for developer construction fees to be utilized for the slurry seal of City streets that had wear and tear due to construction traffic.

Maintenance District - This fund accounts for City-wide street lighting and landscape maintenance costs, and the collection of assessments from property owners.

Air Quality Improvement - This fund accounts for receipts and disbursements made to reduce air pollution from motor vehicles pursuant to the California Clean Air Act of 1988 under Section 44244.1 of the California Health and Safety Code.

Fees and Exactions - This fund accounts for the collection of fees imposed on developers and property owners for future capital improvement projects from which they will receive a direct benefit.

Major Special Events - This fund accounts for a participant user fee for major events. The fees collected are applied to Public Safety costs incurred as a result of these events.

Shuttle - This fund accounts for operation of the shuttle program in the Irvine Business Center and Irvine Spectrum area.

Irvine Community Land Trust - This fund accounts for the activities of the 501(C)(3) created for the purpose of assisting the City in securing low income housing for its residents.

Grants - This fund accounts for a variety of local, state and federal grants.

**City of Irvine**  
**Combining Balance Sheet**  
**Other Special Revenue Funds**  
**June 30, 2016**  
 (amounts expressed in thousands)  
**Page 1 of 4**

	County Sales Tax Measure M	State Gasoline Tax	Systems Development
<b>ASSETS</b>			
Cash and investments	\$ 4,490	\$ 11,052	\$ 19,391
Receivables, net of allowances:			
Taxes	796	-	-
Accounts	-	-	-
Accrued interest	5	13	27
Prepaid	-	-	-
Due from other funds	-	-	-
Due from other governments	-	-	-
Long-term notes receivable, net of allowances	-	-	-
Total Assets	<u>\$ 5,291</u>	<u>\$ 11,065</u>	<u>\$ 19,418</u>
<b>LIABILITIES</b>			
Accounts payable	\$ -	\$ 393	\$ -
Accrued liabilities	13	1	-
Due to other governments	-	-	-
Deposits	-	-	-
Unearned revenue	-	-	-
Total Liabilities	<u>13</u>	<u>394</u>	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenues	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES (DEFICITS)</b>			
Nonspendable	-	-	-
Restricted	5,278	10,671	-
Committed	-	-	19,418
Unassigned	-	-	-
Total Fund Balances	<u>5,278</u>	<u>10,671</u>	<u>19,418</u>
Total Liabilities, Deferred Inflow of Resources, and Fund Balances (Deficits)	<u>\$ 5,291</u>	<u>\$ 11,065</u>	<u>\$ 19,418</u>

- continued -

**City of Irvine**  
**Combining Balance Sheet**  
**Other Special Revenue Funds**  
**June 30, 2016**  
 (amounts expressed in thousands)  
**Page 2 of 4**

	<u>Local Park Fees</u>	<u>Slurry Seal Fees</u>	<u>Maintenance District</u>
<b>ASSETS</b>			
Cash and investments	\$ 71,895	\$ 1,471	\$ 2,153
Receivables, net of allowances:			
Taxes	-	-	85
Accounts	-	-	43
Accrued interest	91	1	4
Prepaid	-	-	-
Due from other funds	-	-	-
Due from other governments	-	3	11
Long-term notes receivable, net of allowances	-	-	-
Total Assets	<u>\$ 71,986</u>	<u>\$ 1,475</u>	<u>\$ 2,296</u>
<b>LIABILITIES</b>			
Accounts payable	\$ -	\$ -	\$ 1,618
Accrued liabilities	-	-	149
Due to other governments	-	-	-
Deposits	-	-	-
Unearned revenue	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>1,767</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenues	-	-	31
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>31</u>
<b>FUND BALANCES (DEFICITS)</b>			
Nonspendable	-	-	-
Restricted	71,986	1,475	-
Committed	-	-	498
Unassigned	-	-	-
Total Fund Balances	<u>71,986</u>	<u>1,475</u>	<u>498</u>
Total Liabilities, Deferred Inflow of Resources, and Fund Balances (Deficits)	<u>\$ 71,986</u>	<u>\$ 1,475</u>	<u>\$ 2,296</u>

- continued -

**City of Irvine**  
**Combining Balance Sheet**  
**Other Special Revenue Funds**  
**June 30, 2016**  
 (amounts expressed in thousands)  
**Page 3 of 4**

	<u>Air Quality Improvement</u>	<u>Fees and Exactions</u>	<u>Major Special Events</u>
<b>ASSETS</b>			
Cash and investments	\$ 826	\$ 12,560	\$ 1
Receivables, net of allowances:			
Taxes	-	159	-
Accounts	-	-	134
Accrued interest	1	15	-
Prepaid	-	-	-
Due from other funds	-	-	-
Due from other governments	86	-	-
Long-term notes receivable, net of allowances	-	461	-
Total Assets	<u>\$ 913</u>	<u>\$ 13,195</u>	<u>\$ 135</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 28	\$ -	\$ 1
Accrued liabilities	-	-	37
Due to other governments	-	-	-
Deposits	-	81	-
Unearned revenue	-	2,614	-
Total Liabilities	<u>28</u>	<u>2,695</u>	<u>38</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenues	-	461	-
Total Deferred Inflows of Resources	<u>-</u>	<u>461</u>	<u>-</u>
<b>FUND BALANCES (DEFICITS)</b>			
Nonspendable	-	-	-
Restricted	885	11,746	-
Committed	-	786	97
Unassigned	-	(2,493)	-
Total Fund Balances	<u>885</u>	<u>10,039</u>	<u>97</u>
Total Liabilities, Deferred Inflow of Resources, and Fund Balances (Deficits)	<u>\$ 913</u>	<u>\$ 13,195</u>	<u>\$ 135</u>

- continued -

**City of Irvine**  
**Combining Balance Sheet**  
**Other Special Revenue Funds**  
**June 30, 2016**  
(amounts expressed in thousands)  
**Page 4 of 4**

	<u>iShuttle</u>	<u>Irvine Community Land Trust</u>	<u>Grants</u>	<u>Total Other Special Revenue Funds</u>
<b>ASSETS</b>				
Cash and investments	\$ 2,764	\$ 9,772	\$ 2,728	\$ 139,103
Receivables, net of allowances:				
Taxes	-	-	-	1,040
Accounts	32	-	55	264
Accrued interest	3	-	4	164
Prepaid	-	20	9	29
Due from other funds	-	28,006	-	28,006
Due from other governments	207	-	402	709
Long-term notes receivable, net of allowances	-	4,432	5,593	10,486
Total Assets	<u>\$ 3,006</u>	<u>\$ 42,230</u>	<u>\$ 8,791</u>	<u>\$ 179,801</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 206	\$ 7	\$ 180	\$ 2,433
Accrued liabilities	-	12	27	239
Due to other governments	-	-	3	3
Deposits	-	9	-	90
Unearned revenue	-	-	-	2,614
Total Liabilities	<u>206</u>	<u>28</u>	<u>210</u>	<u>5,379</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenues	-	-	5,795	6,287
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>5,795</u>	<u>6,287</u>
<b>FUND BALANCES (DEFICITS)</b>				
Nonspendable	-	20	9	29
Restricted	2,800	42,182	2,777	149,800
Committed	-	-	-	20,799
Unassigned	-	-	-	(2,493)
Total Fund Balances	<u>2,800</u>	<u>42,202</u>	<u>2,786</u>	<u>168,135</u>
Total Liabilities, Deferred Inflow of Resources, and Fund Balances (Deficits)	<u>\$ 3,006</u>	<u>\$ 42,230</u>	<u>\$ 8,791</u>	<u>\$ 179,801</u>



**City of Irvine**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Other Special Revenue Funds**  
**For the Fiscal Year Ended June 30, 2016**  
 (amounts expressed in thousands)  
**Page 1 of 4**

	County Sales Tax Measure M	State Gasoline Tax	Systems Development
<b>REVENUES</b>			
Taxes	\$ 4,428	\$ 5,446	\$ 15,959
Investment income	48	125	256
Intergovernmental	-	-	-
Charges for services	-	-	-
Revenue from developers	-	-	-
Revenue from property owners	-	-	-
Donations	-	-	-
Other revenue	-	-	-
	<u>4,476</u>	<u>5,571</u>	<u>16,215</u>
Total Revenues			
<b>EXPENDITURES</b>			
Current:			
General Government	31	28	-
Public Safety	-	-	-
Public Works	108	874	7
Community Development	-	-	-
Community Services	-	-	-
Capital outlay	-	-	-
	<u>139</u>	<u>902</u>	<u>7</u>
Total Expenditures			
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>4,337</u>	<u>4,669</u>	<u>16,208</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	-	-
Transfers out	(4,234)	(2,863)	(15,769)
	<u>(4,234)</u>	<u>(2,863)</u>	<u>(15,769)</u>
Total Other Financing Sources (Uses)			
Extraordinary gain/(loss)	-	-	-
Net Change in Fund Balances	103	1,806	439
Fund Balances, Beginning, as restated	<u>5,175</u>	<u>8,865</u>	<u>18,979</u>
Fund Balances, Ending	<u>\$ 5,278</u>	<u>\$ 10,671</u>	<u>\$ 19,418</u>

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**City of Irvine**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Other Special Revenue Funds**  
**For the Fiscal Year Ended June 30, 2016**  
 (amounts expressed in thousands)  
**Page 2 of 4**

	<b>Local Park Fees</b>	<b>Slurry Seal Fees</b>	<b>Maintenance District</b>
<b>REVENUES</b>			
Taxes	\$ -	\$ -	\$ 2,740
Investment income	850	13	23
Intergovernmental	-	-	-
Charges for services	-	484	103
Revenue from developers	25,534	-	-
Revenue from property owners	-	-	6,732
Donations	-	-	-
Other revenue	-	-	115
	<hr/>	<hr/>	<hr/>
Total Revenues	26,384	497	9,713
	<hr/>	<hr/>	<hr/>
<b>EXPENDITURES</b>			
Current:			
General Government	-	2	71
Public Safety	-	-	-
Public Works	-	2	16,565
Community Development	-	-	-
Community Services	-	-	-
Capital outlay	-	4,228	-
	<hr/>	<hr/>	<hr/>
Total Expenditures	-	4,232	16,636
	<hr/>	<hr/>	<hr/>
Excess (Deficiency) of Revenues Over (Under) Expenditures	26,384	(3,735)	(6,923)
	<hr/>	<hr/>	<hr/>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	4,231	6,747
Transfers out	(17,385)	-	-
	<hr/>	<hr/>	<hr/>
Total Other Financing Sources (Uses)	(17,385)	4,231	6,747
	<hr/>	<hr/>	<hr/>
Extraordinary gain/(loss)	-	-	-
	<hr/>	<hr/>	<hr/>
Net Change in Fund Balances	8,999	496	(176)
	<hr/>	<hr/>	<hr/>
Fund Balances, Beginning, as restated	62,987	979	674
	<hr/>	<hr/>	<hr/>
Fund Balances, Ending	\$ 71,986	\$ 1,475	\$ 498
	<hr/>	<hr/>	<hr/>

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**City of Irvine**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Other Special Revenue Funds**  
**For the Fiscal Year Ended June 30, 2016**  
(amounts expressed in thousands)  
**Page 3 of 4**

	<b>Air Quality Improvement</b>	<b>Fees and Exactions</b>	<b>Major Special Events</b>
<b>REVENUES</b>			
Taxes	\$ -	\$ 636	\$ -
Investment income	11	189	-
Intergovernmental	319	-	-
Charges for services	-	2,080	1,027
Revenue from developers	-	-	-
Revenue from property owners	-	-	-
Donations	-	-	-
Other revenue	-	-	-
	<hr/>	<hr/>	<hr/>
Total Revenues	330	2,905	1,027
	<hr/>	<hr/>	<hr/>
<b>EXPENDITURES</b>			
Current:			
General Government	7	-	-
Public Safety	-	-	968
Public Works	179	-	-
Community Development	-	-	-
Community Services	-	-	-
Capital outlay	-	-	-
	<hr/>	<hr/>	<hr/>
Total Expenditures	186	-	968
	<hr/>	<hr/>	<hr/>
Excess (Deficiency) of Revenues Over (Under) Expenditures	144	2,905	59
	<hr/>	<hr/>	<hr/>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	142	-
Transfers out	(239)	(291)	-
	<hr/>	<hr/>	<hr/>
Total Other Financing Sources (Uses)	(239)	(149)	-
	<hr/>	<hr/>	<hr/>
Extraordinary gain/(loss)	-	-	-
	<hr/>	<hr/>	<hr/>
Net Change in Fund Balances	(95)	2,756	59
	<hr/>	<hr/>	<hr/>
Fund Balances, Beginning, as restated	980	7,283	38
	<hr/>	<hr/>	<hr/>
Fund Balances, Ending	\$ 885	\$ 10,039	\$ 97
	<hr/>	<hr/>	<hr/>

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**City of Irvine**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Other Special Revenue Funds**  
**For the Fiscal Year Ended June 30, 2016**  
(amounts expressed in thousands)

Page 4 of 4

	<u>iShuttle</u>	<u>Irvine Community Land Trust</u>	<u>Grants</u>	<u>Total Other Special Revenue Funds</u>
<b>REVENUES</b>				
Taxes	\$ -	\$ -	\$ -	\$ 29,209
Investment income	31	96	28	1,670
Intergovernmental	2,544	6	6,965	9,834
Charges for services	171	362	256	4,483
Revenue from developers	-	-	-	25,534
Revenue from property owners	-	-	-	6,732
Donations	256	-	391	647
Other revenue	-	-	1	116
	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues	3,002	464	7,641	78,225
<b>EXPENDITURES</b>				
Current:				
General Government	-	-	11	150
Public Safety	-	-	1,415	2,383
Public Works	2,127	-	50	19,912
Community Development	-	390	4,983	5,373
Community Services	-	-	1,033	1,033
Capital outlay	-	-	-	4,228
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditures	2,127	390	7,492	33,079
Excess (Deficiency) of Revenues Over (Under) Expenditures				
	<hr/>	<hr/>	<hr/>	<hr/>
	875	74	149	45,146
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	107	-	19	11,246
Transfers out	-	-	(6)	(40,787)
	<hr/>	<hr/>	<hr/>	<hr/>
Total Other Financing Sources (Uses)	107	-	13	(29,541)
Extraordinary gain/(loss)	-	14,600	-	14,600
Net Change in Fund Balances	982	14,674	162	30,205
Fund Balances, Beginning, as restated	1,818	27,528	2,624	137,930
	<hr/>	<hr/>	<hr/>	<hr/>
Fund Balances, Ending	\$ 2,800	\$ 42,202	\$ 2,786	\$ 168,135

**City of Irvine**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**County Sales Tax Measure M**  
**For the Fiscal Year Ended June 30, 2016**  
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 4,504	\$ 4,504	\$ 4,428	\$ (76)
Investment income	16	16	48	32
Charges for services	30	-	-	-
Total Revenues	4,550	4,520	4,476	(44)
<b>EXPENDITURES</b>				
Current:				
General Government	31	31	31	-
Public Works	305	275	108	167
Total Expenditures	336	306	139	167
Excess (Deficiency) of Revenues Over (Under) Expenditures	4,214	4,214	4,337	123
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(8,883)	(9,382)	(4,234)	5,148
Total Other Financing Sources (Uses)	(8,883)	(9,382)	(4,234)	5,148
Net Change in Fund Balances	(4,669)	(5,168)	103	5,271
Fund Balances, Beginning	5,175	5,175	5,175	-
Fund Balances, Ending	\$ 506	\$ 7	\$ 5,278	\$ 5,271

**City of Irvine**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**State Gasoline Tax**  
**For the Fiscal Year Ended June 30, 2016**  
(amounts expressed in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Taxes	\$ 5,110	\$ 5,110	\$ 5,446	\$ 336
Investment income	38	38	125	87
Total Revenues	<u>5,148</u>	<u>5,148</u>	<u>5,571</u>	<u>423</u>
<b>EXPENDITURES</b>				
Current:				
General Government	29	29	28	1
Public Works	<u>1,305</u>	<u>1,305</u>	<u>874</u>	<u>431</u>
Total Expenditures	<u>1,334</u>	<u>1,334</u>	<u>902</u>	<u>432</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>3,814</u>	<u>3,814</u>	<u>4,669</u>	<u>855</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	<u>(12,386)</u>	<u>(13,222)</u>	<u>(2,863)</u>	<u>10,359</u>
Total Other Financing Sources (Uses)	<u>(12,386)</u>	<u>(13,222)</u>	<u>(2,863)</u>	<u>10,359</u>
Net Change in Fund Balances	(8,572)	(9,408)	1,806	11,214
Fund Balances, Beginning	<u>8,865</u>	<u>8,865</u>	<u>8,865</u>	<u>-</u>
Fund Balances, Ending	<u>\$ 293</u>	<u>\$ (543)</u>	<u>\$ 10,671</u>	<u>\$ 11,214</u>

**City of Irvine**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**Systems Development**  
**For the Fiscal Year Ended June 30, 2016**  
(amounts expressed in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Taxes	\$ 10,930	\$ 10,930	\$ 15,959	\$ 5,029
Investment income	182	182	256	74
Total Revenues	<u>11,112</u>	<u>11,112</u>	<u>16,215</u>	<u>5,103</u>
<b>EXPENDITURES</b>				
Current:				
Public Works	<u>500</u>	<u>500</u>	<u>7</u>	<u>493</u>
Total Expenditures	<u>500</u>	<u>500</u>	<u>7</u>	<u>493</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>10,612</u>	<u>10,612</u>	<u>16,208</u>	<u>5,596</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	<u>(3,406)</u>	<u>(15,769)</u>	<u>(15,769)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(3,406)</u>	<u>(15,769)</u>	<u>(15,769)</u>	<u>-</u>
Net Change in Fund Balances	7,206	(5,157)	439	5,596
Fund Balances, Beginning	<u>18,979</u>	<u>18,979</u>	<u>18,979</u>	<u>-</u>
Fund Balances, Ending	<u>\$ 26,185</u>	<u>\$ 13,822</u>	<u>\$ 19,418</u>	<u>\$ 5,596</u>

**City of Irvine**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**Local Park Fees**  
**For the Fiscal Year Ended June 30, 2016**  
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Investment income	\$ 528	\$ 528	\$ 850	\$ 322
Revenue from developers	7,418	7,418	25,534	18,116
Total Revenues	<u>7,946</u>	<u>7,946</u>	<u>26,384</u>	<u>18,438</u>
<b>EXPENDITURES</b>				
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>7,946</u>	<u>7,946</u>	<u>26,384</u>	<u>18,438</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	<u>(12,077)</u>	<u>(17,385)</u>	<u>(17,385)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(12,077)</u>	<u>(17,385)</u>	<u>(17,385)</u>	<u>-</u>
Net Change in Fund Balances	(4,131)	(9,439)	8,999	18,438
Fund Balances, Beginning	<u>62,987</u>	<u>62,987</u>	<u>62,987</u>	<u>-</u>
Fund Balances, Ending	<u>\$ 58,856</u>	<u>\$ 53,548</u>	<u>\$ 71,986</u>	<u>\$ 18,438</u>



**City of Irvine**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**Slurry Seal Fees**  
**For the Fiscal Year Ended June 30, 2016**  
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Investment income	\$ 1	\$ 1	\$ 13	\$ 12
Charges for services	260	260	484	224
Total Revenues	261	261	497	236
<b>EXPENDITURES</b>				
Current:				
General Government	2	2	2	-
Public Works	49	49	2	47
Capital outlay	6,899	6,899	4,228	2,671
Total Expenditures	6,950	6,950	4,232	2,718
Excess (Deficiency) of Revenues Over (Under) Expenditures	(6,689)	(6,689)	(3,735)	2,954
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	13,020	14,031	4,231	(9,800)
Total Other Financing Sources (Uses)	13,020	14,031	4,231	(9,800)
Net Change in Fund Balances	6,331	7,342	496	(6,846)
Fund Balances, Beginning	979	979	979	-
Fund Balances, Ending	\$ 7,310	\$ 8,321	\$ 1,475	\$ (6,846)

**City of Irvine**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**Maintenance District**  
**For the Fiscal Year Ended June 30, 2016**  
(amounts expressed in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Taxes	\$ 2,691	\$ 2,691	\$ 2,740	\$ 49
Investment income	-	-	23	23
Charges for services	108	108	103	(5)
Revenue from property owners	6,532	6,532	6,732	200
Other revenue	110	110	115	5
<b>Total Revenues</b>	<u>9,441</u>	<u>9,441</u>	<u>9,713</u>	<u>272</u>
<b>EXPENDITURES</b>				
Current:				
General Government	96	96	71	25
Public Works	16,996	17,024	16,565	459
<b>Total Expenditures</b>	<u>17,092</u>	<u>17,120</u>	<u>16,636</u>	<u>484</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(7,651)</u>	<u>(7,679)</u>	<u>(6,923)</u>	<u>756</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	6,747	6,747	6,747	-
<b>Total Other Financing Sources (Uses)</b>	<u>6,747</u>	<u>6,747</u>	<u>6,747</u>	<u>-</u>
Net Change in Fund Balances	(904)	(932)	(176)	756
Fund Balances, Beginning	674	674	674	-
Fund Balances, Ending	<u>\$ (230)</u>	<u>\$ (258)</u>	<u>\$ 498</u>	<u>\$ 756</u>

**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**Air Quality Improvement**  
**For the Fiscal Year Ended June 30, 2016**  
(amounts expressed in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Investment income	\$ 7	\$ 7	\$ 11	\$ 4
Intergovernmental	300	300	319	19
Total Revenues	<u>307</u>	<u>307</u>	<u>330</u>	<u>23</u>
<b>EXPENDITURES</b>				
Current:				
General Government	7	7	7	-
Public Works	265	265	179	86
Total Expenditures	<u>272</u>	<u>272</u>	<u>186</u>	<u>86</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>35</u>	<u>35</u>	<u>144</u>	<u>109</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(630)	(617)	(239)	378
Total Other Financing Sources (Uses)	<u>(630)</u>	<u>(617)</u>	<u>(239)</u>	<u>378</u>
Net Change in Fund Balances	(595)	(582)	(95)	487
Fund Balances, Beginning	<u>980</u>	<u>980</u>	<u>980</u>	<u>-</u>
Fund Balances, Ending	<u>\$ 385</u>	<u>\$ 398</u>	<u>\$ 885</u>	<u>\$ 487</u>

**City of Irvine**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**Fees and Exactions**  
**For the Fiscal Year Ended June 30, 2016**  
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 640	\$ 640	\$ 636	\$ (4)
Investment income	97	97	189	92
Charges for services	-	-	2,080	2,080
Total Revenues	737	737	2,905	2,168
<b>EXPENDITURES</b>				
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	737	737	2,905	2,168
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	142	142	142	-
Transfers out	(142)	(475)	(291)	184
Total Other Financing Sources (Uses)	-	(333)	(149)	184
Net Change in Fund Balances	737	404	2,756	2,352
Fund Balances, Beginning	7,283	7,283	7,283	-
Fund Balances, Ending	<u>\$ 8,020</u>	<u>\$ 7,687</u>	<u>\$ 10,039</u>	<u>\$ 2,352</u>

**City of Irvine**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**Major Special Events**  
**For the Fiscal Year Ended June 30, 2016**  
(amounts expressed in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Charges for services	1,059	1,059	1,027	(32)
Total Revenues	1,059	1,059	1,027	(32)
<b>EXPENDITURES</b>				
Current:				
Public Safety	1,005	1,005	968	37
Total Expenditures	1,005	1,005	968	37
Excess (Deficiency) of Revenues Over (Under) Expenditures	54	54	59	5
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(53)	(53)	-	53
Total Other Financing Sources (Uses)	(53)	(53)	-	53
Net Change in Fund Balances	1	1	59	58
Fund Balances, Beginning	38	38	38	-
Fund Balances, Ending	<u>\$ 39</u>	<u>\$ 39</u>	<u>\$ 97</u>	<u>\$ 58</u>

**City of Irvine**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**iShuttle**  
**For the Fiscal Year Ended June 30, 2016**  
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Investment income	\$ 27	\$ 27	\$ 31	\$ 4
Intergovernmental	2,736	2,736	2,544	(192)
Charges for services	184	184	171	(13)
Donations	256	256	256	-
Total Revenues	3,203	3,203	3,002	(201)
<b>EXPENDITURES</b>				
Current:				
Public Works	2,460	2,460	2,127	333
Total Expenditures	2,460	2,460	2,127	333
Excess (Deficiency) of Revenues over (under) Expenditures	743	743	875	132
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	122	122	107	(15)
Total Other Financing Sources (Uses)	122	122	107	(15)
Net Change in Fund Balances	865	865	982	117
Fund Balances, Beginning	1,818	1,818	1,818	-
Fund Balances, Ending	<u>\$ 2,683</u>	<u>\$ 2,683</u>	<u>\$ 2,800</u>	<u>\$ 117</u>

**City of Irvine**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**Irvine Community Land Trust**  
**For the Fiscal Year Ended June 30, 2016**  
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Investment income	\$ -	\$ -	\$ 96	\$ 96
Intergovernmental	195	195	6	(189)
Charges for services	594	594	362	(232)
Total Revenues	\$ 789	\$ 789	\$ 464	\$ (325)
<b>EXPENDITURES</b>				
Current:				
Community Development	439	439	390	49
Total Expenditures	439	439	390	49
Excess (Deficiency) of Revenues Over (Under) Expenditures	350	350	74	(276)
<b>OTHER FINANCING SOURCES (USES)</b>				
Total Other Financing Sources (Uses)	-	-	-	-
<b>EXTRAORDINARY GAIN (LOSS)</b>				
Extraordinary gain/(loss)	-	-	14,600	14,600
Total Extraordinary Items (Uses)	-	-	14,600	14,600
Net Change in Fund Balances	350	350	14,674	14,324
Fund Balances, Beginning, as restated	27,528	27,528	27,528	-
Fund Balances, Ending	\$ 27,878	\$ 27,878	\$ 42,202	\$ 14,324

**City of Irvine**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**Grants**  
**For the Fiscal Year Ended June 30, 2016**  
(amounts expressed in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Investment income	\$ 16	\$ 16	\$ 28	\$ 12
Intergovernmental	4,887	9,997	6,965	(3,032)
Charges for services	590	648	256	(392)
Donations	367	371	391	20
Other revenue	-	-	1	1
	<u>5,860</u>	<u>11,032</u>	<u>7,641</u>	<u>(3,391)</u>
<b>Total Revenues</b>				
<b>EXPENDITURES</b>				
Current:				
General Government	50	50	11	39
Public Safety	2,833	3,401	1,415	1,986
Public Works	500	788	50	738
Community Development	2,786	7,059	4,983	2,076
Community Services	1,404	1,503	1,033	470
	<u>7,573</u>	<u>12,801</u>	<u>7,492</u>	<u>5,309</u>
<b>Total Expenditures</b>				
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,713)</u>	<u>(1,769)</u>	<u>149</u>	<u>1,918</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	19	19	-
Transfers out	-	-	(6)	(6)
	<u>-</u>	<u>19</u>	<u>13</u>	<u>(6)</u>
<b>Total Other Financing Sources (Uses)</b>				
Net Change in Fund Balances	(1,713)	(1,750)	162	1,912
Fund Balances, Beginning	<u>2,624</u>	<u>2,624</u>	<u>2,624</u>	<u>-</u>
Fund Balances, Ending	<u>\$ 911</u>	<u>\$ 874</u>	<u>\$ 2,786</u>	<u>\$ 1,912</u>





## OTHER CAPITAL PROJECTS FUNDS

Other Capital Projects Funds are used for the construction of infrastructure and public facility improvements within the City and which, because of their complexity, typically require more than one budgetary cycle to complete. Other Capital Projects Funds include the following:

Park Development - This fund accounts for receipts and disbursement of monies used for development and construction of non-circulation projects such as parks and public facilities within the City.

Irvine Business Complex – This fund accounts for related capital project activities and fee revenue generated by development within the Irvine Business Complex.

North Irvine Transportation Mitigation Program - This fund accounts for the financial transaction related to traffic and transportation improvements identified in the Comprehensive NITM Traffic Study in connection with land use entitlements for the City's northern sphere planning areas.

**City of Irvine**  
**Combining Balance Sheet**  
**Other Capital Projects Funds**  
**June 30, 2016**  
(amounts expressed in thousands)

	<u>Park Development</u>	<u>Irvine Business Complex</u>	<u>North Irvine Transportation Mitigation</u>	<u>Total Other Capital Projects Funds</u>
<b>ASSETS</b>				
Cash and investments	\$ 36,454	\$ 74,060	\$ 71,244	\$ 181,758
Receivables, net of allowances:				
Accrued interest	42	87	84	213
Due from other governments	102	55	-	157
Due from developers	-	-	16,824	16,824
Total Assets	<u>\$ 36,598</u>	<u>\$ 74,202</u>	<u>\$ 88,152</u>	<u>\$ 198,952</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 961	\$ 163	\$ 23	\$ 1,147
Accrued liabilities	163	6	1	170
Unearned revenue	100	-	-	100
Total Liabilities	<u>1,224</u>	<u>169</u>	<u>24</u>	<u>1,417</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenues	102	55	-	157
Total Deferred Inflows of Resources	<u>102</u>	<u>55</u>	<u>-</u>	<u>157</u>
<b>FUND BALANCES (DEFICITS)</b>				
Restricted	16,481	73,978	88,128	178,587
Committed	16,824	-	-	16,824
Assigned	1,967	-	-	1,967
Total Fund Balances	<u>35,272</u>	<u>73,978</u>	<u>88,128</u>	<u>197,378</u>
Total Liabilities, Deferred Inflow of Resources, and Fund Balances (Deficits)	<u>\$ 36,598</u>	<u>\$ 74,202</u>	<u>\$ 88,152</u>	<u>\$ 198,952</u>

**City of Irvine**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Other Capital Projects Funds**  
**For the Fiscal Year Ended June 30, 2016**  
(amounts expressed in thousands)

	<u>Park Development</u>	<u>Irvine Business Complex</u>	<u>North Irvine Transportation Mitigation</u>	<u>Total Other Capital Projects Funds</u>
<b>REVENUES</b>				
Investment income	\$ 413	818	\$ 794	\$ 2,025
Intergovernmental	385	-	-	385
Revenue from developers	-	6,602	10,608	17,210
Donations	19	-	-	19
Other revenue	390	21	6	417
	<u>1,207</u>	<u>7,441</u>	<u>11,408</u>	<u>20,056</u>
<b>EXPENDITURES</b>				
Current:				
General Government	17	9	12	38
Public Works	103	127	115	345
Community Development	7	371	-	378
Capital outlay	8,801	677	235	9,713
	<u>8,928</u>	<u>1,184</u>	<u>362</u>	<u>10,474</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(7,721)</u>	<u>6,257</u>	<u>11,046</u>	<u>9,582</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	4,846	4,249	-	9,095
Transfers out	(19)	(107)	-	(126)
	<u>4,827</u>	<u>4,142</u>	<u>-</u>	<u>8,969</u>
Net Change in Fund Balances	(2,894)	10,399	11,046	18,551
Fund Balances, Beginning	<u>38,166</u>	<u>63,579</u>	<u>77,082</u>	<u>178,827</u>
Fund Balances, Ending	<u>\$ 35,272</u>	<u>\$ 73,978</u>	<u>\$ 88,128</u>	<u>\$ 197,378</u>



## PERMANENT FUND

Permanent fund account for resources that are legally restricted, to the extent that only earnings, and not principal, may be used for purposes that support the City's programs.

Senior Services - This fund accounts for adult day health services and senior citizen programs which are funded from interest earnings and additional donations.

**City of Irvine**  
**Balance Sheet**  
**Permanent Fund**  
**June 30, 2016**  
(amounts expressed in thousands)

	<b>Senior Services Fund</b>
<b>ASSETS</b>	
Cash and investments	\$ 671
Receivables, net of allowances:	
Accrued interest	1
Total Assets	\$ 672
 <b>LIABILITIES AND FUND BALANCES</b>	
Liabilities:	
Accounts payable	\$ 7
Total Liabilities	7
Fund Balances:	
Nonspendable	497
Restricted	168
Total Fund Balances	665
Total Liabilities and Fund Balances	\$ 672

**City of Irvine**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Permanent Fund**  
**For the Fiscal Year Ended June 30, 2016**  
 (amounts expressed in thousands)

	<b>Senior Services Fund</b>
<b>REVENUES</b>	
Investment income	\$ 7
Charges for services	1
Donations	38
	46
Total Revenues	46
<b>EXPENDITURES</b>	
Current:	
Community Services	30
	30
Total Expenditures	30
Excess (Deficiency) of Revenues Over (Under) Expenditures	16
<b>OTHER FINANCING SOURCES (USES)</b>	
Total Other Financing Sources (Uses)	-
Net Change in Fund Balances	16
Fund Balances, Beginning	649
Fund Balances, Ending	\$ 665



**City of Irvine**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**Permanent Fund - Senior Services**  
**For the Fiscal Year Ended June 30, 2016**  
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Investment income	\$ 6	\$ 6	\$ 7	\$ 1
Charges for services	-	-	1	1
Donations	16	16	38	22
Total Revenues	22	22	46	24
<b>EXPENDITURES</b>				
Current:				
Community Services	78	78	30	48
Total Expenditures	78	78	30	48
Excess (Deficiency) of Revenues Over (Under) Expenditures	(56)	(56)	16	72
<b>OTHER FINANCING SOURCES (USES)</b>				
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	(56)	(56)	16	72
Fund Balances, Beginning	649	649	649	-
Fund Balances, Ending	\$ 593	\$ 593	\$ 665	\$ 72





# INTERNAL SERVICE FUNDS

Internal Service Funds are used to account for operations that provide services to other departments of the City on a cost reimbursement basis. Internal Service Funds include the following:

Self-Insurance - This fund accounts for payments made for insurance services relative to workers' compensation, general liability, automotive coverage, and to maintain a sinking fund for future claims.

Equipment and Services - This fund accounts for fleet and central services, as well as equipment replacement.

Inventory - This fund accounts for the warehousing of the City's central supplies and their distribution to operating departments.

**City of Irvine**  
**Combining Statement of Net Position**  
**Internal Service Funds**  
**June 30, 2016**  
(amounts expressed in thousands)

	<u>Self- Insurance</u>	<u>Equipment and Services</u>	<u>Inventory</u>	<u>Total Internal Service Funds</u>
<b>ASSETS</b>				
Current Assets:				
Cash and investments	\$ 21,313	\$ 13,713	\$ 129	\$ 35,155
Receivables, net of allowances:				
Accounts	43	26	-	69
Accrued interest	25	16	-	41
Prepaid	-	244	-	244
Inventories	-	-	81	81
Total Current Assets	<u>21,381</u>	<u>13,999</u>	<u>210</u>	<u>35,590</u>
Noncurrent Assets:				
Capital assets:				
Equipment	20	23,304	-	23,324
Less accumulated depreciation	(20)	(16,043)	-	(16,063)
Total Noncurrent Assets	<u>-</u>	<u>7,261</u>	<u>-</u>	<u>7,261</u>
Total Assets	<u>21,381</u>	<u>21,260</u>	<u>210</u>	<u>42,851</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension related items	145	338	-	483
Total Deferred Outflows of Resources	<u>145</u>	<u>338</u>	<u>-</u>	<u>483</u>
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts payable	39	1,465	60	1,564
Accrued liabilities	56	67	-	123
Due to other governments	-	8	-	8
Deposits	-	20	-	20
Compensated absences	15	34	-	49
Claims payable	4,340	-	-	4,340
Total Current Liabilities	<u>4,450</u>	<u>1,594</u>	<u>60</u>	<u>6,104</u>
Noncurrent Liabilities:				
Compensated absences	38	87	-	125
Claims payable	10,229	-	-	10,229
Net pension	641	1,495	-	2,136
Total Noncurrent Liabilities	<u>10,908</u>	<u>1,582</u>	<u>-</u>	<u>12,490</u>
Total Liabilities	<u>15,358</u>	<u>3,176</u>	<u>60</u>	<u>18,594</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Pension related items	66	155	-	221
Total Deferred Inflows of Resources	<u>66</u>	<u>155</u>	<u>-</u>	<u>221</u>
<b>NET POSITION</b>				
Net investment in capital assets	-	7,261	-	7,261
Unrestricted	6,102	11,006	150	17,258
Total Net Position	<u>\$ 6,102</u>	<u>\$ 18,267</u>	<u>\$ 150</u>	<u>\$ 24,519</u>

**City of Irvine**  
**Combining Statement of Revenues, Expenses, and Changes in Net Position**  
**Internal Service Funds**  
**For the Fiscal Year Ended June 30, 2016**  
(amounts expressed in thousands)

	<u>Self- Insurance</u>	<u>Equipment and Services</u>	<u>Inventory</u>	<u>Total Internal Service Funds</u>
<b>OPERATING REVENUES</b>				
Charges for services	\$ 7,880	\$ 18,186	\$ -	\$ 26,066
Other	151	141	372	664
Total Operating Revenues	<u>8,031</u>	<u>18,327</u>	<u>372</u>	<u>26,730</u>
<b>OPERATING EXPENSES</b>				
Salaries and benefits	676	1,748	4	2,428
Supplies and equipment	45	5,037	358	5,440
Contract services	382	5,027	-	5,409
Administration	3	1,416	-	1,419
Self-insured losses	1,245	37	-	1,282
Insurance premiums	2,119	55	-	2,174
Depreciation	-	2,310	-	2,310
Total Operating Expenses	<u>4,470</u>	<u>15,630</u>	<u>362</u>	<u>20,462</u>
Operating Income	<u>3,561</u>	<u>2,697</u>	<u>10</u>	<u>6,268</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Interest revenue	236	158	1	395
Interest expense	-	(2)	-	(2)
Gain on disposal of equipment	-	29	-	29
Total Nonoperating Revenues	<u>236</u>	<u>185</u>	<u>1</u>	<u>422</u>
Income/(Loss) Before Capital Contributions and Transfers	3,797	2,882	11	6,690
Capital contributions	-	317	-	317
Transfers in	-	182	-	182
Transfers out	-	(19)	-	(19)
Change in Net Position	<u>3,797</u>	<u>3,362</u>	<u>11</u>	<u>7,170</u>
Total Net Position, Beginning	<u>2,305</u>	<u>14,905</u>	<u>139</u>	<u>17,349</u>
Total Net Position, Ending	<u>\$ 6,102</u>	<u>\$ 18,267</u>	<u>\$ 150</u>	<u>\$ 24,519</u>

**City of Irvine**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**For the Fiscal Year Ended June 30, 2016**  
(amounts expressed in thousands)

	<u>Self- Insur- ance</u>	<u>Equip- ment and Services</u>	<u>Inven- tory</u>	<u>Total Internal Service Funds</u>
<b>Cash Flows From Operating Activities</b>				
Received from customers and users	\$ 385	142	\$ -	\$ 527
Received from interfund services provided	7,880	18,186	372	26,438
Paid to suppliers and providers	(4,796)	(11,853)	(338)	(16,987)
Paid for salaries and benefits	(782)	(1,970)	(4)	(2,756)
Net Cash Provided by Operating Activities	<u>2,687</u>	<u>4,505</u>	<u>30</u>	<u>7,222</u>
<b>Cash Flows From Non-Capital Financing Activities</b>				
Transfers from other funds	-	182	-	182
Transfers to other funds	-	(19)	-	(19)
Net Cash Provided by Non-Capital Financing Activities	<u>-</u>	<u>163</u>	<u>-</u>	<u>163</u>
<b>Cash Flows From Capital and Related Financing Activities</b>				
Proceeds from sale of equipment	-	30	-	30
Equipment purchases	-	(2,568)	-	(2,568)
Interest paid	-	(2)	-	(2)
Net Cash Used by Capital and Related Financing Activities	<u>-</u>	<u>(2,540)</u>	<u>-</u>	<u>(2,540)</u>
<b>Cash Flows from Investing Activities</b>				
Interest received on investments	230	154	1	385
Net Cash Provided by Investing Activities	<u>230</u>	<u>154</u>	<u>1</u>	<u>385</u>
Net Increase in Cash and Cash Equivalents	2,917	2,282	31	5,230
Cash and Cash Equivalents, Beginning of Fiscal Year	18,396	11,431	98	29,925
Cash and Cash Equivalents, End of Fiscal Year	<u>\$ 21,313</u>	<u>\$ 13,713</u>	<u>\$ 129</u>	<u>\$ 35,155</u>

**Reconciliation of Operating Income to  
Net Cash Provided (Used) by Operating Activities**

<b>Cash Flows from Operating Activities</b>				
Operating income	\$ 3,561	\$ 2,697	\$ 10	\$ 6,268
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:				
Depreciation	-	2,310	-	2,310
Changes in assets and liabilities:				
(Increase) decrease in receivables, net of allowances	234	-	-	234
(Increase) decrease in prepaid costs	5	(244)	-	(239)
(Increase) decrease in due from other governments	-	1	-	1
(Increase) decrease in inventories	-	-	12	12
Increase (decrease) in accounts payable	(125)	35	8	(82)
Increase (decrease) in accrued liabilities	9	19	-	28
Increase (decrease) in due to other governments	-	6	-	6
Increase (decrease) in lease payable	-	(78)	-	(78)
Increase (decrease) in compensated absences	(18)	8	-	(10)
Increase (decrease) in claims payable	(891)	-	-	(891)
Increase (decrease) in net pension	1	(249)	-	(248)
Increase (decrease) in pension obligations	(89)	-	-	(89)
Total Adjustments	<u>(874)</u>	<u>1,808</u>	<u>20</u>	<u>954</u>
Net Cash Provided by Operating Activities	<u>\$ 2,687</u>	<u>\$ 4,505</u>	<u>\$ 30</u>	<u>\$ 7,222</u>
<b>Schedule of Non-Cash and Related Financing Activities</b>				
Contribution of Capital Assets	<u>\$ -</u>	<u>\$ 317</u>	<u>\$ -</u>	<u>\$ 317</u>







# FIDUCIARY FUNDS

Fiduciary Funds account for assets held by a governmental entity for other parties, as trustee or as an agent, which cannot be used to finance a governmental entities own operating programs. Fiduciary Funds include the following:

Pension and Employee Benefit Trust Funds - These funds account for resources held in trust for employees and their beneficiaries based on defined benefit pension agreements, and defined contribution agreements.

Private-Purpose Trust Funds - These funds serve as custodian for the assets and liabilities of the Successor Agency Trust pending distribution to the appropriate taxing entities and the payment of enforceable obligations.

Agency Funds - These funds account for assets that are held in a custodial relationship. As assets are received, they may be temporarily invested, and then remitted to individuals, private organizations, or other governments. One of these funds, the Interagency Custodial Fund is used to account for cash seized by Public Safety and held until final disposition of the cases. The other agency funds primarily reflect amounts collected and remitted under the terms of the various assessment and community facility districts.

**City of Irvine**  
**Combining Statement of Fiduciary Net Position**  
**Pension and Employee Benefit Trust Funds**  
**June 30, 2016**  
(amounts expressed in thousands)

	<b>PENSION TRUST</b>		<b>Total Pension and Employee Benefit Trust Funds</b>
	<b>(December 31, 2015)</b>		
	<b>Defined Benefit Pension Plan</b>	<b>Defined Contribution Pension Plan</b>	
<b>ASSETS</b>			
Short-term investments	\$ 153	\$ -	\$ 153
Receivables, net of allowances:			
Loans	-	67	67
Investments:			
Pooled Funds	18,897	4,502	23,399
Mutual Funds - Closed End Funds Equity	173	-	173
Mutual Funds - Equity	-	3,477	3,477
Mutual Funds - Corporate Bonds	-	623	623
Mutual Funds - Balanced	-	398	398
Wells Fargo Funds Balanced	-	689	689
Total Assets	<u>19,223</u>	<u>9,756</u>	<u>28,979</u>
<b>LIABILITIES</b>			
Accounts payable and other accrued liabilities	-	18	18
Accrued liabilities	<u>19</u>	<u>-</u>	<u>19</u>
Total Liabilities	<u>19</u>	<u>18</u>	<u>37</u>
<b>NET POSITION</b>			
Held in trust for pension benefits	<u>19,204</u>	<u>9,738</u>	<u>28,942</u>
Total Net Position	<u>\$ 19,204</u>	<u>\$ 9,738</u>	<u>\$ 28,942</u>

**City of Irvine**  
**Combining Statement of Changes in Fiduciary Net Position**  
**Pension and Employee Benefit Trust Funds**  
**For the Fiscal Year Ended June 30, 2016**  
(amounts expressed in thousands)

	<b>PENSION TRUST</b>		
	<b>(December 31, 2015)</b>		
	<b>Defined Benefit Pension Plan</b>	<b>Defined Contribution Pension Plan</b>	<b>Total Pension and Employee Benefit Trust Funds</b>
<b>ADDITIONS</b>			
Contributions:			
Employer	\$ 130	\$ 142	\$ 272
Plan members	32	75	107
Interest from participants' loan	-	4	4
Total Contributions	<u>162</u>	<u>221</u>	<u>383</u>
Investment income (loss):			
Interest and dividends	6	86	92
Other income	-	1	1
Net appreciation (depreciation) in fair value of investments	<u>68</u>	<u>(22)</u>	<u>46</u>
Total Investment Income	74	65	139
Less investment expenses	<u>(80)</u>	<u>(34)</u>	<u>(114)</u>
Net Investment Income	<u>(6)</u>	<u>31</u>	<u>25</u>
Total Additions	<u>156</u>	<u>252</u>	<u>408</u>
<b>DEDUCTIONS</b>			
Benefit payments	1,171	1,007	2,178
Administrative expenses	<u>17</u>	<u>4</u>	<u>21</u>
Total Deductions	<u>1,188</u>	<u>1,011</u>	<u>2,199</u>
Change in Net Position	(1,032)	(759)	(1,791)
Total Net Position, Beginning	<u>20,236</u>	<u>10,497</u>	<u>30,733</u>
Total Net Position, Ending	<u>\$ 19,204</u>	<u>\$ 9,738</u>	<u>\$ 28,942</u>

**City of Irvine**  
**Combining Statement of Fiduciary Net Position**  
**Private-Purpose Trust Funds**  
**June 30, 2016**  
(amounts expressed in thousands)

	Successor Agency Debt Service	Redevelopment Obligation Retirement	Total Successor Agency Private-Purpose Trust Funds
<b>ASSETS</b>			
Cash and investments	\$ -	\$ 1,939	\$ 1,939
Due from other governments	280,056	-	280,056
Total Assets	<u>280,056</u>	<u>1,939</u>	<u>281,995</u>
<b>LIABILITIES</b>			
Accounts payable	-	1,066	1,066
Advances from the City of Irvine	280,056	-	280,056
Total Liabilities	<u>280,056</u>	<u>1,066</u>	<u>281,122</u>
<b>NET POSITION</b>			
Held in trust for enforceable obligations	-	873	873
Total Net Position	<u>\$ -</u>	<u>\$ 873</u>	<u>\$ 873</u>

**City of Irvine**  
**Combining Statement of Changes in Fiduciary Net Position**  
**Private-Purpose Trust Funds**  
**For the Fiscal Year Ended June 30, 2016**  
 (amounts expressed in thousands)

	Successor Agency Debt Service	Redevelopment Obligation Retirement	Total Successor Agency Private-Purpose Trust Funds
<b>ADDITIONS</b>			
Taxes	\$ -	\$ 2,091	\$ 2,091
Total Additions	-	2,091	2,091
<b>DEDUCTIONS</b>			
Administration	-	1,479	1,479
Total Deductions	-	1,479	1,479
Extraordinary gain/(loss)	7,781	-	7,781
Change in Net Position	7,781	612	8,393
Total Net Position, Beginning	(7,781)	261	(7,520)
Total Net Position, Ending	\$ -	\$ 873	\$ 873

**City of Irvine**  
**Combining Statement of Net Position**  
**Agency Funds**  
**June 30, 2016**  
 (amounts expressed in thousands)  
**Page 1 of 6**

	Eastwood Assessment District 13-25	Cypress Village Assessment District 11-24	Laguna Altura Assessment District 10-23	Stonegate Assessment District 07-22	Orchard Hills Assessment District 05-21
<b>ASSETS</b>					
Cash and investments	\$ 4,818	\$ 4,117	\$ 1,476	\$ 5,877	\$ 10,441
Receivables, net of allowances:					
Taxes	-	51	-	34	47
Accrued interest	-	-	-	3	3
Due from developers	-	-	-	-	78
Total Assets	<u>4,818</u>	<u>4,168</u>	<u>1,476</u>	<u>5,914</u>	<u>10,569</u>
<b>LIABILITIES</b>					
Accounts payable	1	-	-	-	76
Accrued liabilities	2	1	1	2	1
Due to bondholders	4,815	4,167	1,475	5,912	10,492
Due to other governments	-	-	-	-	-
Total Liabilities	<u>4,818</u>	<u>4,168</u>	<u>1,476</u>	<u>5,914</u>	<u>10,569</u>
<b>NET POSITION</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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**City of Irvine**  
**Combining Statement of Net Position**  
**Agency Funds**  
**June 30, 2016**  
 (amounts expressed in thousands)  
**Page 2 of 6**

	Portola Springs Assessment District 04-20	Northern Sphere Assessment District 03-19	Shady Canyon/ Turtle Ridge Assessment District 00-18	Irvine Spectrum Reassessment District 85-7	Irvine Spectrum Assessment District 87-8
<b>ASSETS</b>					
Cash and investments	\$ 5,931	\$ 23	\$ 134	\$ 11	\$ 237
Receivables, net of allowances:					
Taxes	21	-	-	-	-
Accrued interest	-	-	-	-	-
Due from developers	124	116	25	87	39
Total Assets	<u>6,076</u>	<u>139</u>	<u>159</u>	<u>98</u>	<u>276</u>
<b>LIABILITIES</b>					
Accounts payable	121	101	21	84	34
Accrued liabilities	4	2	-	-	2
Due to bondholders	5,951	36	138	14	240
Due to other governments	-	-	-	-	-
Total Liabilities	<u>6,076</u>	<u>139</u>	<u>159</u>	<u>98</u>	<u>276</u>
<b>NET POSITION</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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**City of Irvine**  
**Combining Statement of Net Position**  
**Agency Funds**  
**June 30, 2016**  
 (amounts expressed in thousands)  
**Page 3 of 6**

	Westpark Assessment District 89-10	Irvine Spectrum Assessment District 93-14	Oak Creek Assessment District 94-13	Westpark II Assessment District 94-15	Northwest Assessment District 97-16
<b>ASSETS</b>					
Cash and investments	\$ -	\$ 6,830	\$ 259	\$ 1,467	\$ 482
Receivables, net of allowances:					
Taxes	-	-	-	-	-
Accrued interest	-	-	-	-	-
Due from developers	-	132	44	12	68
Total Assets	-	6,962	303	1,479	550
<b>LIABILITIES</b>					
Accounts payable	-	130	39	9	60
Accrued liabilities	-	2	1	3	2
Due to bondholders	-	6,830	263	1,467	488
Due to other governments	-	-	-	-	-
Total Liabilities	-	6,962	303	1,479	550
<b>NET POSITION</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

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**City of Irvine**  
**Combining Statement of Net Position**  
**Agency Funds**  
**June 30, 2016**  
 (amounts expressed in thousands)  
**Page 4 of 6**

	Lower Peters Canyon Assessment District 97-17	Irvine Public Facilities and Infrastructure Authority 2012 Series A	Reassessment District 11-1	Reassessment District 11-2	Reassessment District 12-1
<b>ASSETS</b>					
Cash and investments	\$ 476	\$ -	\$ -	\$ -	\$ 20,373
Receivables, net of allowances:					
Taxes	-	-	-	-	162
Accrued interest	-	-	-	-	3
Due from developers	91	-	-	-	-
Total Assets	<u>567</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,538</u>
<b>LIABILITIES</b>					
Accounts payable	77	-	-	-	-
Accrued liabilities	3	-	-	-	1
Due to bondholders	487	-	-	-	20,537
Due to other governments	-	-	-	-	-
Total Liabilities	<u>567</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,538</u>
<b>NET POSITION</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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**City of Irvine**  
**Combining Statement of Net Position**  
**Agency Funds**  
**June 30, 2016**  
 (amounts expressed in thousands)  
 Page 5 of 6

	Reassessment District 13-1	Reassessment District 15-1	Reassessment District 15-2	CFD - Central Park 2004-1
<b>ASSETS</b>				
Cash and investments	\$ 11,788	\$ 9,924	\$ 5,615	\$ 4,294
Receivables, net of allowances:				
Taxes	97	81	38	42
Accrued interest	-	1	-	-
Due from developers	-	-	-	-
Total Assets	<u>11,885</u>	<u>10,006</u>	<u>5,653</u>	<u>4,336</u>
<b>LIABILITIES</b>				
Accounts payable	-	-	-	-
Accrued liabilities	1	1	1	2
Due to bondholders	11,884	10,005	5,652	4,334
Due to other governments	-	-	-	-
Total Liabilities	<u>11,885</u>	<u>10,006</u>	<u>5,653</u>	<u>4,336</u>
<b>NET POSITION</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

- continued -

**City of Irvine**  
**Combining Statement of Net Position**  
**Agency Funds**  
**June 30, 2016**  
 (amounts expressed in thousands)  
 Page 6 of 6

	CFD - Columbus Grove 2005-2	CFD - Great Park 2013-3	Inter-Agency Custodial Fund	Total Agency Funds
<b>ASSETS</b>				
Cash and investments	\$ 2,179	\$ 9,279	\$ 60	\$ 106,091
Receivables, net of allowances:				
Taxes	15	140	-	728
Accrued interest	-	-	-	10
Due from developers	-	-	-	816
Total Assets	<u>2,194</u>	<u>9,419</u>	<u>60</u>	<u>107,645</u>
<b>LIABILITIES</b>				
Accounts payable	-	46	-	799
Accrued liabilities	1	7	-	40
Due to bondholders	2,193	9,366	-	106,746
Due to other governments	-	-	60	60
Total Liabilities	<u>2,194</u>	<u>9,419</u>	<u>60</u>	<u>107,645</u>
<b>NET POSITION</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**City of Irvine**  
**Combining Statement of Changes in Assets and Liabilities**  
**Agency Funds**  
**For the Fiscal Year Ended June 30, 2016**  
(amounts expressed in thousands)

Page 1 of 10

	June 30, 2015			June 30, 2016
	Balance	Additions	Deductions	Balance
<b>Eastwood Assessment District 13-25</b>				
<b>ASSETS</b>				
Cash and investments	\$ 17	\$ 5,391	\$ 590	\$ 4,818
Receivables, net of allowances:				
Taxes	-	-	-	-
Accounts	-	24	24	-
Accrued interest	-	-	-	-
Due from developers	-	-	-	-
Total Assets	<u>\$ 17</u>	<u>\$ 5,415</u>	<u>\$ 614</u>	<u>\$ 4,818</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 2	\$ 1	\$ 2	\$ 1
Accrued liabilities	-	2	-	2
Due to bondholders	15	4,820	20	4,815
Due to other governments	-	-	-	-
Total Liabilities	<u>\$ 17</u>	<u>\$ 4,823</u>	<u>\$ 22</u>	<u>\$ 4,818</u>
<b>Cypress Village Assessment District 11-24</b>				
<b>ASSETS</b>				
Cash and investments	\$ 3,330	\$ 4,965	\$ 4,178	\$ 4,117
Receivables, net of allowances:				
Taxes	-	51	-	51
Accounts	-	-	-	-
Accrued interest	-	-	-	-
Due from developers	-	-	-	-
Total Assets	<u>\$ 3,330</u>	<u>\$ 5,016</u>	<u>\$ 4,178</u>	<u>\$ 4,168</u>
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ 2,480	\$ 2,480	\$ -
Accrued liabilities	1	1	1	1
Due to bondholders	3,329	838	-	4,167
Due to other governments	-	-	-	-
Total Liabilities	<u>\$ 3,330</u>	<u>\$ 3,319</u>	<u>\$ 2,481</u>	<u>\$ 4,168</u>
<b>Laguna Altura Assessment District 10-23</b>				
<b>ASSETS</b>				
Cash and investments	\$ 4,470	\$ 1,882	\$ 4,876	\$ 1,476
Receivables, net of allowances:				
Taxes	38	-	38	-
Accounts	-	-	-	-
Accrued interest	4	-	4	-
Due from developers	-	-	-	-
Total Assets	<u>\$ 4,512</u>	<u>\$ 1,882</u>	<u>\$ 4,918</u>	<u>\$ 1,476</u>
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ 935	\$ 935	\$ -
Accrued liabilities	1	1	1	1
Due to bondholders	4,511	246	3,282	1,475
Due to other governments	-	-	-	-
Total Liabilities	<u>\$ 4,512</u>	<u>\$ 1,182</u>	<u>\$ 4,218</u>	<u>\$ 1,476</u>

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**City of Irvine**  
**Combining Statement of Changes in Assets and Liabilities**  
**Agency Funds**  
**For the Fiscal Year Ended June 30, 2016**  
(amounts expressed in thousands)

Page 2 of 10

	June 30, 2015			June 30, 2016
	Balance	Additions	Deductions	Balance
<b>Stonegate Assessment District 07-22</b>				
<b>ASSETS</b>				
Cash and investments	\$ 8,882	\$ 7,722	\$ 10,727	\$ 5,877
Receivables, net of allowances:				
Taxes	29	34	29	34
Accounts	-	-	-	-
Accrued interest	5	3	5	3
Due from developers	-	-	-	-
Total Assets	<u>\$ 8,916</u>	<u>\$ 7,759</u>	<u>\$ 10,761</u>	<u>\$ 5,914</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 1	\$ 2,441	\$ 2,442	\$ -
Accrued liabilities	2	2	2	2
Due to bondholders	8,913	1,269	4,270	5,912
Due to other governments	-	-	-	-
Total Liabilities	<u>\$ 8,916</u>	<u>\$ 3,712</u>	<u>\$ 6,714</u>	<u>\$ 5,914</u>
<b>Orchard Hills Assessment District 05-21</b>				
<b>ASSETS</b>				
Cash and investments	\$ 8,664	\$ 9,114	\$ 7,337	\$ 10,441
Receivables, net of allowances:				
Taxes	-	47	-	47
Accounts	76	16	92	-
Accrued interest	-	4	1	3
Due from developers	4	351	277	78
Total Assets	<u>\$ 8,744</u>	<u>\$ 9,532</u>	<u>\$ 7,707</u>	<u>\$ 10,569</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 76	\$ 3,582	\$ 3,582	\$ 76
Accrued liabilities	2	1	2	1
Due to bondholders	8,666	2,163	337	10,492
Due to other governments	-	-	-	-
Total Liabilities	<u>\$ 8,744</u>	<u>\$ 5,746</u>	<u>\$ 3,921</u>	<u>\$ 10,569</u>
<b>Portola Springs Assessment District 04-20</b>				
<b>ASSETS</b>				
Cash and investments	\$ 3,763	\$ 6,750	\$ 4,582	\$ 5,931
Receivables, net of allowances:				
Taxes	47	21	47	21
Accounts	121	20	141	-
Accrued interest	-	3	3	-
Due from developers	4	558	438	124
Total Assets	<u>\$ 3,935</u>	<u>\$ 7,352</u>	<u>\$ 5,211</u>	<u>\$ 6,076</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 122	\$ 1,930	\$ 1,931	\$ 121
Accrued liabilities	3	4	3	4
Due to bondholders	3,810	3,000	859	5,951
Due to other governments	-	-	-	-
Total Liabilities	<u>\$ 3,935</u>	<u>\$ 4,934</u>	<u>\$ 2,793</u>	<u>\$ 6,076</u>

-continued-

**City of Irvine**  
**Combining Statement of Changes in Assets and Liabilities**  
**Agency Funds**  
**For the Fiscal Year Ended June 30, 2016**  
(amounts expressed in thousands)

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	June 30, 2015			June 30, 2016
	Balance	Additions	Deductions	Balance
<b>Northern Sphere Assessment District 03-19</b>				
<b>ASSETS</b>				
Cash and investments	\$ 16	\$ 525	\$ 518	\$ 23
Receivables, net of allowances:				
Taxes	-	-	-	-
Accounts	111	13	124	-
Accrued interest	-	-	-	-
Due from developers	13	480	377	116
Total Assets	<u>\$ 140</u>	<u>\$ 1,018</u>	<u>\$ 1,019</u>	<u>\$ 139</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 111	\$ 460	\$ 470	\$ 101
Accrued liabilities	2	2	2	2
Due to bondholders	27	9	-	36
Due to other governments	-	-	-	-
Total Liabilities	<u>\$ 140</u>	<u>\$ 471</u>	<u>\$ 472</u>	<u>\$ 139</u>
<b>Shady Canyon/Turtle Ridge Assessment District 00-18</b>				
<b>ASSETS</b>				
Cash and investments	\$ 133	\$ 116	\$ 115	\$ 134
Receivables, net of allowances:				
Taxes	-	-	-	-
Accounts	22	4	26	-
Accrued interest	-	-	-	-
Due from developers	4	109	88	25
Total Assets	<u>\$ 159</u>	<u>\$ 229</u>	<u>\$ 229</u>	<u>\$ 159</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 23	\$ 101	\$ 103	\$ 21
Accrued liabilities	1	-	1	-
Due to bondholders	135	3	-	138
Due to other governments	-	-	-	-
Total Liabilities	<u>\$ 159</u>	<u>\$ 104</u>	<u>\$ 104</u>	<u>\$ 159</u>
<b>Irvine Spectrum Reassessment District 85-7</b>				
<b>ASSETS</b>				
Cash and investments	\$ 11	\$ 772	\$ 772	\$ 11
Receivables, net of allowances:				
Taxes	-	-	-	-
Accounts	87	5	92	-
Accrued interest	-	-	-	-
Due from developers	4	389	306	87
Total Assets	<u>\$ 102</u>	<u>\$ 1,166</u>	<u>\$ 1,170</u>	<u>\$ 98</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 88	\$ 382	\$ 386	\$ 84
Accrued liabilities	1	-	1	-
Due to bondholders	13	1	-	14
Due to other governments	-	-	-	-
Total Liabilities	<u>\$ 102</u>	<u>\$ 383</u>	<u>\$ 387</u>	<u>\$ 98</u>

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**City of Irvine**  
**Combining Statement of Changes in Assets and Liabilities**  
**Agency Funds**  
**For the Fiscal Year Ended June 30, 2016**  
(amounts expressed in thousands)

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	June 30, 2015			June 30, 2016
	Balance	Additions	Deductions	Balance
<b>Irvine Spectrum Assessment District 87-8</b>				
<b>ASSETS</b>				
Cash and investments	\$ 259	\$ 1,496	\$ 1,518	\$ 237
Receivables, net of allowances:				
Taxes	-	-	-	-
Accounts	40	4	44	-
Accrued interest	-	-	-	-
Due from developers	4	175	140	39
Total Assets	<u>\$ 303</u>	<u>\$ 1,675</u>	<u>\$ 1,702</u>	<u>\$ 276</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 41	\$ 180	\$ 187	\$ 34
Accrued liabilities	1	2	1	2
Due to bondholders	261	-	21	240
Due to other governments	-	-	-	-
Total Liabilities	<u>\$ 303</u>	<u>\$ 182</u>	<u>\$ 209</u>	<u>\$ 276</u>
<b>Westpark Assessment District 89-10</b>				
<b>ASSETS</b>				
Cash and investments	\$ 6	\$ -	\$ 6	\$ -
Receivables, net of allowances:				
Taxes	-	-	-	-
Accounts	-	-	-	-
Accrued interest	-	-	-	-
Due from developers	-	-	-	-
Total Assets	<u>\$ 6</u>	<u>\$ -</u>	<u>\$ 6</u>	<u>\$ -</u>
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-	-
Due to bondholders	6	-	6	-
Due to other governments	-	-	-	-
Total Liabilities	<u>\$ 6</u>	<u>\$ -</u>	<u>\$ 6</u>	<u>\$ -</u>
<b>Irvine Spectrum Assessment District 93-14</b>				
<b>ASSETS</b>				
Cash and investments	\$ 6,783	\$ 683	\$ 636	\$ 6,830
Receivables, net of allowances:				
Taxes	-	-	-	-
Accounts	130	4	134	-
Accrued interest	-	-	-	-
Due from developers	4	592	464	132
Total Assets	<u>\$ 6,917</u>	<u>\$ 1,279</u>	<u>\$ 1,234</u>	<u>\$ 6,962</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 130	\$ 586	\$ 586	\$ 130
Accrued liabilities	-	2	-	2
Due to bondholders	6,787	43	-	6,830
Due to other governments	-	-	-	-
Total Liabilities	<u>\$ 6,917</u>	<u>\$ 631</u>	<u>\$ 586</u>	<u>\$ 6,962</u>

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**City of Irvine**  
**Combining Statement of Changes in Assets and Liabilities**  
**Agency Funds**  
**For the Fiscal Year Ended June 30, 2016**  
(amounts expressed in thousands)

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	June 30, 2015				June 30, 2016
	Balance	Additions	Deductions		Balance
<b>Oak Creek Assessment District 94-13</b>					
<b>ASSETS</b>					
Cash and investments	\$ 258	\$ 193	\$ 192		\$ 259
Receivables, net of allowances:					
Taxes	-	-	-		-
Accounts	42	4	46		-
Accrued interest	-	-	-		-
Due from developers	4	184	144		44
Total Assets	<u>\$ 304</u>	<u>\$ 381</u>	<u>\$ 382</u>		<u>\$ 303</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 43	\$ 174	\$ 178		\$ 39
Accrued liabilities	1	1	1		1
Due to bondholders	260	3	-		263
Due to other governments	-	-	-		-
Total Liabilities	<u>\$ 304</u>	<u>\$ 178</u>	<u>\$ 179</u>		<u>\$ 303</u>
<b>Westpark II Assessment District 94-15</b>					
<b>ASSETS</b>					
Cash and investments	\$ 1,461	\$ 103	\$ 97		\$ 1,467
Receivables, net of allowances:					
Taxes	-	-	-		-
Accounts	10	4	14		-
Accrued interest	-	-	-		-
Due from developers	4	57	49		12
Total Assets	<u>\$ 1,475</u>	<u>\$ 164</u>	<u>\$ 160</u>		<u>\$ 1,479</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 11	\$ 50	\$ 52		\$ 9
Accrued liabilities	1	3	1		3
Due to bondholders	1,463	4	-		1,467
Due to other governments	-	-	-		-
Total Liabilities	<u>\$ 1,475</u>	<u>\$ 57</u>	<u>\$ 53</u>		<u>\$ 1,479</u>
<b>Northwest Assessment District 97-16</b>					
<b>ASSETS</b>					
Cash and investments	\$ 480	\$ 294	\$ 292		\$ 482
Receivables, net of allowances:					
Taxes	-	-	-		-
Accounts	65	4	69		-
Accrued interest	-	-	-		-
Due from developers	4	279	215		68
Total Assets	<u>\$ 549</u>	<u>\$ 577</u>	<u>\$ 576</u>		<u>\$ 550</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 65	\$ 268	\$ 273		\$ 60
Accrued liabilities	1	2	1		2
Due to bondholders	483	5	-		488
Due to other governments	-	-	-		-
Total Liabilities	<u>\$ 549</u>	<u>\$ 275</u>	<u>\$ 274</u>		<u>\$ 550</u>

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**City of Irvine**  
**Combining Statement of Changes in Assets and Liabilities**  
**Agency Funds**  
**For the Fiscal Year Ended June 30, 2016**  
(amounts expressed in thousands)

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	June 30, 2015			June 30, 2016			
	Balance	Additions	Deductions	Balance	Additions	Deductions	Balance
<b>Lower Peters Canyon Assessment District 97-17</b>							
<b>ASSETS</b>							
Cash and investments	\$ 475	\$ 566	\$ 565	\$ 476			
Receivables, net of allowances:							
Taxes	-	-	-	-			
Accounts	83	4	87	-			
Accrued interest	-	-	-	-			
Due from developers	4	356	269	91			
Total Assets	<u>\$ 562</u>	<u>\$ 926</u>	<u>\$ 921</u>	<u>\$ 567</u>			
<b>LIABILITIES</b>							
Accounts payable	\$ 84	\$ 438	\$ 445	\$ 77			
Accrued liabilities	1	3	1	3			
Due to bondholders	477	10	-	487			
Due to other governments	-	-	-	-			
Total Liabilities	<u>\$ 562</u>	<u>\$ 451</u>	<u>\$ 446</u>	<u>\$ 567</u>			
<b>Irvine Public Facilities and Infrastructure Authority 2012 Series A</b>							
<b>ASSETS</b>							
Cash and investments	\$ 39	\$ 1	\$ 40	\$ -			
Receivables, net of allowances:							
Taxes	-	-	-	-			
Accounts	-	-	-	-			
Accrued interest	-	-	-	-			
Due from developers	-	-	-	-			
Total Assets	<u>\$ 39</u>	<u>\$ 1</u>	<u>\$ 40</u>	<u>\$ -</u>			
<b>LIABILITIES</b>							
Accounts payable	\$ -	\$ 1	\$ 1	\$ -			
Accrued liabilities	-	-	-	-			
Due to bondholders	39	-	39	-			
Due to other governments	-	-	-	-			
Total Liabilities	<u>\$ 39</u>	<u>\$ 1</u>	<u>\$ 40</u>	<u>\$ -</u>			
<b>Reassessment District 11-1</b>							
<b>ASSETS</b>							
Cash and investments	\$ 5,029	\$ 158	\$ 5,187	\$ -			
Receivables, net of allowances:							
Taxes	78	-	78	-			
Accounts	-	-	-	-			
Accrued interest	7	-	7	-			
Due from developers	-	-	-	-			
Total Assets	<u>\$ 5,114</u>	<u>\$ 158</u>	<u>\$ 5,272</u>	<u>\$ -</u>			
<b>LIABILITIES</b>							
Accounts payable	\$ -	\$ 74	\$ 74	\$ -			
Accrued liabilities	-	-	-	-			
Due to bondholders	5,114	-	5,114	-			
Due to other governments	-	-	-	-			
Total Liabilities	<u>\$ 5,114</u>	<u>\$ 74</u>	<u>\$ 5,188</u>	<u>\$ -</u>			

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**City of Irvine**  
**Combining Statement of Changes in Assets and Liabilities**  
**Agency Funds**  
**For the Fiscal Year Ended June 30, 2016**  
(amounts expressed in thousands)

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	June 30, 2015			June 30, 2016
	Balance	Additions	Deductions	Balance
<b>Reassessment District 11-2</b>				
<b>ASSETS</b>				
Cash and investments	\$ 5,499	\$ 2,249	\$ 7,748	\$ -
Receivables, net of allowances:				
Taxes	74	-	74	-
Accounts	-	-	-	-
Accrued interest	2	-	2	-
Due from developers	-	-	-	-
Total Assets	<u>\$ 5,575</u>	<u>\$ 2,249</u>	<u>\$ 7,824</u>	<u>\$ -</u>
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ 2,172	\$ 2,172	\$ -
Accrued liabilities	-	-	-	-
Due to bondholders	5,575	-	5,575	-
Due to other governments	-	-	-	-
Total Liabilities	<u>\$ 5,575</u>	<u>\$ 2,172</u>	<u>\$ 7,747</u>	<u>\$ -</u>
<b>Reassessment District 12-1</b>				
<b>ASSETS</b>				
Cash and investments	\$ 20,119	\$ 26,974	\$ 26,720	\$ 20,373
Receivables, net of allowances:				
Taxes	216	162	216	162
Accounts	-	-	-	-
Accrued interest	8	3	8	3
Due from developers	-	-	-	-
Total Assets	<u>\$ 20,343</u>	<u>\$ 27,139</u>	<u>\$ 26,944</u>	<u>\$ 20,538</u>
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ 13,480	\$ 13,480	\$ -
Accrued liabilities	1	1	1	1
Due to bondholders	20,342	195	-	20,537
Due to other governments	-	-	-	-
Total Liabilities	<u>\$ 20,343</u>	<u>\$ 13,676</u>	<u>\$ 13,481</u>	<u>\$ 20,538</u>
<b>Reassessment District 13-1</b>				
<b>ASSETS</b>				
Cash and investments	\$ 11,649	\$ 15,095	\$ 14,956	\$ 11,788
Receivables, net of allowances:				
Taxes	173	97	173	97
Accounts	-	-	-	-
Accrued interest	4	1	5	-
Due from developers	-	-	-	-
Total Assets	<u>\$ 11,826</u>	<u>\$ 15,193</u>	<u>\$ 15,134</u>	<u>\$ 11,885</u>
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ 7,510	\$ 7,510	\$ -
Accrued liabilities	1	1	1	1
Due to bondholders	11,825	59	-	11,884
Due to other governments	-	-	-	-
Total Liabilities	<u>\$ 11,826</u>	<u>\$ 7,570</u>	<u>\$ 7,511</u>	<u>\$ 11,885</u>

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**City of Irvine**  
**Combining Statement of Changes in Assets and Liabilities**  
**Agency Funds**  
**For the Fiscal Year Ended June 30, 2016**  
(amounts expressed in thousands)

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	June 30, 2015			June 30, 2016			
	Balance	Additions	Deductions	Balance	Additions	Deductions	Balance
<b>Reassessment District 15-1</b>							
<b>ASSETS</b>							
Cash and investments	\$ -	\$ 76,110	\$ 66,186	\$ 9,924			
Receivables, net of allowances:							
Taxes	-	81	-	81			
Accounts	-	13	13	-			
Accrued interest	-	1	-	1			
Due from developers	-	-	-	-			
Total Assets	<u>\$ -</u>	<u>\$ 76,205</u>	<u>\$ 66,199</u>	<u>\$ 10,006</u>			
<b>LIABILITIES</b>							
Accounts payable	\$ -	\$ 6,361	\$ 6,361	\$ -			
Accrued liabilities	-	1	-	1			
Due to bondholders	-	10,005	-	10,005			
Due to other governments	-	-	-	-			
Total Liabilities	<u>\$ -</u>	<u>\$ 16,367</u>	<u>\$ 6,361</u>	<u>\$ 10,006</u>			
<b>Reassessment District 15-2</b>							
<b>ASSETS</b>							
Cash and investments	\$ -	\$ 70,610	\$ 64,995	\$ 5,615			
Receivables, net of allowances:							
Taxes	-	38	-	38			
Accounts	-	13	13	-			
Accrued interest	-	-	-	-			
Due from developers	-	-	-	-			
Total Assets	<u>\$ -</u>	<u>\$ 70,661</u>	<u>\$ 65,008</u>	<u>\$ 5,653</u>			
<b>LIABILITIES</b>							
Accounts payable	\$ -	\$ 3,938	\$ 3,938	\$ -			
Accrued liabilities	-	1	-	1			
Due to bondholders	-	5,652	-	5,652			
Due to other governments	-	-	-	-			
Total Liabilities	<u>\$ -</u>	<u>\$ 9,591</u>	<u>\$ 3,938</u>	<u>\$ 5,653</u>			
<b>CFD-Central Park 2004-1</b>							
<b>ASSETS</b>							
Cash and investments	\$ 2,356	\$ 6,934	\$ 4,996	\$ 4,294			
Receivables, net of allowances:							
Taxes	39	42	39	42			
Accounts	-	39	39	-			
Accrued interest	2	1	3	-			
Due from developers	-	-	-	-			
Total Assets	<u>\$ 2,397</u>	<u>\$ 7,016</u>	<u>\$ 5,077</u>	<u>\$ 4,336</u>			
<b>LIABILITIES</b>							
Accounts payable	\$ 3	\$ 3,672	\$ 3,675	\$ -			
Accrued liabilities	-	2	-	2			
Due to bondholders	2,394	2,315	375	4,334			
Due to other governments	-	-	-	-			
Total Liabilities	<u>\$ 2,397</u>	<u>\$ 5,989</u>	<u>\$ 4,050</u>	<u>\$ 4,336</u>			

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**City of Irvine**  
**Combining Statement of Changes in Assets and Liabilities**  
**Agency Funds**  
**For the Fiscal Year Ended June 30, 2016**  
(amounts expressed in thousands)

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	June 30, 2015			June 30, 2016
	Balance	Additions	Deductions	Balance
<b>CFD-Columbus Grove 2005-2</b>				
<b>ASSETS</b>				
Cash and investments	\$ 1,736	\$ 2,735	\$ 2,292	\$ 2,179
Receivables, net of allowances:				
Taxes	21	15	21	15
Accounts	-	-	-	-
Accrued interest	1	-	1	-
Due from developers	-	-	-	-
Total Assets	<u>\$ 1,758</u>	<u>\$ 2,750</u>	<u>\$ 2,314</u>	<u>\$ 2,194</u>
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ 1,138	\$ 1,138	\$ -
Accrued liabilities	1	1	1	1
Due to bondholders	1,757	436	-	2,193
Due to other governments	-	-	-	-
Total Liabilities	<u>\$ 1,758</u>	<u>\$ 1,575</u>	<u>\$ 1,139</u>	<u>\$ 2,194</u>
<b>CFD-Great Park 2013-3</b>				
<b>ASSETS</b>				
Cash and investments	\$ 8,590	\$ 20,360	\$ 19,671	\$ 9,279
Receivables, net of allowances:				
Taxes	321	140	321	140
Accounts	-	-	-	-
Accrued interest	-	3	3	-
Due from developers	-	100	100	-
Total Assets	<u>\$ 8,911</u>	<u>\$ 20,603</u>	<u>\$ 20,095</u>	<u>\$ 9,419</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 2	\$ 5,133	\$ 5,089	\$ 46
Accrued liabilities	33	7	33	7
Due to bondholders	8,876	725	235	9,366
Due to other governments	-	-	-	-
Total Liabilities	<u>\$ 8,911</u>	<u>\$ 5,865</u>	<u>\$ 5,357</u>	<u>\$ 9,419</u>
<b>Inter-Agency Custodial Fund</b>				
<b>ASSETS</b>				
Cash and investments	\$ 138	\$ 124	\$ 202	\$ 60
Receivables, net of allowances:				
Taxes	-	-	-	-
Accounts	-	-	-	-
Accrued interest	-	-	-	-
Due from developers	-	-	-	-
Total Assets	<u>\$ 138</u>	<u>\$ 124</u>	<u>\$ 202</u>	<u>\$ 60</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 2	\$ 87	\$ 89	\$ -
Accrued liabilities	-	3	3	-
Due to bondholders	-	-	-	-
Due to other governments	136	35	111	60
Total Liabilities	<u>\$ 138</u>	<u>\$ 125</u>	<u>\$ 203</u>	<u>\$ 60</u>

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**City of Irvine**  
**Combining Statement of Changes in Assets and Liabilities**  
**Agency Funds**  
**For the Fiscal Year Ended June 30, 2016**  
(amounts expressed in thousands)

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	June 30, 2015			June 30, 2016
	Balance	Additions	Deductions	Balance
<b>Total Agency Funds</b>				
<b>ASSETS</b>				
Cash and investments	\$ 94,163	\$ 261,922	\$ 249,994	\$ 106,091
Receivables, net of allowances:				
Taxes	1,036	728	1,036	728
Accounts	787	171	958	-
Accrued interest	33	19	42	10
Due from developers	53	3,630	2,867	816
Total Assets	<u>\$ 96,072</u>	<u>\$ 266,470</u>	<u>\$ 254,897</u>	<u>\$ 107,645</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 804	\$ 57,574	\$ 57,579	\$ 799
Accrued liabilities	54	43	57	40
Due to bondholders	95,078	31,801	20,133	106,746
Due to other governments	136	35	111	60
Total Liabilities	<u>\$ 96,072</u>	<u>\$ 89,453</u>	<u>\$ 77,880</u>	<u>\$ 107,645</u>







# STATISTICAL SECTION

This section of the City of Irvine's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

Financial Trends Schedules - These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

- Net Position by Component
- Changes in Net Position
- Fund Balances of Governmental Funds
- Changes in Fund Balances of Governmental Funds
- Taxable Sales by Category
- Tax Revenue by Source - Governmental Funds

Revenue Capacity Schedules - These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property and sales taxes.

- Assessed Value and Estimated Actual Value of Taxable Property
- Direct and Overlapping Property Tax Rates
- Principal Property Tax Payers
- Property Tax Levies and Collections

Debt Capacity Schedules - These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

- Ratio of Outstanding Debt by Type
- Ratio of General Bonded Debt Outstanding
- Schedule of Direct and Overlapping Bonded Debt
- Legal Debt Margin

Demographic and Economic Information - These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments.

- Demographic and Economic Statistics
- Principal Employers
- Budgeted Full-Time, Part-Time, and Non-Hourly Positions by Function

Operating Information - These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.

- Capital Asset Statistics
- Operating Indicators by Function

Sources: Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year.

**City of Irvine**  
**Net Position by Component**  
**Last Ten Fiscal Years**  
(amounts expressed in thousands)

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
<b>Governmental Activities</b>				
Net investment in capital assets	\$ 1,566,452	\$ 1,517,272	\$ 1,541,807	\$ 1,575,361
Restricted	500,474	478,204	404,305	320,962
Unrestricted	434,395	416,521	351,248	362,179
Total Governmental Activities Net Position	<u>\$ 2,501,321</u>	<u>\$ 2,411,997</u>	<u>\$ 2,297,360</u>	<u>\$ 2,258,502</u>
 <b>Primary Government</b>				
Net investment in capital assets	\$ 1,566,452	\$ 1,517,272	\$ 1,541,807	\$ 1,575,361
Restricted	500,474	478,204	404,305	320,962
Unrestricted	434,395	416,521	351,248	362,179
Total Primary Government Net Position	<u>\$ 2,501,321</u>	<u>\$ 2,411,997</u>	<u>\$ 2,297,360</u>	<u>\$ 2,258,502</u>

<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
\$ 1,537,181	\$ 1,523,430	\$ 1,488,021	\$ 1,459,815	\$ 1,425,432	\$ 1,275,007
287,906	294,596	349,681	375,082	364,556	430,022
384,731	287,840	244,927	294,354	371,340	313,186
<u>\$ 2,209,818</u>	<u>\$ 2,105,866</u>	<u>\$ 2,082,629</u>	<u>\$ 2,129,251</u>	<u>\$ 2,161,328</u>	<u>\$ 2,018,215</u>

\$ 1,537,181	\$ 1,523,430	\$ 1,488,021	\$ 1,459,815	\$ 1,425,432	\$ 1,275,007
287,906	294,596	349,681	375,082	364,556	430,022
384,731	287,840	244,927	294,354	371,340	313,186
<u>\$ 2,209,818</u>	<u>\$ 2,105,866</u>	<u>\$ 2,082,629</u>	<u>\$ 2,129,251</u>	<u>\$ 2,161,328</u>	<u>\$ 2,018,215</u>

**City of Irvine**  
**Changes in Net Position**  
**Last Ten Fiscal Years**  
(amounts expressed in thousands)

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
<b>EXPENSES</b>				
<b>Governmental Activities</b>				
General Government	\$ 29,152	\$ 24,558	\$ 32,863	\$ 28,141
Public Safety	63,878	59,266	62,745	59,284
Public Works	91,387	70,697	63,897	70,423
Community Services	37,152	39,119	22,980	29,944
Community Development <sup>(1)</sup>	27,943	24,278	39,689	20,575
Redevelopment <sup>(1)</sup>	-	-	-	-
Great Park <sup>(2)</sup>	-	-	16,812	59,621
Interest on long-term debt	-	6	16	20
Unallocated infrastructure depreciation	51,423	49,647	48,367	46,693
<b>Total Governmental Activities Expenses</b>	<u>\$ 300,935</u>	<u>\$ 267,571</u>	<u>\$ 287,369</u>	<u>\$ 314,701</u>
<b>PROGRAM REVENUES</b>				
<b>Governmental Activities</b>				
Charges for services:				
General Government	\$ 11,336	\$ 4,566	\$ 1,984	\$ 560
Public Safety	2,968	4,395	4,548	4,471
Public Works	26,898	46,387	18,321	13,847
Community Services	12,611	19,362	15,375	14,326
Community Development <sup>(1)</sup>	27,545	19,414	30,129	14,410
Redevelopment <sup>(1)</sup>	-	-	-	-
Great Park <sup>(2)</sup>	-	-	3,292	4,233
Operating grants and contributions	29,738	30,404	31,661	32,664
Capital grants and contributions	136,641	111,989	76,751	145,897
<b>Total Governmental Activities Program Revenue:</b>	<u>247,737</u>	<u>236,517</u>	<u>182,061</u>	<u>230,408</u>
<b>Total Net Revenues (Expenses)</b>	<u>\$ (53,198)</u>	<u>\$ (31,054)</u>	<u>\$ (105,308)</u>	<u>\$ (84,293)</u>
<b>GENERAL REVENUES AND OTHER</b>				
<b>CHANGES IN NET POSITION</b>				
<b>Governmental Activities</b>				
Taxes:				
Property tax <sup>(3)</sup>	\$ 57,944	\$ 53,300	\$ 49,524	\$ 46,659
Sales taxes	62,120	58,725	56,499	51,596
Franchise taxes	14,669	14,100	13,690	12,505
Transient occupancy taxes	15,368	13,465	11,664	11,256
Document transfer taxes	3,762	3,554	2,911	2,404
Business license taxes	-	-	-	-
Motor vehicle in-lieu	101	99	98	115
Gain on sale of assets	-	10,112	144	129
Unrestricted capital grants & contributions	-	-	-	-
Investment revenue	5,779	5,243	15,632	7,740
Other revenue	825	118	93	1,448
<b>Total General Revenues</b>	<u>160,568</u>	<u>158,716</u>	<u>150,255</u>	<u>133,852</u>
Extraordinary gain (loss)	(7,781)	107,833	(5,500)	163,916
Special item	99	-	-	-
<b>Changes in Net Position</b>	<u>\$ 99,688</u>	<u>\$ 235,495</u>	<u>\$ 39,447</u>	<u>\$ 213,475</u>

<sup>(1)</sup> Redevelopment department established in fiscal year 2005-06 and combined with Community Development in fiscal year 2008-09. Redevelopment Agency was dissolved on February 1, 2012.

<sup>(2)</sup> Great Park department established in fiscal year 2006-07. During fiscal year 2013-14, the Great Park department was reorganized and all activities were absorbed into the other City departments.

<sup>(3)</sup> City amounts included the Redevelopment Agency's incremental valuation. On February 1, 2012, the State of California dissolved all redevelopment agencies and the redevelopment agency tax incremental value was no longer received.

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
\$	54,380	\$ 20,267	\$ 23,199	\$ 20,495	\$ 47,848	\$ 18,211
	57,563	57,091	57,891	57,693	52,292	45,356
	59,037	58,702	59,666	55,070	27,663	90,318
	35,806	33,006	26,715	32,284	37,177	34,389
	20,694	21,747	25,447	32,453	18,488	21,485
	-	-	-	-	10,468	16,628
	16,398	14,747	17,593	13,235	34,248	18,628
	26	68	14,803	14,111	-	1,239
	44,770	42,778	41,026	38,928	33,172	27,777
\$	<u>288,674</u>	<u>\$ 248,406</u>	<u>\$ 266,340</u>	<u>\$ 264,269</u>	<u>\$ 261,356</u>	<u>\$ 274,031</u>
\$	1,741	\$ 462	\$ 7,354	\$ 681	\$ 10,738	\$ -
	3,172	3,460	4,163	4,273	3,950	3,429
	7,210	10,465	12,057	10,856	24,566	18,098
	9,070	9,069	9,219	10,896	7,723	7,285
	15,788	17,579	6,896	4,828	13,479	12,983
	-	-	-	-	319	768
	3,212	2,946	3,521	3,384	3,450	2,785
	23,693	16,570	9,644	15,702	11,286	16,029
	36,104	71,731	31,707	52,238	155,840	245,498
	99,990	132,282	84,561	102,858	231,351	306,875
\$	<u>(188,684)</u>	<u>\$ (116,124)</u>	<u>\$ (181,779)</u>	<u>\$ (161,411)</u>	<u>\$ (30,005)</u>	<u>\$ 32,844</u>
\$	47,862	\$ 48,370	\$ 50,791	\$ 54,168	\$ 52,155	\$ 54,566
	48,972	48,694	42,209	49,732	58,949	58,041
	12,163	12,099	11,223	11,704	11,553	11,344
	8,489	8,294	7,306	7,768	9,108	9,396
	1,426	1,536	1,626	996	1,328	2,525
	905	911	-	-	-	-
	108	981	628	715	820	1,069
	563	64	62	165	14	21
	-	-	-	-	-	1
	7,982	4,786	20,492	7,325	36,304	43,458
	250	27	179	20	2,276	-
	128,720	125,762	134,516	132,593	172,507	180,421
	-	-	-	-	-	-
	-	-	-	-	-	-
\$	<u>(59,964)</u>	<u>\$ 9,638</u>	<u>\$ (47,263)</u>	<u>\$ (28,818)</u>	<u>\$ 142,502</u>	<u>\$ 213,265</u>

**City of Irvine**  
**Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
(amounts expressed in thousands)

	<u>2016 <sup>(1)</sup></u>	<u>2015 <sup>(1)</sup></u>	<u>2014 <sup>(1)</sup></u>	<u>2013 <sup>(1)</sup></u>
<b>GENERAL FUND</b>				
Non Spendable	\$ 87	\$ 7,617	\$ 8,033	\$ 7,987
Restricted	8,188	5,682	5,730	5,378
Committed	30,090	25,946	18,904	16,538
Assigned	77,713	63,790	66,581	70,987
Unassigned	12,163	23,867	8,666	11,105
Total General Fund	<u>\$ 128,241</u>	<u>\$ 126,902</u>	<u>\$ 107,914</u>	<u>\$ 111,995</u>
 <b>ALL OTHER GOVERNMENTAL FUNDS</b>				
Non Spendable	\$ 526	\$ 496	\$ 586	\$ 136,400
Restricted	502,440	750,871	501,039	296,160
Committed	374,603	79,880	50,195	63,194
Assigned	2,899	5,256	7,148	5,062
Unassigned	(2,493)	(2,483)	-	(2,453)
Total All Other Governmental Funds	<u>\$ 877,975</u>	<u>\$ 834,020</u>	<u>\$ 558,968</u>	<u>\$ 498,363</u>
 <b>ALL GOVERNMENTAL FUNDS</b>	<u>\$ 1,006,216</u>	<u>\$ 960,922</u>	<u>\$ 666,882</u>	<u>\$ 610,358</u>

**GENERAL FUND**

    Reserved  
    Unreserved  
Total General Fund

**ALL OTHER GOVERNMENTAL FUNDS**

    Reserved  
    Unreserved, reported in:  
        Special Revenue Funds  
        Capital Project Funds  
        Permanent Funds  
Total All Other Governmental Funds

**ALL GOVERNMENTAL FUNDS**

<sup>(1)</sup> The City implemented Governmental Accounting Standards Board Statement No. 54 (GASB 54) beginning fiscal year ended June 30, 2010.

<sup>(2)</sup> Information prior to the implementation of GASB 54 is unavailable.

2012 <sup>(2)</sup>	2011 <sup>(2)</sup>	2010 <sup>(2)</sup>	2009 <sup>(2)</sup>	2008 <sup>(2)</sup>	2007 <sup>(2)</sup>
\$ 7,736	\$ 7,816	\$ 7,054			
5,435	4,927	5,234			
16,033	7,863	15,938			
74,850	74,674	75,411			
7,878	13,474	312			
<u>\$ 111,932</u>	<u>\$ 108,754</u>	<u>\$ 103,949</u>			

\$ 136,178	\$ 175,116	\$ 136,584			
269,852	281,699	273,138			
82,706	148,216	185,655			
12,621	10,712	15,022			
(1,536)	(224,542)	(180,521)			
<u>\$ 499,821</u>	<u>\$ 391,201</u>	<u>\$ 429,878</u>			
<u>\$ 611,753</u>	<u>\$ 499,955</u>	<u>\$ 533,827</u>			

2009	2008	2007
\$ 9,427	\$ 9,443	\$ 9,261
100,769	114,344	117,811
<u>\$ 110,196</u>	<u>\$ 123,787</u>	<u>\$ 127,072</u>
\$ 335,955	\$ 293,801	\$ 293,983
127,296	266,337	262,416
52,429	23,007	26,928
170	146	114
<u>\$ 515,850</u>	<u>\$ 583,291</u>	<u>\$ 583,441</u>
<u>\$ 626,046</u>	<u>\$ 707,078</u>	<u>\$ 710,513</u>

**City of Irvine**  
**Changes in Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
(amounts expressed in thousands)

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
<b>REVENUES</b>				
Taxes				
Property taxes	\$ 67,060	\$ 53,300	\$ 49,524	\$ 46,659
Sales and use taxes	70,047	62,925	59,385	54,663
All other taxes	51,291	48,373	41,891	37,445
Licenses & permits	9,594	10,750	7,401	6,865
Fines & forfeitures	1,453	1,531	1,830	1,780
Investment income	7,098	4,216	4,496	(283)
Intergovernmental	14,317	11,663	16,312	18,694
Charges for services	36,023	33,673	31,834	27,702
Assessment districts contributions	77,699	69,650	25,257	31,520
Revenue from developers	53,373	49,110	59,124	53,469
Revenue from property owners	6,809	32,615	6,172	6,015
Donations	724	664	915	655
Other revenue	4,660	5,014	3,394	4,234
Total Revenues	<u>400,148</u>	<u>383,484</u>	<u>307,535</u>	<u>289,418</u>
<b>EXPENDITURES</b>				
Current:				
General Government	29,957	29,446	31,305	26,446
Public Safety	70,062	65,624	63,130	60,211
Public Works	60,261	50,841	40,451	41,330
Community Development	31,341	26,390	25,839	23,321
Community Services	39,673	35,920	38,861	34,839
Redevelopment <sup>(1)</sup>	-	-	-	-
Great Park	-	-	12,364	15,235
Street lighting	-	-	-	-
Capital Outlay	121,094	53,138	48,558	86,345
Debt Services:				
Principal retirement	-	-	-	-
Interest & fiscal charges	-	-	-	-
Administration	-	-	-	-
Total Expenditures	<u>352,388</u>	<u>261,359</u>	<u>260,508</u>	<u>287,727</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>47,760</u>	<u>122,125</u>	<u>47,027</u>	<u>1,691</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Issuance of long-term note	-	-	-	-
Proceeds from sale of capital assets	125	14,224	46	40
Transfers in	55,454	47,426	23,505	31,166
Transfers out	<u>(55,617)</u>	<u>(47,735)</u>	<u>(23,408)</u>	<u>(33,417)</u>
Total Other Financing Sources (Uses)	<u>(38)</u>	<u>13,915</u>	<u>143</u>	<u>(2,211)</u>
<b>EXTRAORDINARY GAIN (LOSS)</b>				
Forgiveness of debts	-	-	-	-
Dissolution of redevelopment agency	-	-	-	-
Settlement agreement	(6,568)	158,000	(5,500)	-
Special item	99	158,000	(5,500)	-
Total Extraordinary Gain (Loss)	<u>(6,469)</u>	<u>316,000</u>	<u>(11,000)</u>	<u>-</u>
Net Change in Fund Balances	<u>\$ 41,253</u>	<u>\$ 452,040</u>	<u>\$ 36,170</u>	<u>\$ (520)</u>
<b>DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES</b>				
	0.0%	0.0%	0.0%	0.0%

<sup>(1)</sup> Redevelopment department established in fiscal year 2005-06 and combined into Community Development in fiscal year.



	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
\$	47,861	\$ 50,608	\$ 51,106	\$ 54,168	\$ 52,155	\$ 54,566
	52,566	48,487	42,209	49,732	58,949	58,041
	30,732	33,371	25,393	25,402	31,353	33,261
	6,091	6,122	4,395	4,592	7,528	7,166
	2,065	1,916	1,948	1,936	2,192	1,985
	4,146	10,488	10,845	23,089	35,973	39,141
	14,072	35,419	35,367	43,610	35,885	20,647
	24,057	33,496	34,405	34,202	43,572	35,241
	2,489	38,318	-	498	-	108,131
	16,539	7,641	336	1,103	83,975	89,669
	5,673	5,372	4,904	5,203	4,863	7,782
	572	574	791	537	1,003	-
	3,400	4,392	4,065	2,936	2,563	4,253
	<u>210,263</u>	<u>276,204</u>	<u>215,764</u>	<u>247,008</u>	<u>360,011</u>	<u>459,883</u>
	52,183	28,346	29,457	30,572	31,331	28,662
	56,264	55,586	56,165	56,404	52,481	47,830
	34,663	27,188	35,709	33,833	35,803	39,613
	22,873	27,234	25,888	33,985	18,576	17,818
	33,965	32,054	33,667	34,240	35,264	34,524
	-	-	-	-	9,737	15,537
	16,079	14,779	17,743	13,073	12,128	18,636
	6,403	6,892	5,658	6,226	5,069	4,589
	60,461	95,986	76,164	84,770	169,594	137,511
	-	8,260	7,525	6,990	8,170	6,225
	4,866	16,336	14,690	14,038	11,853	1,240
	-	11	43	75	106	108
	<u>287,757</u>	<u>312,672</u>	<u>302,709</u>	<u>314,206</u>	<u>390,112</u>	<u>352,293</u>
	<u>(77,494)</u>	<u>(36,468)</u>	<u>(86,945)</u>	<u>(67,198)</u>	<u>(30,101)</u>	<u>107,590</u>
	-	-	62	48	47	1,350
	1,125	322	-	-	14	-
	16,304	215,415	124,556	65,542	476,218	97,956
	<u>(16,309)</u>	<u>(213,141)</u>	<u>(113,586)</u>	<u>(64,308)</u>	<u>(477,803)</u>	<u>(101,266)</u>
	<u>1,120</u>	<u>2,596</u>	<u>11,032</u>	<u>1,282</u>	<u>(1,524)</u>	<u>(1,960)</u>
	25,823	-	-	-	-	-
	162,349	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	<u>188,172</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
\$	<u>111,798</u>	<u>(33,872)</u>	<u>(75,913)</u>	<u>(65,916)</u>	<u>(31,625)</u>	<u>105,630</u>
	2.1%	11.4%	9.8%	9.2%	9.1%	3.5%

**City of Irvine**  
**Taxable Sales by Category**  
**Last Ten Fiscal Years**  
(amounts expressed in thousands)

	<u>2016</u>	<u>2015 <sup>(1)</sup></u>	<u>2014</u>	<u>2013</u>
Apparel stores	\$ *	\$ 210,020	\$ 213,839	\$ 209,566
General merchandise	*	411,544	370,563	333,813
Food stores	*	122,536	609,828	148,776
Eating & drinking places	*	669,075	151,152	563,941
Home furnishings & appliances	*	-	410,687	372,189
Building material & farm tools	*	121,412	106,565	95,815
Auto dealers & supplies	*	819,580	655,268	626,940
Service stations	*	264,856	277,156	276,639
Other retail stores	*	821,149	438,521	428,451
All other outlets	*	2,617,234	1,766,788	1,600,281
<b>Total</b>	<b>\$ -</b>	<b>\$ 6,057,406</b>	<b>\$ 5,000,367</b>	<b>\$ 4,656,411</b>
<b>City Direct Sales Tax Rate</b>	0.75% <sup>(3)</sup>	0.75% <sup>(2)</sup>	0.75% <sup>(2)</sup>	0.75% <sup>(2)</sup>

<sup>(1)</sup> The State Board of Equalization no longer provides the Taxable Sales by Category. Beginning in the fiscal year 2014-15, the information was provided by The HdL Companies.

<sup>(2)</sup> The State reduced the actual sales tax allocation by 0.25%, and used this 0.25% as security for the State's "Economic Recovery Bonds." The State has replaced the 0.25% reduction of sales tax with a dollar-for-dollar allocation of local property tax from the County ERAF funds.

<sup>(3)</sup> Beginning in March 2016, which represents sales activity starting January 1, 2016, and thereafter, the sales tax allocation will revert back to the original 1% amount.

\* Statistics for fiscal year 2015-16 is unavailable at the present time.

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
\$	195,765	\$ 182,997	\$ 172,603	\$ 165,975	\$ 151,277	\$ 160,900
	290,142	295,272	278,703	313,425	382,044	426,465
	142,268	137,485	125,234	118,234	135,395	125,231
	520,632	471,740	445,344	437,188	455,804	455,127
	340,419	308,224	283,000	238,432	172,600	214,469
	90,901	83,541	73,915	70,540	94,565	103,877
	570,374	536,199	474,807	467,329	660,418	726,047
	268,934	230,887	197,404	182,025	212,969	183,978
	387,844	286,806	285,369	372,985	748,933	925,451
	<u>1,628,911</u>	<u>1,585,799</u>	<u>1,472,038</u>	<u>1,574,474</u>	<u>1,635,329</u>	<u>1,610,630</u>
\$	<u>4,436,190</u>	<u>\$ 4,118,950</u>	<u>\$ 3,808,417</u>	<u>\$ 3,940,607</u>	<u>\$ 4,649,334</u>	<u>\$ 4,932,175</u>
	0.75% <sup>(2)</sup>	0.75% <sup>(2)</sup>	0.75% <sup>(2)</sup>	0.75% <sup>(2)</sup>	0.75% <sup>(2)</sup>	0.75% <sup>(2)</sup>

**City of Irvine**  
**Tax Revenues by Source - Governmental Funds**  
**Last Ten Fiscal Years**  
(amounts expressed in thousands)

Fiscal Year	Property Tax		Sales Tax	Transient Occupancy Tax	Franchise Tax	Document Transfer Tax	Other	Total
	City	Redevelopment Agency <sup>(1)</sup>						
2016	\$66,934	\$ 126	\$70,047	\$12,294	\$13,828	\$ 3,762	\$21,407	\$188,398
2015	53,086	214	62,925	10,772	13,479	3,554	20,568	164,598
2014	49,442	82	59,385	9,331	13,100	2,911	16,549	150,800
2013	46,564	95	54,663	9,005	11,950	2,404	14,086	138,767
2012	44,549	3,312	52,566	8,489	11,591	1,426	9,226	131,159
2011	44,122	6,486	48,487	8,294	11,548	1,536	11,993	132,466
2010	45,065	6,041	42,209	7,268	11,223	1,626	5,276	118,708
2009	45,395	8,773	49,732	7,768	11,704	996	4,934	129,302
2008	45,309	6,846	58,949	9,108	11,553	1,328	9,364	142,457
2007	42,013	12,553	58,041	9,396	11,344	2,525	9,996	145,868

<sup>(1)</sup> Redevelopment Agency tax increment began in fiscal year 2006-07. Redevelopment Agency was dissolved on February 1, 2012.

**City of Irvine**  
**Assessed Value and Estimated Actual Value of Taxable Property**  
**Last Ten Fiscal Years**  
(amounts expressed in thousands)

Fiscal Year	City				Redevelopment Agency				Direct Tax Rate
	Secured	Public Utility	Unsecured	Taxable Assessed Value	Secured	Public Utility	Unsecured	Incremental Valuation	
2016	\$ 57,123,178	\$ 1,639	\$ 3,787,877	\$ 60,912,694	\$ 1,770,493	\$ 335	\$ 453	\$ 1,771,281	0.03190%
2015	51,914,992	1,639	3,777,254	55,693,885	964,285	335	807	965,427	0.03229%
2014	47,391,485	1,639	3,609,124	51,002,248	610,840	335	320	611,495	0.03267%
2013	45,031,475	1,718	3,612,900	48,646,093	601,600	335	3,758	605,693	0.04014%
2012	43,704,446	1,811	3,429,975	47,136,232	634,278	335	6,549	641,162	0.04138%
2011	43,012,659	1,811	3,524,106	46,538,576	615,136	335	6,958	622,429	0.04144%
2010	43,654,448	2,009	3,555,544	47,212,001	597,735	335	4,229	602,299	0.04102%
2009	43,636,021	2,060	3,619,528	47,257,609	864,151	335	7,657	872,143	0.04667%
2008	41,322,909	2,479	3,057,595	44,382,983	847,207	335	2,559	850,101	0.04725%
2007	36,335,844	5,682	2,938,730	39,280,256	830,738	616	2,904	834,258	0.04942%

**Note:**

Estimated value of taxable property not readily available in the State of California. 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 of Proposition 13 passed in 1978.

<sup>(1)</sup> Redevelopment Agency tax values began in fiscal year 2006-07. Redevelopment Agency was dissolved on February 1, 2012.

**City of Irvine**  
**Direct and Overlapping Property Tax Rates**  
**Last Ten Fiscal Years**  
(expressed as a rate per \$100 of assessed value)

Agency	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Basic Levy <sup>(1)</sup>	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000
Irvine Ranch Water	0.17102	0.17102	0.41339	0.41339	0.41344	0.52028	0.52028	0.30414	0.30414	0.28576
Laguna Beach Unified	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.01720
Metropolitan Water District	0.00350	0.00350	0.00350	0.00350	0.00370	0.00370	0.00430	0.00430	0.00450	0.00470
Ranch Santiago Community College	0.05039	0.05078	0.03334	0.03241	0.03146	0.03141	0.02735	0.02253	0.02373	0.01911
Saddleback Valley Unified	0.03008	0.02806	0.03207	0.03265	0.03163	0.03194	0.03043	0.02834	0.02668	0.03694
Santa Ana Unified	0.06604	0.06869	0.07359	0.07749	0.07147	0.07167	0.07388	0.03212	0.03585	0.03915
Tustin Unified General Fund	0.07751	0.06955	0.08912	0.06729	0.05586	0.05962	0.03797	0.03102	0.03173	0.00232
Total Direct and Overlapping Rates <sup>(2)</sup>	<u>1.39854</u>	<u>1.39160</u>	<u>1.64501</u>	<u>1.62673</u>	<u>1.60756</u>	<u>1.71862</u>	<u>1.69421</u>	<u>1.42245</u>	<u>1.42663</u>	<u>1.40518</u>
City's Share of 1% Levy Per Prop 13 <sup>(3)</sup>	0.03180	0.03180	0.03180	0.03180	0.01226	0.03180	0.03180	0.03180	0.01226	0.01226
Voter Approved City Debt Rate										
Redevelopment Rate <sup>(4)</sup>	-	-	-	-	1.00370	1.00370	1.00430	1.00430	1.00450	1.00470
Total Direct Rates <sup>(5)</sup>	0.03190	0.03229	0.03267	0.04014	0.04138	0.04144	0.04102	0.04667	0.04725	0.04942

<sup>(1)</sup> In 1978, California voters passed Proposition 13 which sets the property tax rate at a 1.00% fixed amount. This 1.00% is shared by all taxing agencies in which the subject property resides. In addition to the 1.00% fixed amount, property owners are charged taxes as a percentage of assessed property values for the payment of various voter-approved school and water district bonds.

<sup>(2)</sup> Overlapping rates are those of local and county governments that apply to property owners within the City. Not all overlapping rates apply to all city property owners.

<sup>(3)</sup> City's Share of 1% Levy is based on the City's share of the general fund tax rate area with the largest net taxable value within the city. ERAF general fund tax shifts may not be included in tax ratio figures.

<sup>(4)</sup> Redevelopment Rate is based on the largest RDA tax rate area and only includes rate(s) from indebtedness adopted prior to 1989 per California State statute. RDA direct and overlapping rates are applied only to the incremental property values, the approval of ABX1 26 eliminated Redevelopment from the State of California for the fiscal year 2012-13 and years thereafter.

<sup>(5)</sup> Total Direct Rate is the weighted average of all individual direct rates applied to by the government preparing the statistical section information and excludes revenues derived from aircraft. Beginning in fiscal year 2013-14, the Total Direct Rate no longer includes revenue generated from the former redevelopment tax rate areas. Challenges to recognized enforceable obligations are assumed to have been resolved during fiscal year 2012-13. For the purposes of this report, residual revenue is assumed to be distributed to the City in the same proportions as general fund revenue.

**City of Irvine  
Principal Property Taxpayers  
Current Year and Nine Years Ago**

Taxpayer	2016			2007		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Irvine Company <sup>(1)</sup>	\$ 4,573,435,711	1	7.51%	\$ 4,648,070,361	1	11.83%
KB Home Coastal Inc <sup>(1)</sup>	1,196,677,353	2	1.96%	-	-	-
Irvine Apartment Communities	707,238,089	3	1.16%	1,223,903,811	2	3.12%
Allergan <sup>(1)</sup>	487,347,875	4	0.80%	-	-	-
Heritage Fields El Toro <sup>(1)</sup>	474,553,221	5	0.78%	847,984,352	3	2.16%
B Braun Medical Inc	398,642,431	6	0.65%	171,078,883	6	0.44%
Jamboree Center LLC <sup>(1)</sup>	388,317,635	7	0.64%	-	-	-
Cox Communications CA	311,042,195	8	0.51%	-	-	-
Park Place Michelson LLC <sup>(1)</sup>	307,290,993	9	0.50%	-	-	-
LBA IV-PPI LLC <sup>(1)</sup>	300,867,165	10	0.49%	-	-	-
Maguire Properties-Park	-	-	-	657,908,130	4	1.67%
Central Park West	-	-	-	264,103,000	5	0.67%
Lakeshore Properties LLC	-	-	-	170,749,883	7	0.43%
Kaiser Foundation	-	-	-	159,063,227	8	0.40%
Century Centre LLC	-	-	-	139,621,680	9	0.36%
OTR	-	-	-	126,031,699	10	0.32%
Totals	<u>\$ 9,145,412,668</u>		<u>15.01%</u>	<u>\$ 8,408,515,026</u>		<u>21.41%</u>

**Note:**

Presented in the order of highest to lowest estimated property tax revenue paid to the City and Redevelopment Agency.

Redevelopment Agency began in fiscal year 2006-07 and was dissolved on February 1, 2012.

<sup>(1)</sup> Pending appeals on parcels in year 2016.

**City of Irvine  
Property Tax Levies and Collections  
Last Ten Fiscal Years**

Fiscal Year	Total Tax Levy for Fiscal Year <sup>(1) (3)</sup>	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount <sup>(2)</sup>	Percentage of Levy		Amount	Percentage of Levy
2016	\$ 80,233,275	\$ 79,071,170	98.55%	\$ 625,501	\$ 79,696,671	99.33%
2015	86,003,581	85,186,715	99.05%	159,584	85,346,299	99.24%
2014	76,486,915	76,278,909	99.73%	729,226	77,008,135	100.68%
2013	70,528,865	69,549,205	98.61%	739,919	70,289,124	99.66%
2012	79,604,976	77,405,056	97.24%	1,066,687	78,471,743	98.58%
2011	77,520,820	75,332,973	97.18%	1,137,627	76,470,600	98.65%
2010	77,549,644	63,080,086	81.34%	1,670,155	64,750,241	83.50%
2009	79,872,700	76,262,107	95.48%	769,454	77,031,561	96.44%
2008	79,843,121	76,838,078	96.24%	2,242,922	79,080,999	99.05%
2007	77,743,318	76,384,058	98.25%	1,451,665	77,835,723	100.12%

<sup>(1)</sup> Includes General City property tax revenue inclusive of secured, unsecured, and supplemental rolls as well as 1915 Act Assessment District and Proposition 218, "The Right to Vote on Tax Initiative," special assessments. Amount excludes property tax-in lieu VLF, sales and use tax compensation, ERAF, Triple flip or VLF swap. The amounts presented include City property taxes and Redevelopment Agency tax increment beginning in fiscal year 2006-07.

<sup>(2)</sup> Net collections reflect deductions for refunds, delinquencies and impoundments.

<sup>(3)</sup> Redevelopment Agency was dissolved on February 1, 2012, amounts exclude tax payments received for the enforceable obligations of the Successor Agency of the Dissolved Irvine Redevelopment Agency.



**City of Irvine**  
**Ratio of Outstanding Debt by Type**  
**Last Ten Fiscal Years**  
(amounts expressed in thousands, except per capita)

<b>Fiscal Year</b>	<b>General Obligation Bonds</b>	<b>Lease Revenue Bonds</b>	<b>Certificates of Participation</b>	<b>Capital Leases</b>	<b>Total Governmental Activities</b>	<b>Percentage of Personal Income <sup>(1)</sup></b>	<b>% of Actual Assessed Value of Property <sup>(2)</sup></b>	<b>Per Capita <sup>(1)</sup></b>
2016	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%	0.000%	0
2015	-	-	-	78	78	0.00%	0.000%	0
2014	-	-	-	177	177	0.00%	0.000%	1
2013	-	-	-	470	470	0.01%	0.001%	2
2012	-	-	-	386	386	0.00%	0.001%	2
2011	-	-	-	689	689	0.01%	0.001%	3
2010	-	8,260	-	381	8,641	0.11%	0.018%	40
2009	-	15,785	-	673	16,458	0.19%	0.035%	77
2008	-	22,775	-	631	23,406	0.27%	0.053%	113
2007	-	29,135	1,810	425	31,370	0.41%	0.080%	157

<sup>(1)</sup> See Demographic and Economic Statistics schedule for personal income and population. Personal income data not available prior to fiscal year 2004-05.

<sup>(2)</sup> Assessed value used because actual value of taxable property not readily available in the State of California.

**City of Irvine**  
**Ratio of General Bonded Debt Outstanding**  
**Last Ten Fiscal Years**  
(amounts expressed in thousands, except per capita)

<b>Fiscal Year</b>	<b>Population <sup>(1)</sup></b>	<b>Total General Obligation Bonds</b>	<b>Less Debt Service Fund</b>	<b>Net Bonded Debt</b>	<b>Percent of Debt to Assessed Value</b>	<b>Debt per Capita</b>
2016	258	-	-	-	0.00%	-
2015	250	-	-	-	0.00%	-
2014	243	-	-	-	0.00%	-
2013	231	-	-	-	0.00%	-
2012	224	-	-	-	0.00%	-
2011	219	-	-	-	0.00%	-
2010	218	-	-	-	0.00%	-
2009	213	-	-	-	0.00%	-
2008	208	-	-	-	0.00%	-
2007	199	-	-	-	0.00%	-

<sup>(1)</sup> California Department of Finance at January 1, est.

**City of Irvine**  
**Schedule of Direct and Overlapping Bonded Debt**  
**June 30, 2016**

2015-16 Assessed valuation: \$ 60,912,693,965

	Total Debt 6/30/16	%Applicable <sup>(1)</sup>	City's Share of Debt 6/30/16
<b><u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u></b>			
Metropolitan Water District	\$ 92,865,000	2.485 %	\$ 2,307,695
Rancho Santiago Community College District	268,052,899	11.296	30,279,255
Rancho Santiago Community College District School Facilities Improvement District No. 1	64,240,000	21.812	14,012,029
Irvine Unified School District Community Facilities Districts	613,063,023	99.762-100.	612,906,479
Saddleback Valley Unified School District	117,270,000	3.622	4,247,519
Santa Ana Unified School District	274,001,882	26.813	73,468,125
Santa Ana Unified School District Community Facilities District No. 2004-1	7,735,000	100	7,735,000
Tustin Unified School District School Facilities Improvement District No. 2002-1	48,068,292	9.17	4,407,862
Tustin Unified School District School Facilities Improvement District No. 2008-1	90,085,000	9.483	8,542,761
Tustin Unified School District School Facilities Improvement District No. 2012-1	29,830,000	24.39	7,275,537
Tustin Unified School District Community Facilities District No. 97-1	89,635,000	100	89,635,000
Tustin Unified School District Community Facilities District No. 2007-1	15,745,000	100	15,745,000
Tustin Unified School District Community Facilities District No. 2014-1	85,055,000	100	85,055,000
Irvine Ranch Water District Improvement Districts	468,030,610	15.898-100.	297,443,489
City of Irvine Community Facilities District No. 2004-1	18,510,000	100	18,510,000
City of Irvine Community Facilities District No. 2005-2	16,120,000	100	16,120,000
City of Irvine Community Facilities District No. 2013-3, I.A. 1	72,610,000	100	72,610,000
City of Irvine 1915 Act Bonds	846,436,000	100	846,436,000
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			2,206,736,751
<b><u>OVERLAPPING GENERAL FUND DEBT:</u></b>			
Orange County General Fund Obligations	\$ 124,614,000	12.206 %	\$ 15,210,385
Orange County Pension Obligations	353,417,858	12.206	43,138,184
Orange County Board of Education Certificates of Participation	14,840,000	12.206	1,811,370
Municipal Water District of Orange County Water Facilities Corporation	2,770,000	14.568	403,534
Orange Unified School District Certificates of Participation and Benefit Obligation	110,802,063	0.0001	111
Santa Ana Unified School District Certificates of Participation	70,982,229	26.813	19,032,465
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT			\$ 79,596,049
Less: MWDOC Water Facilities Corporation (paid from water charges)			403,534
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT			\$ 79,192,515
TOTAL DIRECT DEBT			\$ -
GROSS OVERLAPPING DEBT			\$ 2,286,332,800
NET OVERLAPPING DEBT			\$ 2,285,929,266
GROSS COMBINED TOTAL DEBT			\$ 2,286,332,800 <sup>(2)</sup>
NET COMBINED TOTAL DEBT			\$ 2,285,929,266

<sup>(1)</sup>Percentage of overlapping debt applicable to the city is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the city divided by the district's total taxable assessed value.

<sup>(2)</sup>Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

**Ratios to 2015-16 Assessed Valuation:**

Total Overlapping Tax and Assessment Debt..... 3.62%

**Ratios to Adjusted Assessed Valuation:**

Total Direct Debt ..... 0.00%

Gross Combined Total Debt..... 3.75%

Net Combined Total Debt..... 3.75%

**City of Irvine  
Legal Debt Margin  
Last Ten Fiscal Years**

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Assessed valuation	\$ 60,912,693,965	\$ 55,693,885,275	\$ 51,002,248,297	\$ 48,646,093,255
Conversion percentage	25%	25%	25%	25%
Adjusted assessed valuation	\$ 15,228,173,491	\$ 13,923,471,319	\$ 12,750,562,074	\$ 12,161,523,314
Debit limit percentage	15%	15%	15%	15%
Debt limit	2,284,226,024	2,088,520,698	1,912,584,311	1,824,228,497
Total Net Debt Applicable to Limit: General obligation bonds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Legal Debt Margin	<u>\$ 2,284,226,024</u>	<u>\$ 2,088,520,698</u>	<u>\$ 1,912,584,311</u>	<u>\$ 1,824,228,497</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	0.00%	0.00%	0.00%	0.00%

**Note:**

The Government Code of the State of California provides for a legal debt limit of 15% of gross assessed valuation. However, this provision was enacted when assessed valuation was based upon 25% of market value. Effective with the 1981-82 fiscal year, each parcel is now assessed at 100% of market value (as of the most recent change in ownership for that parcel). The computations shown above reflect a conversion of assessed valuation data for each fiscal year from the current full valuation perspective to the 25% level that was in effect at the time that the legal debt margin was enacted by the State of California for local governments located within the State.

<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
\$47,136,231,043	\$46,538,576,173	\$47,212,001,153	\$47,257,608,206	\$44,382,983,056	\$39,280,255,615
25%	25%	25%	25%	25%	25%
\$11,784,057,761	\$11,634,644,043	\$11,803,000,288	\$11,814,402,052	\$11,095,745,764	\$ 9,820,063,904
15%	15%	15%	15%	15%	15%
1,767,608,664	1,745,196,606	1,770,450,043	1,772,160,308	1,664,361,865	1,473,009,586
-	-	-	-	-	-
<u>\$ 1,767,608,664</u>	<u>\$ 1,745,196,606</u>	<u>\$ 1,770,450,043</u>	<u>\$ 1,772,160,308</u>	<u>\$ 1,664,361,865</u>	<u>\$ 1,473,009,586</u>
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

**City of Irvine  
Demographic and Economic Statistics  
Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Population <sup>(1)</sup></b>	<b>Personal Income (in thousands) <sup>(3)</sup></b>	<b>Per Capita Personal Income <sup>(3)</sup></b>	<b>Income per Median Household <sup>(3)</sup></b>	<b>Median Age <sup>(3)</sup></b>	<b>School Enrollment <sup>(4)</sup></b>	<b>Unemployment Rate <sup>(5)</sup></b>
2016	258,386	\$ 10,946,242 <sup>(3)</sup>	\$ 43,456	\$ 91,999	34.0	31,621	3.3%
2015	250,384	10,593,508 <sup>(3)</sup>	43,096	90,585	34.2	30,638	3.2%
2014	242,651	9,595,168 <sup>(3)</sup>	43,271	92,663	33.6	30,170	3.9%
2013	231,117	8,174,011 <sup>(3)</sup>	43,102	92,599	34.0	29,000	4.6%
2012	223,729	8,886,628 <sup>(3)</sup>	41,898	90,939	33.1	27,411	6.0%
2011	219,156	8,481,794 <sup>(3)</sup>	41,759	93,258	33.2	27,202	6.9%
2010	217,686	8,090,372 <sup>(3)</sup>	57,165	94,903	33.3	26,812	7.4%
2009	212,541	8,723,320 <sup>(2)</sup>	41,043	91,101	33.3	26,323	7.0%
2008	207,646	8,601,736 <sup>(2)</sup>	41,425	98,923	32.9	26,097	4.0%
2007	199,400	7,667,079 <sup>(2)</sup>	37,941	85,624	33.4	25,781	2.6%

<sup>(1)</sup> California Department of Finance at January 1.

<sup>(2)</sup> Used prior fiscal year per capita income and estimated population number from City Budget Office to calculate fiscal year total personal income.

<sup>(3)</sup> U.S. Census Bureau, American Community Survey

<sup>(4)</sup> Irvine Unified School District

<sup>(5)</sup> Employment Development Department

**City of Irvine  
Principal Employers  
Current Year and Nine Years Ago**

Employer	2016			2007		
	Number of Employees	Rank	Percentage of Employment	Number of Employees	Rank	Percentage of Employment
University of California Irvine	20,386	1	16.08%	17,976	1	8.55%
Edwards Lifesciences LLC	2,987	2	2.36%	1,833	5	0.87%
Irvine Unified School District	2,749	3	2.17%	2,475	2	1.18%
Blizzard Entertainment Inc.	2,622	4	2.07%	1,647		0.78%
Broadcom	1,900	5	1.50%	1,667	8	0.80%
Parker Hannifin Corporation	1,700	6	1.34%	1,800	6	0.86%
Nationstar Mortgage LLC	1,556	7	1.23%	-		-
Glidewell Laboratories	1,538	8	1.21%	1,985		0.94%
24 Hour Fitness	1,426	9	1.12%	1,922		0.91%
Thales Avionics	1,424	10	1.12%	-		-
Verizon Wireless	-		-	2,407	3	1.15%
Glidewell Dental Ceramics	-		-	2,000	4	0.95%
Allergan	-		-	1,667	7	0.80%
Washington Mutual	-		-	1,336	9	0.64%
St. John Knits	-		-	1,200	10	0.57%

**City of Irvine**  
**Budgeted Full-Time, Part-Time, and Non-Hourly Positions by Function**  
**Last Ten Fiscal Years**

FUNCTION	Fiscal Years as of June 30									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
General Government										
Full-time	92.00	87.00	88.00	82.00	80.00	80.00	89.00	91.00	94.00	87.20
Part-time	14.61	15.92	12.53	9.28	8.60	9.06	10.40	25.65	24.40	22.80
Non-hourly	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	-
Public Safety										
Full-time	308.00	304.00	298.00	290.00	290.00	291.00	295.00	295.00	283.00	263.00
Part-time	33.35	31.44	30.95	30.95	31.05	31.33	33.80	29.31	29.30	43.10
Non-hourly	44.00	42.00	39.40	32.40	32.40	30.40	30.40	30.40	30.40	-
Public Works										
Full-time	150.00	140.00	142.00	122.00	121.00	123.00	134.00	152.00	154.00	148.00
Part-time	6.50	6.00	4.30	1.75	1.75	3.50	4.00	5.88	5.00	7.00
Community Development										
Full-time	109.00	108.00	102.00	99.00	101.00	101.00	104.00	109.00	96.30	90.00
Part-time	2.80	1.80	1.80	1.80	2.60	2.60	2.60	7.14	-	12.40
Non-hourly	6.00	6.00	6.00	6.00	11.00	11.00	11.00	11.00	10.60	-
Community Services										
Full-time	118.00	109.00	108.00	113.00	114.00	114.50	118.00	113.00	114.00	92.00
Part-time	250.44	212.95	197.69	196.63	185.11	177.54	178.20	194.63	197.90	217.50
Non-hourly	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	-
Redevelopment										
Full-time	-	-	-	-	-	-	-	-	15.70	14.90
Part-time	-	-	-	-	-	-	-	-	6.90	5.80
Great Park										
Full-time	-	-	-	30.00	33.00	29.50	23.00	23.00	21.00	15.00
Part-time	-	-	-	7.13	4.88	4.68	4.70	2.20	0.60	9.20
Non-hourly	-	-	-	5.00	9.00	9.00	39.00	39.00	9.00	-
<b>Total</b>	<b>1,156.70</b>	<b>1,086.11</b>	<b>1,052.67</b>	<b>1,048.94</b>	<b>1,047.39</b>	<b>1,040.11</b>	<b>1,099.10</b>	<b>1,150.21</b>	<b>1,114.10</b>	<b>1,027.90</b>

**Note:**

Part-time employees are expressed as full-time equivalents.

The Redevelopment Department was established in fiscal year 2005-06 and combined with Community Development in fiscal year 2008-09. The Redevelopment Agency was dissolved on February 1, 2012.

Great Park department established in fiscal year 2006-07. During fiscal year 2013-14, the Great Park department was reorganized and all activities were absorbed into the other City departments.



**City of Irvine  
Capital Asset Statistics  
Last Ten Fiscal Years**

FUNCTION	Fiscal Years as of June 30									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
<b>Police Safety</b>										
Stations	2	2	2	2	2	2	2	2	2	2
Patrol units	51	49	52	46	46	44	44	44	44	43
Fire stations <sup>(1)</sup>	12	11	11	11	11	11	11	9	9	9
<b>Public Works</b>										
Streets (miles)	1,969	1,931	1,875	1,855	1,851	1,827	1,757	1,742	1,742	1,704
Traffic signals	344	341	338	337	330	330	327	317	295	295
Streetscape (acres)	911	889	872	834	808	781	773	749	716	702
Open space/greenbelts (acres)	6,638	5,600	5,590	5,250	5,250	5,250	5,250	4,100	3,500	2,340
Bicycle trails (miles)	154	152	152	151	151	151	147	147	147	148
Off-street bicycle trails (miles)	62	59	57	54	54	45	44	43	43	43
<b>Culture and Recreation</b>										
Community athletic parks	19	19	19	19	18	18	18	13	13	11
Multi use centers	15	14	14	14	13	12	12	11	11	11
Dog parks	1	1	1	1	1	1	1	1	1	1
Skate parks	1	1	1	1	1	1	1	1	1	1
Soccer fields	41	41	40	40	38	38	36	36	35	35
Swimming pools	3	3	4	4	4	4	4	4	4	4
Batting cages	14	14	14	14	14	14	14	14	14	14
Basketball courts	31	31	30	29	29	29	29	29	25	25
Racquetball/handball courts	14	14	14	14	14	14	10	10	10	10
Tennis courts	64	64	64	64	64	61	59	59	57	57
Volleyball courts	17	17	16	16	16	16	15	15	14	14

<sup>(1)</sup> Joint powers authority with the Orange County Fire Authority.

**City of Irvine**  
**Operating Indicators by Function**  
**Last Ten Fiscal Years**

<b>FUNCTION</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
General Government				
Checks/wire transfers	46,499	46,112	44,607	45,105
Number of purchase orders placed	2,146	1,681	1,936	1,953
Police				
Animal control service calls	9,975	9,741	10,580	10,664
Physical arrests	3,109	2,506	2,774	2,824
Parking citations	4,413	4,056	4,824	6,934
Traffic citations	19,641	21,266	23,541	23,221
Highways and Streets				
Arterial street resurfacing (centerline miles)	58	36	40	47
Arterial street sweeping (curb miles)	39,189	38,884	38,449	38,401
Community Development				
Building inspections completed	194,718	190,409	160,718	151,835
Building permits issued	14,187	13,577	12,635	12,029
Culture and Recreation				
Recreational & instructional classes offered	9,238	8,826	8,890	8,151
Recreational & instructional enrollees	101,252	95,618	99,811	90,027
Recreational & internet registrants for classes	56	57	50	52
Youth services participation units	NA	NA	NA	NA
Redevelopment <sup>(1)</sup>				
Number of discretionary applications processed	-	-	-	-
Number of demolition permits issued	-	-	-	-
Number of grading/building permits issued	-	-	-	-

<sup>(1)</sup> Redevelopment Agency was dissolved on February 1, 2012.

2012	2011	2010	2009	2008	2007
44,672	44,422	47,252	47,918	47,837	46,004
2,316	2,211	2,172	2,065	1,898	2,290
10,309	8,639	8,510	8,669	7,247	7,068
2,802	2,579	2,819	2,846	2,855	3,377
4,702	4,793	6,639	6,830	9,465	9,135
26,395	19,426	29,707	26,325	26,452	27,281
44	17	41	30	27	10
38,300	38,204	38,204	37,940	37,939	37,939
127,964	87,563	63,363	98,538	117,000	155,000
10,201	10,582	8,030	8,132	11,500	12,800
8,203	7,671	7,546	6,845	6,763	7,000
81,271	71,853	70,998	65,153	61,804	56,848
54	56	56	58	56	54
NA	87,517	75,240	68,251	74,152	74,000
-	231	10	17	7	3
-	9	8	11	15	8
-	47	44	7	16	15

**City of Irvine**  
**Miscellaneous Statistical Information**  
**June 30, 2016**

<u>Date of Incorporation</u>	-	December 28, 1971
<u>Form of Government</u>	-	Charter, Council-Manager
<u>Incorporated Area</u>	-	66 square miles
<u>City Tree</u>	-	Camphor
<u>City Flower</u>	-	Lily of the Nile
<u>Registered Voters as of June 2016</u>	-	103,673
<u>Fire Protection</u>	-	Orange County Fire Authority (Joint Powers Authority)
<u>Water Supply</u>	-	Irvine Ranch Water District
<u>City Park and Landscape Areas</u>		<u>Acres</u>
Streetscape	-	911
Community Parks	-	353.2
Neighborhood Parks	-	172.5
Sports Field	-	164
<u>Facilities and Services Excluded in the Reporting Entity</u>		<u>Number</u>
Education:		
Elementary Schools	-	24
Middle Schools	-	6
High Schools	-	5
Continuation/Independent Study High School	-	2

Sources: City Clerk Division, City Community Services Department, City Public Work Department, Irvine Unified School District

**City of Irvine**  
**Miscellaneous Statistical Information**  
**June 30, 2016**  
**(continued)**

**Total Valuation of Construction Activity**  
**(commercial, industrial and other)**

<u>Year</u>	<u>Commercial</u>	<u>Residential</u>
2016	\$935,046,456	\$1,046,901,457
2015	464,007,374	920,655,938
2014	293,556,248	778,675,037
2013	276,788,166	742,296,834
2012	255,540,173	332,668,311
2011	305,411,655	643,421,544
2010	79,329,191	168,054,166
2009	64,419,150	79,699,317
2008	251,269,260	363,333,294
2007	445,600,704	392,766,606

**Building Permits**  
**(number of units authorized)**

<u>Year</u>	<u>Authorized</u>
2016	2,045
2015	2,221
2014	3,565
2013	3,937
2012	1,231
2011	1,829
2010	1,520
2009	1,643
2008	3,283
2007	3,884

**Housing Units**  
**(number of units in the City)**

<u>Year</u>	<u>Unit</u>
2016	98,051
2015	96,142
2014	93,718
2013	90,095
2012	83,710
2011	81,560
2010	79,414
2009	77,729
2008	75,159
2007	73,815



### *About the Cover*

The City of Irvine, one of the nation's largest master-planned communities, is a culturally diverse and fully integrated city of more than 258,000 residents encompassing 66 square miles in the heart of Orange County, California. Incorporated in 1971, Irvine has strategically grown into one of the safest cities in the country, promoting environmental stewardship, state-of-the-art transportation programs and systems, an enterprising business environment, stellar educational institutions and a high quality of life for its residents. The preservation of open space and the provision of abundant parks, recreation and public places has been one of the City's top priorities. The vision strives to balance community development with the protection of the natural environment. More than one-third of the entire city has been or will eventually be preserved as parks, trails and natural wild lands, conserving some of the most important and stunning chaparral landscapes in California.

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