

# CITY OF ANAHEIM

YEAR ENDED JUNE 30, 2017

## Comprehensive Annual Financial Report

Anaheim, California







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# City Council



**Tom Tait**  
Mayor



**James Vanderbilt**  
Mayor Pro Tem (At Large)



**Kris Murray**  
Council Member (At Large)



**Denise Barnes**  
Council Member (District 1)



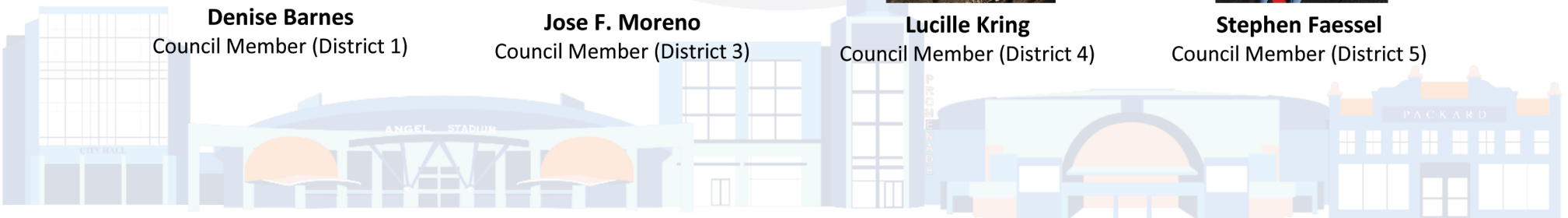
**Jose F. Moreno**  
Council Member (District 3)



**Lucille Kring**  
Council Member (District 4)



**Stephen Faessel**  
Council Member (District 5)



# Introductory Section





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## City of Anaheim, California Finance Department

December 20, 2017

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

In accordance with the Charter of the City of Anaheim (City), please accept submission of the Comprehensive Annual Financial Report (CAFR) for the fiscal year ending June 30, 2017. Responsibility for the accuracy of the data, completeness, and fairness of the presentation, including all disclosures, rests with the City. We believe the data included is accurate in all material aspects, and is presented in a manner designed to fairly set forth the financial position and operational achievements of the City, as measured by the financial activity of its various funds. In addition, all disclosures necessary to enable the reader to gain maximum understanding of the City's financial activities have been included.

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

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

### **ECONOMIC CONDITION AND OUTLOOK**

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

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

Anaheim is a significant contributor to the diverse Orange County economy, which is home to more than 8,500 manufacturing plants. Product manufacturers include notable firms focused on defense and aerospace, biomedical, electronics, machinery, and computer products. The City has over 25,500 active business licenses, of which over 17,500 are businesses operating within the City's boundaries.

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

The unemployment rate in Anaheim for June 2017 was 4.9%, while the national average is at 4.4% and the state average at 4.9%.

The City will continue to build on the successes and achievements realized in the current year, and remain committed to efforts to grow service levels. The City's "Big Three" revenue sources of transient occupancy tax, property tax, and sales and use tax, have all shown steady growth this year. As the City moves through fiscal year 2017/18, we are optimistic about continued growth but will remain attentive to the prevailing economic climate and mindful of managing enhanced services within the limits of the City's General Fund.

### **MAJOR INITIATIVES**

With direction from the Mayor and City Council, City management identifies the priorities that shapes the path for Anaheim's future. City initiatives are reevaluated regularly, and new items are frequently added to ensure that City efforts are consistent with the priorities of our policy body and the community. The City strives each year to better fulfill its mission of delivering outstanding municipal services that are responsive to our entire community by continuing its tradition of fostering innovation, ingenuity, an opportunity in its operations. This helps achieve the primary goals of focusing on community needs, building neighborhood connections, and governing for results that strengthen communities. The City's dedication to



improvement and modernization creates an environment where residents and businesses are free to choose how best to enjoy all that Anaheim has to offer.

### INVESTING IN OUR NEIGHBORHOODS

Investing in our neighborhoods is a critical component to ensuring Anaheim has public spaces that enrich the lives of residents in our city. Anaheim's approximately 50 square-miles is home to 57 parks, 10 community facilities, 10 library locations, 6 skate parks, and 2 dog parks. While these open spaces and facilities provide places for residents to gather, rest and rejuvenate themselves, continued preservation and developments are an essential aim for Anaheim's quality of life. This desire is evident in the many projects planned for fiscal year 2017/18 including improving aging facilities and adding more public spaces. Together with the current upkeep, the new additions contribute to Anaheim's vibrant parks and community centers and provide more opportunities for residents to engage in healthy outdoor living.

Anaheim welcomed many new additions this past fiscal year including skate parks at Ponderosa, Schweitzer, and Palm Lane parks. Skate parks serve as an additional outdoor alternative for youth not enrolled in team sports such as soccer or baseball. Recognizing that skate parks are a highly requested amenity, Anaheim S.T.A.R.S (Study-Time, Arts, Recreation, and Sports) brought the new Ramp n' Roll Mobile Skate Park to neighborhoods throughout Anaheim. The mobile skate park can be set up in multiple configurations, providing a greater breadth of access to the community.

Additionally, forty years since opening in 1976, the Euclid and Sunkist library branches underwent their first renovations and reopened to the public in October 2016. The libraries feature an upgraded interior with new technology and accessibility improvements, providing a fresh look and environment that boosts the experience for all residents.

Moreover, the city made significant improvements to Little People's Park, Manzanita Park, and Edison Park. Little People's Park, a popular 1-acre neighborhood park that opened in 1970, received a complete renovation including a new gazebo and picnic areas, basketball court, decorative perimeter fencing, and irrigation and landscaping improvements. Through a series of community meetings, residents helped design the renovations and selected its amenities. Over by state route 91 and Harbor Boulevard, Manzanita Park received a new recreation center after an arson fire severely damaged the building in 2014. The spacious new center is now home to the Boys and Girls Club of Anaheim with a library, music room, game room and computer lab. The center provides a positive and safe space for the youth of Anaheim and provides social services to families nearby. Over at Edison Park, community residents recommended improvements including new volleyball courts, exercise equipment, and lighting along the exercise trail.

Fiscal year 2017/18 welcomes the opening of the Ponderosa Park Family Resource Center, one of three Family Resource Centers the City of Anaheim currently operates. Family Resource Centers are family friendly facilities where local residents along with public and private organizations come together to plan and provide services that promote and support the safety, stability and healthy development of Anaheim families. This much needed community facility includes the addition of a new gymnasium and increased space for community activities and programs, doubling in size to approximately 16,400 square feet. The expansion includes an outdoor special event courtyard, reception and lobby, six office spaces, a dance room, a multi-purpose room, a classroom, a teen center room, an outdoor class room area, a kitchen, a gymnasium, a workroom, an indoor public restrooms, and a designated room and play area for the contracted Orange County Health Care Agency's Women, Infant & Children program.

Anaheim makes great effort in maintaining park services and seeking resources to continue investing in our neighborhoods. With the direction and approval from City Council in February 2017, Anaheim directed \$830,000 towards park restroom renovations, athletic field renovations and a citywide park assessment. The citywide park assessment is a twelve-month process that evaluated all existing park facilities and sought input from the community in regards to future park improvements. Current improvements include seven park restroom renovations at Boysen, John Marshall, Brookhurst, Pearson, Maxwell, Peralta, and Edison Parks comprising of interior and exterior painting, lighting upgrades, updated fixtures, flooring and wall surface improvements, and signage. Anaheim's parks will also get an increase in restroom cleaning from once a day to twice a day and three times a day in our larger parks, to ensure optimal use of park restrooms by our community. In addition, five top priority park athletic fields will also receive a comprehensive turf renovation, with features that are aesthetically pleasing and durable enough to withstand heavy sports activity. The athletic fields include Edison, Schweitzer, Pioneer, Riverdale, and Modjeska Parks.

When it comes to parks, KaBOOM!, a nonprofit organization dedicated to building active play spaces for kids, is no stranger to Anaheim. In the past two years alone, KaBOOM! has brought together sponsors and volunteers to upgrade worn out and outdated playgrounds at John Marshall Park, Lincoln Park, Modjeska Park, and most recently Imperial Park. More than 300 Disney VoluntEARS, Girls Scouts of Orange County, and others joined forces on build day at Imperial Park in February 2017. Anaheim can look forward to an additional four Disney-sponsored KaBOOM! playgrounds over the next three years at Willow Park, Julianna Park, Pearson Park and Barton Park.

Additionally, the City invests significant financial resources to provide supplemental support to Anaheim schools. Over \$10.6 million is included in the fiscal year 2017/18



adopted budget to support local schools by providing after school programs, campus support and programming, and pedestrian and infrastructure investments.

#### SUPPORTING OUR COMMUNITY:

The Anaheim community is rich in diversity with a multi-cultural demographic. To ensure effective support for the community, the City is devoted to engaging residents through various methods of communication. One avenue for residents and stakeholders to provide their input and share their concerns is at the Neighborhood Services District Community Meetings, which occur three times a year in each district. These district community meetings serve as an opportunity for residents in each district to engage with city staff by addressing concerns and identifying actions to resolve them. For the first time, the city also held six additional neighborhood services district community meetings for residents to learn more about the city's budget and to provide input on their priorities.

For those unable to attend the meetings, another avenue for residents to provide input is on the City's website. For budget related input, residents can explore where the city's money comes from and where it goes through an online tool called OpenGov. Residents can also run a simulation to balance the budget through the Balancing Act tool. The simulation walks users through the difficult act of balancing a budget by choosing what programs are important or less critical within the framework of the city's resources. To supplement these resources, a budget preview document providing educational material and a snapshot of the budget is also available in print and online at [www.anaheim.net/mycitybudget](http://www.anaheim.net/mycitybudget). An additional method for providing input is through the online Anaheim Anytime system. Residents can include photos and extra detail with their concerns. Anaheim continues to receive and address more than 44,000 requests annually through the system and anticipate rolling out the ability to translate the app for our Spanish-speaking community members in 2017.

In addition to multiple outreach and communication efforts, Anaheim recognizes the need to support all residents, including some of the most vulnerable community members faced with homelessness. Anaheim is proud of its pioneering efforts in Orange County to address this concern in our community. With Council's support, Anaheim has engaged in numerous efforts to better identify the resources that go into helping the homeless in Anaheim. Our existing level of commitment is indicative of our collaboration with over 70 non-profits and 49 faith-based groups and government agencies, as part of the Anaheim Homeless Collaborative that formed in January 2014.

The Anaheim Homeless Collaborative conducts weekly outreach in Anaheim, working to get people off the streets and connecting them to the services they need. As of mid-2017, the collaborative has assisted more than 761 homeless persons,

reuniting them with family or placing them in affordable housing. Anaheim is home to 12 affordable housing communities with rent-voucher assistance from the city's Housing Authority, including one of the most newly available communities, the Rockwood Apartments. Rockwood Apartments is located near Lincoln Elementary School and provides on-site assistance including after-school tutoring, clinical services, career development and more. Anaheim's affordable housing communities coupled with the rent-voucher assistance program are ways of helping to provide long-term stability to families and others confronted with homelessness. Furthermore, the city has contributed \$500,000 in funding for the County of Orange's first year-round shelter, called Bridges at Kraemer Place. The 24,390-square-foot shelter will host 200 beds. The first phase, with 100 beds spanning 6,000 square feet opened in May 2017, with the remaining beds expected in 2018.

#### ENSURING PUBLIC SAFETY:

Ensuring a safe Anaheim remains a high priority for the women and men at the frontlines of the Anaheim Police Department (APD) and Fire & Rescue Department. City Council's approval of the hiring of 40 police officers over 4 years supports this priority. The fiscal year 2017/18 budget completes the fourth and final year of this commitment, with the majority of the new officers assisting with reducing response times and enhancing customer service in the Patrol Division. Responding to over 200,695 calls for service during fiscal year 2016/17, the APD welcomes the additional officers to support its commitment and responsibility of delivering the highest levels of public safety service to the residents, visitors and businesses throughout the City. To assist with the large volume of calls, APD added a business process improvement allowing callers who dial the non-emergency line to self-select service options. The new autopilot feature provides callers with a menu of options to get to the appropriate staff quicker, ensuring that dispatch staff handle urgent emergency calls.

The APD remains focused on community policing and continues to build strong, trusting relationships with the residents it serves. Over the past five years, the department has focused on engaging the community to build mutual understanding and to form the relationship needed to reduce and prevent crime while improving quality of life in neighborhoods throughout Anaheim. The continued support demonstrated by the City Council through the allocation of additional resources directly and positively impacts the department's ability and capacity to deliver on its commitment to delivering excellence in police and public safety service. As an example, in 2016, with APD leadership, the Orange County Human Trafficking Task Force (OCHTFF) took dozens of dangerous suspects off the streets, arresting 48 for human trafficking and 17 for pimping. The District Attorney successfully filed all 65 cases, leading to the rescuing of 31 adult and 36 juvenile victims who were forced to live a life of abuse, subjugation and despair.

At the start of 2017, APD launched Drug Free Anaheim, an innovative and collaborative approach to providing a safe space for substance abusers to get the help they need. As of June 2017, over 50 people have sought assistance with their addiction to drugs since the launch. Modeled after a similar program in Massachusetts, those individuals who are not wanted for another unrelated matter, are not under the influence to the degree they pose a risk to themselves or others, and who come forward seeking help are eligible for assistance. A person simply walking into an APD station or contacting any APD employee seeking help with addiction will not be prosecuted or incarcerated, but will rather receive assistance from a non-profit organization that provides drug treatment placement and prevention services. APD believes in providing alternative assistance to the public without criminalizing those who want help.

The city recognizes that homelessness is a complex social concern that has become increasingly prevalent. In 2016 alone, APD responded to over 15,000 homeless related calls for service representing a 6% increase over 2015. Understanding that there are many contributing causes to homelessness, APD's Homeless Outreach Team (HOT), a participant in the county-wide Homeless Collaborative consisting of police services, mental health clinicians, faith-based organizations and non-governmental service providers, works on a holistic approach by balancing compassion and outreach in ensuring public safety and quality of life. APD manages this from multiple angles including outreach with nonprofits to provide immediate assistance with clothing, food, and hygiene as well as working with the county mental health services clinicians to set up longer-term assistance for shelter or mental health services. Along with the social concern of homelessness, APD recognizes the impacts to residents, visitors, and business owners and works on an individualized basis with residents and local businesses to identify and implement design techniques and strategies to prevent and minimize associated safety and quality of life concerns. Additionally, at the requests of residents, security cameras were installed at Brookhurst, Twila Reid and Maxwell parks to enhance public safety by providing the ability, in real time, for the APD to address criminal and unwanted behavior.

Anaheim's public safety efforts include the excellent service and dedication of Anaheim Fire & Rescue. The Anaheim Fire & Rescue Strategic Plan, updated for 2017-2022, helps guide the department's focus on programs and projects that will have a positive impact on service delivery and the department's ability to respond to and manage anticipated events in the city. This continuous planning effort is a critical element in helping the department to accomplish the identified goals and objectives to provide the best service possible.

In line with the city's desire to introduce innovative and customer cost-savings program, Anaheim Fire & Rescue has successfully implemented the pilot CCRU or the Community Care Response Unit. The CCRU, the first in California, pairs a nurse

practitioner with a paramedic to address low-level, non-urgent medical calls. This approach not only saves time and money for the patient, but reduces the impact of the out-of-service time for fire and rescue companies who can focus on responding to more serious emergencies. Over 85% of the department's 38,000 calls for service are medically related. As of March 2017, the CCRU has been able to divert transferring 49% of patients to a hospital. Anaheim Fire & Rescue is proud of the pilot program's success and looks forward to continuing this service for the residents of Anaheim.

In late 2016, Council approved the relocation and replacement of the aging Station 5 from Kraemer Boulevard to La Palma Avenue and Sunkist Street. The project will help the department meet optimal response times near the 91 Freeway and State College Boulevard and will reduce the demand on the downtown station on Broadway. The new Station 5 will feature thoughtful and impactful designs, such as using bi-folding doors that open from the side leading to the apparatus bay, as opposed to using roll up doors into the ceiling. Some roll-up doors take about 25 seconds to open while the side-opening doors take 4-6 seconds. The extra seconds not only save time, but can potentially translate into saving lives.

In addition to responding to emergencies, Fire & Rescue works diligently to educate and engage the public in order to prevent or reduce the effects of emergencies and risks in the first place. This is done through the Community Risk Reduction (CRR) division. The department proactively works to accomplish risk-reducing goals through community events, outreach at schools, station tours, water safety education, and the Ready!, Set!, Go! and Home Safety Visit Programs. Over a two-year period, Fire & Rescue will install 12,000 smoke alarms and provide Home Safety Visits to approximately 3,000 homes with the support of a grant from the federal government. A staggering statistic by the National Fire Protection Association shows that the risk of dying in a home fire is reduced by 50 percent when a working smoke alarm is in the home.

#### IMPROVING OUR INFRASTRUCTURE:

Anaheim enters fiscal year 2017/18 well-situated to maintain the city's extensive system of sidewalks, roadways, and infrastructure. Maintaining our city's infrastructure is vital to ensuring Anaheim's quality of service. At the forefront of maintaining and improving our existing infrastructure are the men and women in our Public Works Department and Public Utilities Department. Their work translates into the provision of a safe and efficient street network, competitive and reliable water and electric utilities, and sanitation services.

The City is pleased with our continued efforts to maintain and rehabilitate our streets and roadways. In fiscal year 2016/17, the City pruned over 18,000 trees and planted over 200 trees. The TreePower Program gave an additional 1,273 shade trees to

local residents, businesses and schools. We improved our streets with over 4 million square feet of crack fill and slurry seal along with over 5.6 million square feet of pavement rehabilitation. The City provided over 5.9 million square feet of landscape maintenance and completed sidewalk gap closures on Ball Road, Broadway, Dale Avenue and La Palma Avenue. New sewer and storm drain improvements were also made on Cerritos Avenue, Dale Avenue, Lincoln Avenue, and Harbor Boulevard.

Additional work is planned for fiscal year 2017/18 including street and sidewalk maintenance, tree maintenance, pavement rehabilitation projects, sidewalk gap closures, street widening, and sewer and storm drain improvements. Other projects include traffic signal modifications and upgrades along Euclid Avenue and traffic signal synchronization along the State College Boulevard, Orangewood Avenue, Anaheim Boulevard, La Palma Avenue, Magnolia Avenue, and Brookhurst Street corridors.

Crucial to maintaining our city's infrastructure are the vital services of our Public Utilities Department (Utilities), the only customer-owned, not-for-profit water and power utility in Orange County. In fiscal year 2016/17, Utilities continued engaging with schools and students, mentoring 23 seniors from Loara High School, hosting over 40 students from Anaheim High School for a career path symposium, and welcoming 35 students from Canyon High School for an engineering tour of utility facilities. Additionally, Utilities sponsored community-oriented events like the 2017 Fire Hydrant Event benefiting local youth organizations and offered schools an opportunity to have a solar shade structure on their campus without incurring the large financial risk associated with such a project.

The city also offered money-saving efficiency programs to residential and business customers through the Weatherization Program, where income-qualified customers receive home improvement services like attic insulation, A/C tune-up, and replacement of inefficient devices at no charge. Over 650 income-qualified customers have participated in this program, collectively saving over 632,000 kWh of energy and \$100,000 in bill savings. The City also provided customer service enhancements and regulatory relief as service reconnection fees were reduced; off-hour service requests were expanded to include evenings, weekends, and holidays; monthly billing was offered to all new customers; and call wait times have been reduced by 55% from one year ago to approximately 1.8 minutes on average today.

Utilities continues to invest in its infrastructure for a safe and reliable water and electric system. Infrastructure improvements include undergrounding projects on Miraloma Avenue, Lincoln Avenue, and Orangewood Avenue, which will place overhead electric lines underground to beautify the community and improve reliability. Capital improvements also include seismically retrofitting a 4 million gallon reservoir at the La Palma Complex, a 60-year old water facility. Planned projects for fiscal year 2017/18 include construction of the Harbor Substation, a new substation

that will relieve existing congestion on the electric system. Another planned project involves expanding the Lenain Water Treatment Plant's capacity from 15 to 20 million gallons of water per day, allowing Utilities to treat less-costly raw water instead of having to import expensive treated water.

#### ENCOURAGING BUSINESS GROWTH:

Not only is Anaheim a vibrant and robust city to live in, Anaheim is a premier destination city hosting over 25 million visitors, providing over 23 thousand active Anaheim business licenses, and showcasing hundreds of events at city venues. The number and success of businesses is a crucial economic engine in Anaheim, translating into many positives for our city by contributing into our Big 3 revenue sources: transient occupancy tax, property tax, and sales tax. As we support development and construction in our city, we foster improvement and encourage business growth.

At City Council's direction and with support from residents in the area, the city is working on a Beach Boulevard Initiative. West Anaheim residents generally live in well-maintained neighborhoods. However, many residents report feeling unsafe due, in large part, to the negative impacts associated with the Beach Boulevard corridor. The purpose of the Beach Boulevard Specific Plan is to improve the image and economic potential of West Anaheim's corridors by creating the framework to guide and encourage future public and private investment in the area. Plans are already underway, with the city's sale of what is known as the Westgate site, clearing the way for the development of a shopping center on a long-vacant plot of land at the northeast corner of Beach Boulevard and Lincoln Avenue. Once a former landfill, the site is now designated for a 250,000- square-foot shopping center with a Main Street-style paseo with outdoor dining, plazas and public art. Other projects include potential acquisition of 13 acres of land and property along Beach Boulevard south of Lincoln for future sale and development such as housing with retail space; providing flexibility in fees and development rules to encourage preferred projects along the corridor; and allowing for the deferral or waiver of fees for preferred projects.

The center of our city, CTCity Anaheim, has seen explosive development these past few years with new homes, restaurants, and businesses coming to the area. We are seeing a healthy balance of urban residential and commercial uses as well as additional retail on Center Street Promenade. Such as The Dudes, a 6,000 square foot brew pub and Alexan at CTCity, development of 220 apartment homes that feature high-level amenities and approximately 18,500 square feet of retail on a 5-acre site at Lincoln and Anaheim Boulevard. BARN or Business Arts Residential Network is also being developed on Center Street Promenade. The new two-story building is being designed to include 13,000 square feet of retail and restaurant uses, as well as 13,000 square feet of office space. A unique component of BARN is

a multi-level 36-room boutique hotel. More additions are expected in the area, including two commercial buildings named Greenhouse and Farmhouse which will house two restaurants on Farmers Park in the Packing District. Other developments include HomeMADE and Leisuretown. HomeMADE will feature up to 80-townhouse style, live-work units. The project will have garden spaces that open towards Santa Ana Street to create an inviting neighborhood porch along the street with the unique ability to open to the public on occasion for communal dining. Leisuretown consists of a small production brewery, tasting room, retail kiosks and outdoor gardens. The project requires the adaptive re-use of a 6,000 square foot barrel-vaulted ceiling building and historic restoration of a 2,500 square foot Craftsman house.

The Anaheim Convention Center continues its impact in our local economic growth. In 2016, the center experienced a record attendance of 106,000 participants at the National Association of Music Merchants (NAMM) Show, an annual event that brings together one of the largest music trade-shows in the world, as well as record breaking attendance of over 80,000 attendees from the Natural Products Expo West tradeshow. With the recent completion of the Convention Center's Betterment VII expansion, the Anaheim Convention Center secured its position as the largest exhibition facility on the west coast, opening 600 additional parking spaces to attendees and 200,000 square feet of new, flexible event space. The expansion allows the facility to grow with its largest events, while attracting new groups for specialized conferences, break-out sessions, workshops and galas.

There are over 150 hotels in Anaheim, including 80 in the Anaheim Resort, and more coming soon. In November 2016, the Planning & Building Commission approved the Cambria Hotel & Suites, a 12-story, 350-room hotel with 15,000 square feet of restaurant space. The project will have a wide range of guest amenities including a water park, outdoor movie screening wall, sports courts, meeting space, and fitness center. In January 2017, the Planning & Building Commission approved the Element Anaheim hotel, a five-story 174-room hotel that will redevelop the former Bergstroms Childrens Store. In March 2017, the Planning & Building Commission approved the Hampton Inn & Suites hotel at the southwest corner of Katella Avenue and Haster Street. It will feature a five-story, 178-room hotel that will replace the Arena Inn & Suites motel. Recently opened hotels are the Country Inn & Suites on Clementine Street and Staybridge Suites on Ball Road. All of these exciting additions are sure to encourage and expand economic growth in our city.

## **FINANCIAL INFORMATION**

Management of the City is responsible for establishing and maintaining internal control designed to ensure that the assets of the government are protected from loss, theft, or misuse, and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with U.S. generally

accepted accounting principles. Internal control is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

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

### BUDGETARY CONTROLS:

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

### RELEVANT FINANCIAL POLICIES:

Through sound fiscal management, the City of Anaheim positions itself to provide a positive atmosphere for economic development and the flexibility to strategically address budgetary challenges that result from fluctuations in the local, national, and global markets. As of June 30, 2017, the City's General Fund has a spendable, unassigned fund balance of \$42.3 million, which represents 14% of the General Fund total fiscal year 2016/17 expenditures. Traditionally, the policy has been to maintain General Fund reserves at a minimum of 7 to 10% of expenditures.

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

LONG-TERM FINANCIAL PLANNING:

On June 20, 2017, the City Council adopted the fiscal year 2017/18 budget. Additionally, as a companion to approving the budget plan, a five-year Capital Improvement Plan was presented to the City Council. The five-year plan links anticipated expenditures for infrastructure development with community needs and desires, and provides a citywide perspective of recommended projects and proposed funding sources. The Capital Improvement Plan was finalized in June 2017, and totaled \$679.2 million for the five-year fiscal period ending June 30, 2022. The five-year Capital Improvement Plan has been submitted and annually updated, in its present form, since 1982, for effective long-range planning purposes. It is City Management's belief that these two plans give City Council members an expanded opportunity to set policy and provide direction for implementation, resulting in improved management efficiency and improved financial results.

**AWARD**

GOVERNMENT FINANCE OFFICERS ASSOCIATION OF THE UNITED STATES AND CANADA (GFOA) CERTIFICATE OF ACHIEVEMENT AWARD: The GFOA awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Anaheim, California, for its comprehensive annual financial report for the fiscal year ended June 30, 2016. This was the 41st consecutive year that the City has achieved this prestigious award (fiscal years ended June 30, 1976 through 2016). In order to be awarded the Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both U.S. generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe our current comprehensive annual financial report continues to conform to the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate.


**ACKNOWLEDGMENTS**

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

Respectfully submitted,



Linda N. Andal  
Interim City Manager



Deborah A. Moreno  
Finance Director/City Treasurer



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Government Finance Officers Association

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

Presented to

**City of Anaheim  
California**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2016**

A handwritten signature in black ink, appearing to read 'Jeffrey R. Emer'.

Executive Director/CEO

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Anaheim, California for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2016. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

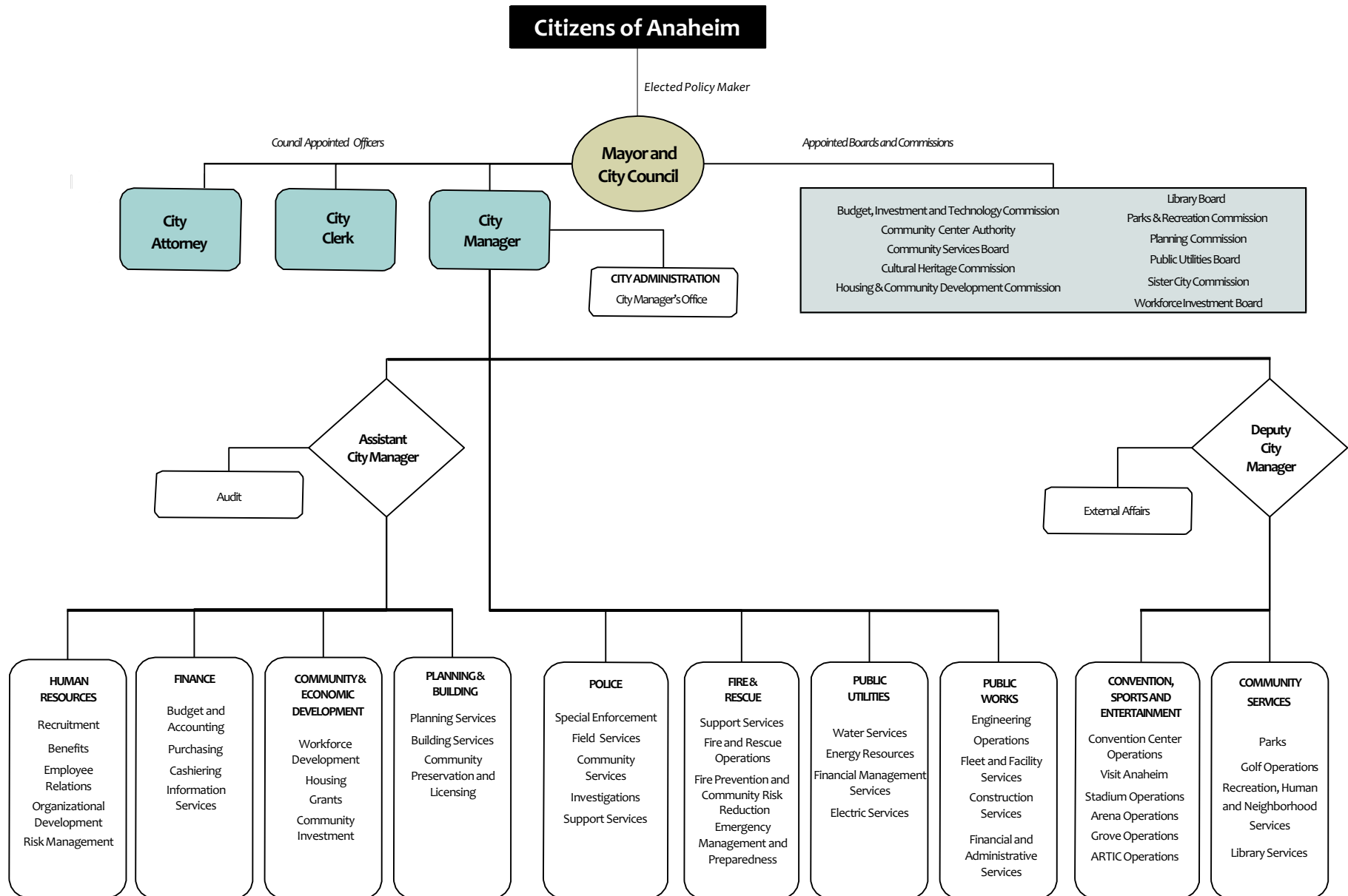
In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable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

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



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As of June 30, 2017

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**Administrative Personnel  
As of December 20, 2017**

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<b>Interim City Manager</b>	<b>Linda N. Andal</b>
<b>Assistant City Manager</b>	<b>Kristine A. Ridge</b>
<b>Deputy City Manager</b>	<b>Greg Garcia</b>
<b>Acting Chief of Police</b>	<b>Julian Harvey</b>
<b>Acting City Attorney</b>	<b>Kristin A. Pelletier</b>
<b>Acting City Clerk</b>	<b>Theresa Bass</b>
<b>Community &amp; Economic Development Executive Director</b>	<b>John E. Woodhead IV</b>
<b>Community Services Director</b>	<b>Brent Dennis</b>
<b>Convention, Sports &amp; Entertainment Executive Director</b>	<b>Thomas Morton</b>
<b>Finance Director/City Treasurer</b>	<b>Deborah A. Moreno</b>
<b>Fire Chief</b>	<b>Randy R. Bruegman</b>
<b>Acting Human Resources Director</b>	<b>Jason Motsick</b>
<b>Planning &amp; Building Director</b>	<b>David Belmer</b>
<b>Public Utilities General Manager</b>	<b>Dukku Lee</b>
<b>Public Works Director</b>	<b>Rudy Emami</b>

# Financial Section







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

## Independent Auditors' Report

Honorable Mayor and City Council  
City of Anaheim, California:

### Report on the Financial Statements

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

#### *Management's Responsibility for the Financial Statements*

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

#### *Auditors' Responsibility*

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

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

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

#### *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Anaheim, California as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and Housing Authority Fund for the year then ended in accordance with U.S. generally accepted accounting principles.



## **Other Matters**

### *Required Supplementary Information*

U.S. generally accepted accounting principles require that the management's discussion and analysis on pages 15-25, the schedule of changes in net pension liability and related ratios on page 87-88, the schedule of pension plan contributions on page 89 and the schedule of funding progress for other post-employment benefits on page 90 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Supplementary and Other Information*

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

The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such

information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2017 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

**KPMG LLP**

Irvine, California  
December 20, 2017

# Management's Discussion and Analysis







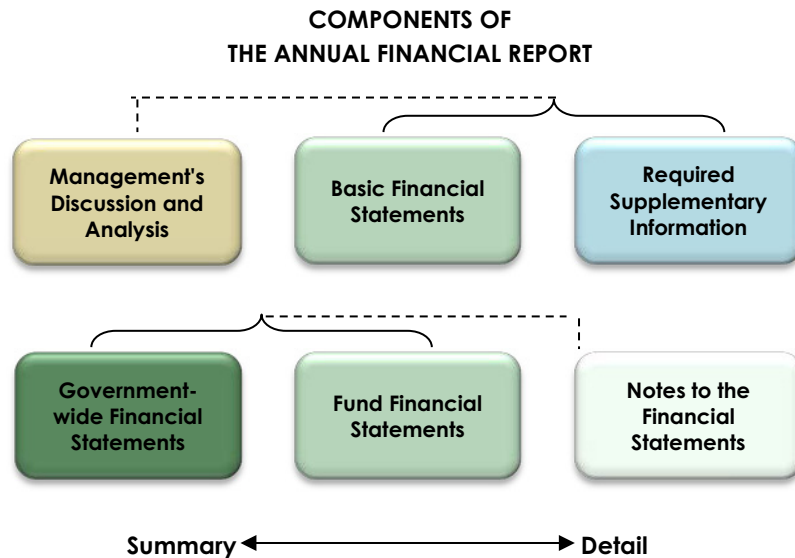
# Management's Discussion and Analysis

(Unaudited)

As management of the City of Anaheim (City), we offer readers of the City's basic financial statements this narrative overview and analysis of the financial activities of the City as of and for the fiscal year ended June 30, 2017. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report, and the City's basic financial statements in the financial section of this report. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

## OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

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



**Government-wide financial statements.** The government-wide financial statements are comprised of the Statement of Net Position and the Statement of Activities. These two statements are designed to provide readers with a broad overview of the City's finances utilizing the full accrual method of accounting, in a manner similar to a private-sector business. Under the full accrual method of accounting, transactions are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, assets, liabilities, revenues and expenses are reported in these statements for some items that will only result in cash flows in future fiscal periods (e.g. uncollected revenues and accrued but unpaid interest expense).

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

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

The government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, Police, Fire & Rescue, Community & Economic Development, Planning & Building, Public Works, Community Services, Public Utilities (street lighting), Convention, Sports and Entertainment (Visitor and Convention Bureau and the Honda Center), and interest on related long-term debt. The business-type activities of the City include the electric, water and sanitation utilities, golf courses, convention, sports and entertainment venues (Anaheim Convention Center, Angel Stadium of Anaheim, and The City National Grove of Anaheim) operations, and the Anaheim Regional Transportation Intermodal Center (ARTIC) operation.

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

The government-wide financial statements can be found on pages 27-29 of this report.

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

**Governmental funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the governmental funds financial statements utilize the modified accrual basis of accounting, which focuses on near-term inflow and outflow of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financial requirements.

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

The City maintains 20 individual governmental funds. Information is presented separately in the governmental funds Balance Sheet and in the governmental funds Statement of Revenues, Expenditures and Changes in Fund Balances for the General Fund and the Housing Authority Special Revenue Fund, which are considered to be major funds. Data for the remaining 18 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of supplementary combining statements on pages 91-94, 99-100, and 103-104 of this report.

The City adopts an annually appropriated budget for all governmental and proprietary funds. Budgetary comparison statements for the General Fund and the major special revenue fund (Housing Authority) are required to be presented; these schedules are included in the basic financial statements on pages 33-34 of this report. Additionally, budgetary schedules for the other governmental funds have been provided to demonstrate compliance with the budget and can be found as part of other supplementary schedules on pages 95-98, 101-102, and 105-108 of this report.

The governmental funds financial statements can be found on pages 31-34 of this report.

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

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary funds financial statements provide separate information for all of the enterprise funds, which are considered to be major funds of the City. Conversely, all of the internal service funds are combined into a single, aggregated presentation in the proprietary funds financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

The proprietary funds financial statements can be found on pages 37-41 of this report.

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

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

The fiduciary fund financial statements can be found on pages 42-43 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 45-86 of this report.

**Other supplementary information.** In addition to the basic financial statements and accompanying notes, this report also presents combining individual fund statements referred to earlier in connection with nonmajor governmental funds and internal service funds. Also included are the budgetary comparison Schedules of Revenues, Expenditures and Changes in Fund Balances for all nonmajor special revenue funds, all debt service funds, and all capital projects funds. These statements and schedules can be found on pages 91-112 of this report.

#### **FINANCIAL HIGHLIGHTS (Amounts in thousands)**

- The City's total assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at the end of the current fiscal year by \$1,958,920.
- The City's governmental activities represent \$838,288 (43%) and the business-type activities represent \$1,120,632 (57%) of the City's total net position.
- The City's net position increased by \$86,400 (5%) as a result of the current fiscal year's operations. The net position of the City's governmental activities increased \$76,453 (10%) and the business-type activities net position increased \$9,947 (less than 1%).
- The City's restricted net position of \$358,641 represents amounts available for ongoing programs and obligations with external restrictions.
- The City's total capital assets increased by \$86,090 (3%). Capital assets in the City's governmental activities decreased by \$4,857 (less than 1%) and business-type activities capital assets increased by \$90,947 (5%) during the current fiscal year.
- The City's total long-term liabilities increased by \$205,024 (8%) during the current fiscal year; of this amount, long-term liabilities in the City's governmental activities increased by \$97,399 (8%), and business-type activities increased by \$107,625 (8%).

- At the close of the current fiscal year, the City's governmental funds reported a combined fund balance of \$445,850, an increase of \$92,951 in comparison with the prior fiscal year. Approximately 7% of this amount (\$30,134) is available for spending at the City's discretion (unassigned fund balance).
- At the end of the current fiscal year, unrestricted fund balance (total of committed, assigned and unassigned fund balance) for the General Fund was \$44,392 or 14% of total General Fund expenditures. Unassigned fund balance was \$42,336 or 14% of total General Fund expenditures.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS****NET POSITION  
JUNE 30, 2017 AND 2016**

	Governmental Activities		Business-type Activities		Total Government	
	2017	2016	2017	2016	2017	2016
Current and other assets	\$ 715,483	\$ 629,710	\$ 825,077	\$ 794,529	\$ 1,540,560	\$ 1,424,239
Capital assets, net	1,375,030	1,379,887	1,997,602	1,906,655	3,372,632	3,286,542
Total assets	2,090,513	2,009,597	2,822,679	2,701,184	4,913,192	4,710,781
Deferred outflows of resources	127,970	47,112	55,044	27,806	183,014	74,918
Total assets and deferred outflows of resources	2,218,483	2,056,709	2,877,723	2,728,990	5,096,206	4,785,699
Other liabilities	84,790	79,606	117,579	94,132	202,369	173,738
Long-term liabilities	1,250,204	1,152,805	1,524,354	1,416,729	2,774,558	2,569,534
Total liabilities	1,334,994	1,232,411	1,641,933	1,510,861	2,976,927	2,743,272
Deferred inflows of resources	45,201	62,463	115,158	107,444	160,359	169,907
Total liabilities and deferred inflows of resources	1,380,195	1,294,874	1,757,091	1,618,305	3,137,286	2,913,179
Net position:						
Net investment in capital assets	974,071	968,473	1,016,113	997,292	1,990,184	1,965,765
Restricted	274,830	211,338	83,811	76,749	358,641	288,087
Unrestricted	(410,613)	(417,976)	20,708	36,644	(389,905)	(381,332)
Total net position	\$ 838,288	\$ 761,835	\$ 1,120,632	\$ 1,110,685	\$ 1,958,920	\$ 1,872,520

At the end of fiscal year 2017, the City's net position totaled \$1,958,920 which reflects a net increase of \$86,400 or 5% from prior fiscal year.

The largest portion of the City's net position of \$1,990,184 reflects its investment in capital assets (e.g. land, buildings, utility plant, machinery, equipment, and infrastructure), net of any related outstanding debt that was used to acquire those assets. The City uses these assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Net investment in capital assets increased by \$24,419 (1%) primarily due to capital asset additions from unrestricted and grant funded resources, offset by reduction of the related outstanding debt due to current year principal payments.

An additional portion of the City's net position of \$358,641 represents resources that are subject to external restrictions on how they may be used. The increase in restricted net position of \$70,554 is primarily due to unspent restricted resources for debt services, grant, developer impact fees, housing development and other capital projects. \$35,636 of the increase is attributable to unspent contributions from

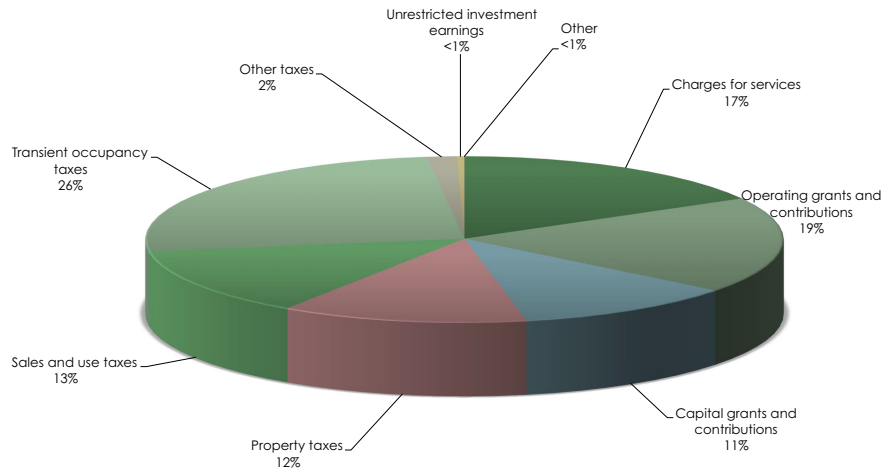
property owners pursuant to the issuance of the Community Facility District No. 08-1 (CFD 08-1, Platinum Triangle, the "District"), Special Tax Bonds, Series 2016 for the purpose of providing financing for the acquisition and construction of public facilities necessary for the continued development of the District; \$8,089 increase is from the unspent proceeds from the sale of a 7.07 acre vacant land parcel on Anaheim Way, \$8,611 increase is from the sale of land for housing development; \$3,460 increase in unspent developer impact fees; \$2,748 increase in amounts restricted for debt services; and the remaining increases are attributable to funds for grant purposes.

The remaining balance deficit of \$389,905 is the unrestricted net position, of which the unfunded pension liabilities and the related deferred inflows and outflows of resources account for \$563,554. The unrestricted net position deficit increased by \$8,573 from prior fiscal year reflecting uses for current year operations. The unfunded net pension liabilities are long-term obligations that at a minimum will be funded annually in accordance with actuarially determined contribution rates. The positive component of the unrestricted net position, excluding the effects of pension liabilities and the related deferred inflows and outflows of resources is \$173,649 and may be used to meet the City's ongoing obligations to citizens and creditors.

**CHANGE IN NET POSITION**  
**YEAR ENDED JUNE 30, 2017 AND 2016**

	Governmental Activities		Business-type Activities		Total Government	
	2017	2016	2017	2016	2017	2016
<b>REVENUES</b>						
Program revenues:						
Charges for services	\$ 99,170	\$ 76,981	\$ 610,358	\$ 592,355	\$ 709,528	\$ 669,336
Operating grants and contributions	109,989	108,131	425	776	110,414	108,907
Capital grants and contributions	65,937	85,782	4,381	11,743	70,318	97,525
General revenues:						
Taxes:						
Property taxes	72,909	70,646			72,909	70,646
Sales and use taxes	77,732	76,975			77,732	76,975
Transient occupancy taxes	149,566	137,570			149,566	137,570
Motor vehicle license fees	161	142			161	142
Other taxes	8,946	8,731			8,946	8,731
Unrestricted investment earnings	2,116	3,692	4,001	5,710	6,117	9,402
Other	106	87			106	87
<b>Total revenues</b>	<b>586,632</b>	<b>568,737</b>	<b>619,165</b>	<b>610,584</b>	<b>1,205,797</b>	<b>1,179,321</b>
<b>EXPENSES</b>						
Program activities:						
Governmental activities:						
General government	11,825	10,331			11,825	10,331
Police	151,559	132,889			151,559	132,889
Fire & Rescue	70,365	62,520			70,365	62,520
Community & Economic Development	100,720	110,618			100,720	110,618
Planning & Building	21,944	19,862			21,944	19,862
Public Works	61,806	48,719			61,806	48,719
Community Services	34,799	34,212			34,799	34,212
Public Utilities	2,530	2,687			2,530	2,687
Convention, Sports & Entertainment	19,238	18,503			19,238	18,503
Interest on long-term debt	34,876	35,185			34,876	35,185
Business-type activities:						
Electric Utility			412,424	390,732	412,424	390,732
Water Utility			72,715	61,620	72,715	61,620
Sanitation Utility			58,218	56,564	58,218	56,564
Golf Courses			4,465	4,405	4,465	4,405
Convention, Sports & Entertainment Venues			47,321	44,285	47,321	44,285
ARTIC Management			6,374	6,235	6,374	6,235
<b>Total expenses</b>	<b>509,662</b>	<b>475,526</b>	<b>601,517</b>	<b>563,841</b>	<b>1,111,179</b>	<b>1,039,367</b>
Excess before transfers	76,970	93,211	17,648	46,743	94,618	139,954
Transfers in (out)	7,701	10,856	(7,701)	(10,856)		
Special item	(8,218)				(8,218)	
Increase in net position	76,453	104,067	9,947	35,887	86,400	139,954
Net position at beginning of year	761,835	657,768	1,110,685	1,074,798	1,872,520	1,732,566
<b>Net position at end of year</b>	<b>\$ 838,288</b>	<b>\$ 761,835</b>	<b>\$ 1,120,632</b>	<b>\$ 1,110,685</b>	<b>\$ 1,958,920</b>	<b>\$ 1,872,520</b>

**REVENUES BY SOURCE - GOVERNMENTAL ACTIVITIES**



**Governmental activities.** Governmental activities increased the City's net position by \$76,453. Key elements of this increase are as follows:

The most significant revenues of the governmental activities are general taxes (53%), which include transient occupancy taxes (26%), property taxes (12%), sales and use taxes (13%), and other taxes (2%). Program revenues are 47% of the total revenues of the governmental activities, which include operating grants and contributions (19%), capital grants and contributions (11%), and charges for services (17%); unrestricted investment earnings is less than 1% of the total revenues.

Public safety (Police and Fire & Rescue) expenses are the most significant (44%) of all governmental activities expenses, followed by Community & Economic Development (20%), Public Works (12%), interest on long-term debt (7%), Community Services (7%), and various other programs (10%). Included in these amounts is depreciation expense, which is 8% of the total expenses for governmental activities.

Governmental activities revenues increased \$17,895 (3%) as compared to the prior fiscal year due to the following:

- Taxes increased \$15,250 (5%) mainly due to the increase of \$11,996 (9%) in transient occupancy taxes (TOT). TOT increases are largely attributable to the continued growth of the revitalized economy and the addition of four new hotels in 2016, adding 816 rooms to the City's hotel supply; property taxes increased \$2,263 (3%) and sales and use tax increased \$757 (1%).
- Charges for services increased by \$22,189 (29%) primarily attributable to a \$3,666 increase in police services due to expanded services in the Disneyland Resort and increased numbers of reimbursable Citywide events; \$8,089 in realized gain on the sale of vacant land in Community Services

Department; and \$8,611 in realized gain on the sale of land for housing development in the Housing Authority.

- Operating grants increased \$1,858 (2%) mainly due to an increase of \$4,116 in federal funding for Section 8 rental assistance; one-time FEMA grant revenue of \$989 in the Fire & Rescue Department; partially offset by a decreases of \$1,031 in Narcotic Asset Forfeiture revenues from the U.S. Treasury and a \$2,632 decrease in Urban Area Security Initiative (UASI) grant due to the nature and timing of projects.
- Capital grants and contributions decreased by \$19,845 (23%) primarily due to a one-time capital asset and land held for resale transfer of \$68,825 from the Successor Agency in the prior fiscal year; partially offset by increases of \$36,864 for one-time contribution from property owners from the CFD 08-1 bond issuance; an increase of \$5,584 in developer impact fees; \$3,029 of a one-time transfer of the unspent bond proceeds from the Successor Agency to complete the bond funded eligible capital projects.
- Unrestricted interest earnings decreased by \$1,576 due to unrealized investment loss in the current fiscal year.

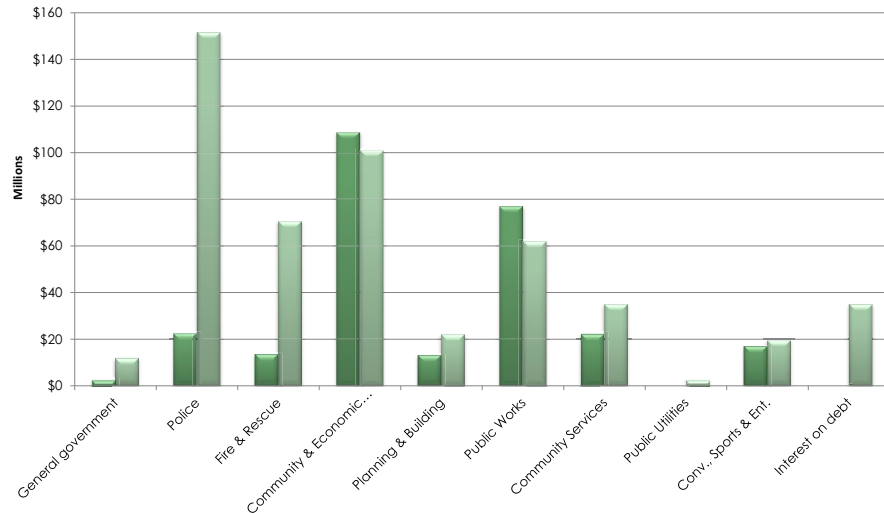
Governmental activities net transfers in decreased \$3,155 primarily due to the followings:

- Transfers out to the Convention, Sports and Entertainment Venues fund increased \$6,111. The increase was a budgeted transfer for Convention Center debt service. The Lease Revenue Bonds for the Honda Center Land had been paid in full and this funding was redirected to the Convention Center without increasing the General Fund's outlay for debt service.
- Transfer in decreased by \$1,674 due to a one-time land capital asset transferred from the Electric Utility in the prior fiscal year.

**Special item**

- One-time charge in transferring the unfunded pension obligation (\$7,845) and its related deferred inflows (\$1,175) and outflows of resources (\$1,548) from the Successor Agency to the City. During fiscal year 2017, the City has assumed the unfunded pension obligation from the Successor Agency pursuant to the California Department of Finance (DOF) denial in May 2017 of its request to make payment towards its unfunded pension obligation. The Successor Agency has petitioned a lawsuit against the DOF in its decision of denying the unfunded pension obligation and the case is currently under judicial review.

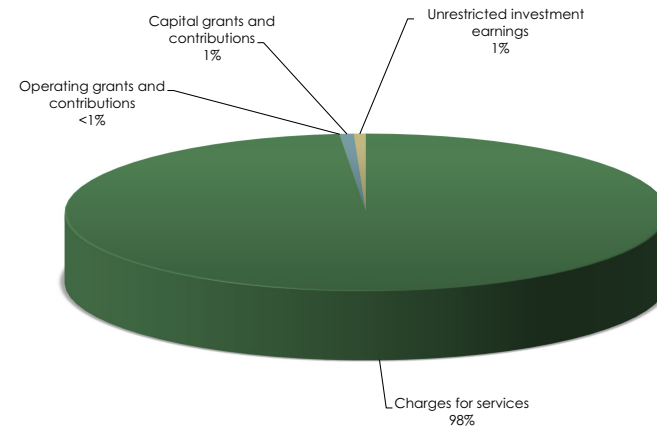
**EXPENSES AND PROGRAM REVENUES - GOVERNMENTAL ACTIVITIES**



Governmental activities expenses increased \$34,136 (7%) as compared to the prior fiscal year due to the following:

- The increase in Public Safety expenses of \$26,515 (14%) is mainly due to a \$16,225 increase in pension expense. In the prior fiscal year, public safety pension plans experienced favorable amortizations in actuarial assumptions and investment earnings between projected and actual earnings, resulting in lower pension expense recognition. Public Safety expenses other than pension expense increased by \$10,291 primarily due to an increase in salary and benefit costs; this amount includes costs for the service enhancements in public safety and emergency response services, and \$3,627 increase in reimbursable police services as previously discussed under revenue.
- The increase in Public Works expenses of \$13,087 (27%) is primarily due to one-time expense (\$11,135) of costs accumulated for the Anaheim Rapid Connection (ARC) capital project. Per the Cooperative Agreement with Orange County Transportation Authority (OCTA), the City concluded and discontinued all planning and work on the ARC project.
- The increase in Planning & Building of \$2,082 (10%) is primarily due to \$798 paid to County of Orange for the City's year 1 payment of its pro-rated percentage for the new Countywide Animal Shelter construction costs and \$540 increase in contract costs for animal care services.
- The decrease in Community & Economic Development of \$9,898 is mainly due to a \$6,166 loss on sale of capital asset during the current fiscal year versus a \$17,570 loss on sale of land held for resale in the prior fiscal year.

**REVENUES BY SOURCE - BUSINESS-TYPE ACTIVITIES**



**Business-type activities.**

Business-type activities increased the City's net position by \$9,947. Key elements of this change are as follows:

Charges for services of \$610,358 increased by \$18,003 (3%) due to the following:

- The increase of \$3,076 (1%) in Electric Utilities charges for services is primarily due to a \$12,804 increase in retail and wholesale revenues resulting from a generally warmer year coupled with higher wholesale prices; this increase favorably reduced the amount to be recognized from Rate Stabilization Account (RSA) revenues by \$7,000 from prior fiscal year. Additional information about the RSA can be found in note 1 of the notes to the financial statement on pages 48-49 of this report.
- The increase of \$10,268 (17%) in Water Utilities charges for services is primarily due to a \$11,479 (20%) increase from the sale of water resulting from a 4.9% increase in retail customer demand of water during the fiscal year. This increase in customer demand is due to the removal of the strenuous conservation efforts in response to the drought conditions throughout the region. In addition, the demand increase is compounded with rate increases in April 2017; these increases favorably reduced the amount to be recognized from Rate Stabilization Account (RSA) by \$1,525 from prior fiscal year. Additional information about the RSA can be found in note 1 of the notes to the financial statement on pages 48-49 of this report.
- The increase of \$2,887 (5%) in Sanitation Utility charges for services is attributable to a 2% rate increase in solid waste collection and disposal revenues and a 5% rate increase in wastewater revenues for the entire fiscal year.



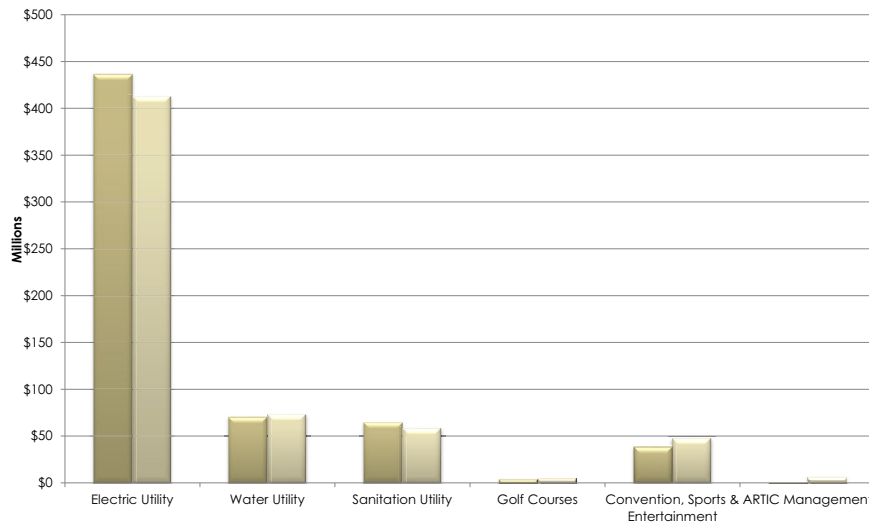
- The increase of \$1,652 (5%) in the Convention, Sports & Entertainment Venues Fund is due to an increase of \$3,186 in facilities rental resulting from more convention events and consumer shows partially offset by a \$1,685 decrease in concession fees due to lower food and beverage revenues.

Capital grants and contribution of \$4,381 decreased by \$7,362 (63%) due to the following:

- The decrease of \$5,748 (66%) in Electric Utility is primarily due to more capital contributions for various electrical facilities in the prior fiscal year.
- The decrease of \$2,007 (100%) in Golf Courses fund is due to one-time capital contribution from the California Friendly Landscape Incentive for an artificial turf project in the prior fiscal year.

Net Transfers out of \$7,701 decreased by \$3,155 as discussed in the government-wide financial analysis of governmental activities.

**EXPENSES AND PROGRAM REVENUES - BUSINESS-TYPE**



Total expenses of \$601,117 increased \$37,676 (7%) due to the following:

- The increase in the Electric Utility expenses of \$21,692 (7%) is mainly due to \$23,866 (10%) increase in power costs resulting from increased use of renewable resources; interest expense increased \$669 (3%) due to the issuance of the 2016 A & B revenue bonds during the fiscal year; partially offset by a \$2,843 decrease in operation, maintenance, and administration due to lower maintenance costs.
- The increase in Water Utility expenses of \$11,095 (18%) is attributable mainly to \$4,889 (16%) increases in purchased water and treatment and pumping costs due to the increase in customer demand related from the ending of drought restrictions; \$5,389 (37%) increase in operation,

maintenance, and administration costs was mainly due to cancellation of a construction work in progress for the termination of the Windy Ridge Water Storage Tank construction project; and interest expense increased \$1,257 (24%) mainly due to issuance of the 2016 A revenue bonds during the fiscal year.

- The increase in Convention, Sports & Entertainment Venues of \$3,036 (7%) was primarily attributable to \$1,418 (8%) of increased labor and benefits costs; and a \$298 (20%) increase in building maintenance.

**FINANCIAL ANALYSIS OF THE CITY'S FUNDS**

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

At the end of the current fiscal year, the City's governmental funds reported total ending fund balances of \$445,850, an increase of \$92,951 in comparison with the prior fiscal year. Of the total fund balance of \$445,850, restricted fund balance totaled \$371,612 (83%) and indicates the use of resources are constrained by external parties, resource providers, constitutions or enabling legislations. Unassigned fund balance totaled \$30,134 (7%) and is available for spending at the City's discretion. The remaining fund balance is \$44,104 (10%), of which \$9,532 is not in spendable form, and \$34,572 that was assigned for particular purposes.

Governmental revenues totaled \$602,862 while expenditures were \$518,387.

The General Fund is the general operating fund of the City. At June 30, 2017, the General Fund reported a total ending fund balance of \$51,449 and consisted of the following:

- \$819 was nonspendable for inventory, prepaid and other assets
- \$6,035 was restricted for claims and judgments for the water transfer settlement
- \$203 was restricted for grant purposes
- \$2,056 was assigned for encumbrances
- \$42,336 was unassigned

General Fund total revenues increased \$17,653 (5%) as compared to the prior fiscal year primarily attributable to the following:

- Total taxes increased by \$13,887 (4%) due to the growth in the overall economy. Taxes are the largest revenue sources of the General Fund and they accounted for \$311,226 or 85% of the total General Fund revenues. During fiscal year 2017, transient occupancy taxes (TOT) increased \$11,996 (9%), property taxes increased by \$2,972 (4%), sales and use taxes decreased \$1,364 (2%) due to final distribution of the sales tax triple flip (\$9,790) in the prior fiscal year; and other taxes increased by \$263 (3%).

- Charges for services increased by \$4,385 (29%) primarily due to increase in

reimbursable police services in the Disneyland Resort and Citywide events.

General Fund expenditures increased by \$20,192 (7%) primarily due to planned service enhancements in public safety, police services, and Planning & Building as discussed in the government-wide financial analysis of the governmental-activities.

The Housing Authority Fund revenues increased by \$16,369 (19%) primarily due to an increase in Section 8 rental assistance of \$4,116; an increase of \$5,319 in housing ground lease revenue from the Hermosa Village project, \$8,611 realized gain on sale of land for housing development; partially offset by a decrease in loan principal payment received from the Successor Agency of \$2,489 in the prior fiscal year. Housing Authority expenditures increased by \$2,876 (4%) mainly due to an increase of \$3,732 in Section 8 rental assistance program, as more Anaheim residents were assisted at a higher cost per resident; \$2,475 in properties acquired for multi-family affordable housing; partially offset by a loan of \$2,500 related to the sale of a housing property and \$839 of homebuyer loans in the prior fiscal year.

Total nonmajor governmental funds revenues increased by \$11,454 (9%). License, fees and permits increased by \$5,437 (91%) mainly due to the timing of the projects that receive developer impact fees; contributions from property owners for the CFD-08-1, Platinum Triangle construction of public facilities totaled \$36,864; partially offset by a decrease of \$32,400 in use of money due to one-time land held for resale transferred from the Successor Agency in the prior fiscal year. The most significant factors of the changes are discussed in the government-wide financial analysis of the governmental-activities.

Total nonmajor governmental funds other financing sources increased by \$7,512 (12%) primarily due to a \$6,125 loan to provide funding for the acquisition of communication equipments

Total nonmajor governmental funds expenditures decreased by \$13,164 (10%) primarily due to a \$17,570 one-time loss on sale of land held for resale in the Long Range Property Management Plan in the prior fiscal year; partially offset by an increase of \$9,607 in capital outlay for various equipment acquisition and infrastructure construction; and a decrease of \$5,500 in debt service as the Arena portion of the 2014 Lease Revenue Bonds was paid off in the prior fiscal year.

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

The Electric Utility net position increased \$1,973 (6%) in the current fiscal year. The most significant factors of the change in fund net position are discussed in the government-wide financial analysis of business-type activities.

The Water Utility fund net position decreased \$697 (less than 1%) in the current fiscal year. The most significant factors of the change in fund net position are discussed in the government-wide financial analysis of business-type activities.

The Sanitation fund net position increased \$3,443 (3%) in the current fiscal year. The most significant factors of the change in fund net position are discussed in the government-wide financial analysis of business-type activities.

The Golf Courses fund net position decreased \$402 (6%) in the current fiscal year. There were no significant or unusual changes.

The Convention, Sports & Entertainment Venues fund net position increased \$6,246 (2%) in the current fiscal year. The most significant factors of the change in fund net position are discussed in the government-wide analysis of business-type activities.

The ARTIC Management fund decreased net position by \$157 (less than 1%). There were no significant or unusual changes.

### GENERAL FUND BUDGETARY HIGHLIGHTS

During the year, the original budget was amended to increase appropriations by \$7,404 (2%). The increase in appropriations was primarily the result of the carryover of prior year appropriations and amendments amounting to \$5,132 and the reallocation of appropriations from other funds of \$2,272. These amendments offset revenues increase of \$5,400 and the balance were to be funded from savings in other programs of the General Fund during the year.

General Fund revenues of \$366,513 were greater than budgeted revenues of 355,113 by \$11,400 (3%), primarily due to stronger development activities and increases in reimbursable police services.

General Fund expenditures were less than budgeted. Of the total appropriations of \$321,721, approximately 4%, or \$11,527, went unspent. \$6,683 of planned expenditures in Community & Economic Development for potential land purchases that did not materialize in fiscal year 2017. There were no other significant variances.



## CAPITAL ASSETS AND DEBT ADMINISTRATION

**CAPITAL ASSETS**  
(net of accumulated depreciation)  
**JUNE 30, 2017 AND 2016**

	Governmental Activities		Business-type Activities		Total Government	
	2017	2016	2017	2016	2017	2016
Land	\$ 646,359	\$ 647,289	\$ 89,505	\$ 89,505	\$ 735,864	\$ 736,794
Construction in Progress	59,098	50,033	299,828	207,644	358,926	257,677
Building, structures, and improvements	192,256	196,327	525,263	533,946	717,519	730,273
Utility plant			1,070,268	1,063,095	1,070,268	1,063,095
Machinery and equipment	39,015	37,018	12,738	12,465	51,753	49,483
Infrastructure	438,302	449,220			438,302	449,220
<b>Total</b>	<b>\$ 1,375,030</b>	<b>\$ 1,379,887</b>	<b>\$ 1,997,602</b>	<b>\$ 1,906,655</b>	<b>\$ 3,372,632</b>	<b>\$ 3,286,542</b>

**Capital assets.** The City's investment in capital assets for its governmental and business-type activities at June 30, 2017 amounted to \$3,372,632 (net of accumulated depreciation). This investment in capital assets included land, construction in progress, buildings, structures and improvements, utility plant, machinery and equipment, and infrastructure. The total increase over the prior fiscal year was 3% (\$86,090), of which governmental activities decreased 0.3% (\$4,857) and business-type activities increased 5% (\$90,947).

The decrease of capital assets in governmental activities was primarily due to removal of costs (\$11,135) accumulated for the ARC project that was discontinued; capital asset additions totaled \$56,110, capital assets transfer, net from business-type activities of \$310, capital asset retirements of \$11,745 and offset by current year depreciation of \$38,397. Major capital asset activities during the current fiscal year include the following:

- Additions of \$40,462 in construction work in progress including various street improvements and street widening totaled \$18,160 that include the Brookurst Street widening (\$3,974), West/Westmont Pioneer Neighborhood rehabilitation (\$1,062), Lincoln Avenue widening (\$1,318), Santa Ana Street improvement (\$661) and Cerritos Avenue sidewalk (\$698); park developments totaled \$10,411 that include the Ponderosa Park (\$7,488), Pioneer Park (\$1,032); and various software and equipment upgrades totaled \$8,190 and that include the Enterprise Permit Tracking and Land Management system (\$1,610) and the 800 MHz radio communication equipment (\$6,129).
- Acquisitions of various vehicles and equipment totaling \$5,470.
- Completion of \$19,653 of construction work in progress including the Lincoln Avenue/Brookurst to Euclid improvements (\$2,127), Ball Road sidewalk (\$1,074), La Palma /Potoma Circle to weir Canyon Road

improvements (\$1,042), the Olive Park improvement (\$1,486), the Manzanita Park improvement (\$1,213), the Little People's Park improvement (\$711) and the Euclid and Sunkist Branch Libraries renovation (\$1,646).

- Sale of land and building at 295 West Centre Street Promenade, the Anaheim Way site, and the excess right-of-way on West Katella with a net book value total \$10,950.

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

- The Electric Utility increase of \$12,379 (1%) is comprised of capital asset additions of \$69,176, and partially offset by current year depreciation of \$56,796. During the current fiscal year, the Electric Utility started construction work in progress of the 69-12KV Harbor substation located at the Northeast corner of Katella Avenue and Zyen Street, also included in the additions are the replacement of aging overhead, electrical lines with state-of-the-art, underground projects on the Underground District #62 Phase 2 at Miraloma Avenue, as well as the rehabilitation of the underground distribution system in the Resort area in addition to the ongoing replacement of aging circuit breakers, poles, transformers and switches throughout the City. The Electric Utility completed 7.83 circuit miles of underground conversion on Miraloma Avenue as well as installation of 14,987 feet of direct buried cable and the purchase of 149 new transformers, installation of fiber optic equipment, upgrading communication equipment and improvements to general facilities. This updated system will provide more efficient and function services to Anaheim's customers.
- The Water Utility decrease of \$195 is comprised of capital asset additions of \$15,088 and partially offset by current year depreciation of \$10,634 and

\$4,650 write-off of constructions work in progress primarily for the termination of Windy Ridge Water Storage Tank Construction project. During the current fiscal year, the Water Utility completed the following construction work in progress: \$706 for the rehabilitation and replacement of various pressure regulating stations (PRS) throughout the City, the purpose of the PRS is to provide for the transfer of water from a high-elevation service area to a lower one in order to maintain adequate system pressures and flows; \$2,592 for the 8" main replacement project on County Glen Way, these improvements increase the service reliability and reduce maintenances expenses of the water system; and \$1,152 for the replacement of various transition and distribution water mains throughout the City, these various projects increase water system reliability by replacing aging infrastructure to minimize the risk of system failures and also to improve water flow requirement.

- The Sanitation Utility increase of \$2,356 is comprised of capital asset additions of \$5,460 and partially offset by current year depreciation of \$2,779. Construction work in progress decreased \$2,389 mainly due to additions of \$3,964 for bond funded sanitary system improvement projects including the sewer system improvements on Cerritos from Nutwood to Brookhurst (\$1,332), Sycamore from Alomar Avenue & Loara Street to

Euclid Street (\$962); partially offset by the completion of the Orangewood Avenue from Euclid Street to Janette (\$3,899), Cerritos-from Nutwood to Brookhurst (\$1,534); and Lincoln Avenue from Lemon Street to Claudina Street (628).

- The Golf Courses decrease of \$463 includes capital asset addition of \$48 of land improvement in the Dad Miller Golf Course and offset by current year depreciation of \$511.
- The Convention, Sports & Entertainment Venues increase of \$79,150 is comprised of capital asset additions of \$92,311, and partially offset by current year depreciation of \$13,054. Work in progress additions for the fiscal year were \$89,794 primarily for the Convention Center Expansion Betterment VII bond funded project.
- The ARTIC Management decrease of \$2,280 is comprised of capital asset additions of \$22 and offset by current year depreciation of \$2,302.

Additional information on the City' Capital Assets can be found in notes 1 and 6 of the notes to the financial statements, on page 49 and page 61-62 of this report

**LONG-TERM LIABILITIES  
JUNE 30, 2017 AND 2016**

	Governmental Activities		Business-type Activities		Total Government	
	2017	2016	2017	2016	2017	2016
General obligation bonds		\$ 700				\$ 700
Revenue bonds	\$ 627,589	631,621	\$ 1,235,400	\$ 1,124,159	\$ 1,862,989	1,755,780
Interest payable			2,635	2,207	2,635	2,207
Capital lease obligations	1,738	2,088			1,738	2,088
Notes and loans payable	29,577	20,820	20,523	36,200	50,100	57,020
Self-insurance	51,865	50,616			51,865	50,616
Compensated absences	20,941	20,538			20,941	20,538
Decommissioning provision			116,477	119,994	116,477	119,994
Net pension liabilities	518,494	426,422	149,319	134,169	667,813	560,591
<b>Total</b>	<b>\$ 1,250,204</b>	<b>\$ 1,152,805</b>	<b>\$ 1,524,354</b>	<b>\$ 1,416,729</b>	<b>\$ 2,774,558</b>	<b>\$ 2,569,534</b>

**Long-term liabilities.** The City's outstanding long-term liabilities, including bonds, capital leases, notes and loans payable, self-insurance, compensated absences, provision for decommissioning costs, and net pension liabilities totaled \$2,774,558 at June 30, 2017. Of this total, \$1,250,204 (45%) was in governmental activities and \$1,524,354 (55%) was in business-type activities.

The City's governmental activities outstanding long-term liabilities increased \$97,399 (8%) during the current fiscal year. The increases are primarily due to the accrued accretion interest payable of \$19,285 on the 1997 Anaheim Resort Improvement Bonds; an increase in net pension liabilities of \$92,072 as actuarially determined for the measurement date of June 30, 2016; and \$12,148 of issuances of loans payable for technology equipment and software acquisitions, and partially offset by principal payments of \$28,773 that decreased the long-term liabilities.

The City's business-type activities outstanding long-term liabilities increased \$107,625 (8%). The increases are primarily due to issuances of the 2016 Series A and B Electric Revenues Bonds in the principal amount of \$289,065 at a premium of \$35,183; the 2016 Water Revenue Bonds in the principal amount of \$35,225 at a premium of \$5,230; and current year increase in the net pension obligation of \$15,150. Partially offsetting the increases are current year principal payments of \$55,001, payments for decommissioning costs of \$4,270, and a reduction for the refunded bonds principal balance of \$204,980.

Additional information on the City's long-term liabilities can be found in notes 7, 8 and 10 of the notes to the financial statements, on pages 62-74, 76-80 of this report.

## ECONOMIC FACTORS

- There remains a focus on public pensions and their sustainability; many assumptions are used to estimate the ultimate liability of pensions and the contributions that will be required to meet those obligations. One of the most significant factors used in determining the liability and the funding requirements is the rate of return that investments will yield prior to making payments, known as the discount rate. The City's pension plans currently utilize a discount rate of 7.50% (net of pension plan investment and administrative expenses), which is used in determining the unfunded pension liability and funding requirements. In December 2016, the CalPERS Board of Administration voted to lower this rate in its actuarial assumptions from 7.50% to 7.00% over a three-year phase in beginning with the June 30, 2016 actuarial valuation. The reduction of discount rate will be a significant increase in the unfunded liability and the contributions required to meet those obligations. Beginning in fiscal years 2018-2019, 2019-2010 and 2020-2021, the discount rates will be 7.375%, 7.25% and 7.00% respectively. Additional information about the City's retirement plans can be found in note 10 of the notes to the financial statements on pages 76-80 of this report.
- The State of California enacted pension legislation that went into effect in January 2013 and applies mainly to new public employees. Some of the major changes include mandatory cost sharing by employees, reducing the overall benefit level (e.g. percentage of pay), increasing the retirement age, and placing a cap on the salary used to determine retirement benefits. The

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

- Tourism plays a significant role in the economies of California, Orange County and the City of Anaheim. While Anaheim has been able to compete for and capture a significant portion of tourism revenue, Anaheim has long recognized its inability to robustly tap into the upscale convention and tourism business. At June 30, 2017, the City has entered into various economic assistance agreements for hotel developments. These agreements provide tax abatements from the City's receipts of Transient Occupancy Tax (TOT). Provision of the economic assistance is contingent upon completion of construction of the hotels, the commencement of and continued operations as a four-diamond quality, and the generation of and payment to the City of TOT. Additional information about the City's Tax Abatement can be found in note 5 of the notes to the financial statements on page 60 of this report.
- On July 7, 2015 the City Council approved an Agreement concerning Entertainment Tax Reimbursement with Walt Disney Parks and Resorts, U.S., Inc. (Disney). Under the agreement, the City would be obligated, in the event any entertainment taxes are enacted by the voters, to reimburse Disney an amount equal to 100% of the amounts remitted to the City from this tax. In return, Disney is required to make a minimum of \$1 billion of capital improvements to receive the first extended tax rebate period of thirty years. Afterwards, there is the option for an additional capital investment of at least \$500 million for a second extended rebate period of fifteen years. Other performance obligations include specific timetables for the capital improvements to be commenced and completed; local hiring and nondiscrimination provisions; and continuous operation of improvements requirements.
- For the 2018 fiscal year, the City appropriated \$329,867 in estimated available resources of \$367,267 for General Fund spending. This leaves approximately \$37,400 in estimated available reserves, which is 11% of General Fund appropriations. The City's long-standing policy is to maintain General Fund reserves of at least 7% to 10% of annual appropriations.
- California Senate Bill 1X 2 signed into law in April 2011 mandated that all California utilities are required to reach 33% by 2020 and 50% by 2030. The higher renewable power costs will increase future power supply costs. The Electric Utility has a number of strategies to mitigate the potential cost impacts.

## REQUESTS FOR INFORMATION

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



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# Basic Financial Statements





**Statement of Net Position**  
**June 30, 2017** (In thousands)

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 68,724	\$ 41,992	\$ 110,716
Investments	236,936	148,030	384,966
Accounts receivable, net	27,541	65,301	92,842
Accrued interest receivable	905	1,593	2,498
Internal balances, net	16,102	(16,102)	
Due from other governments	36,315		36,315
Inventories	1,134	16,533	17,667
Land held for resale, net	28,862		28,862
Prepaid and other assets	12,017	97,533	109,550
Restricted cash and cash equivalents	78,411	290,230	368,641
Restricted investments	106,106	179,899	286,005
Unamortized prepaid bond insurance	1,226	68	1,294
Net other post-employment benefits (OPEB) asset	11,304		11,304
Notes receivable, net	78,290		78,290
Due from Successor Agency	11,610		11,610
Capital assets, net:			
Nondepreciable	705,457	389,333	1,094,790
Depreciable	669,573	1,608,269	2,277,842
Total assets	<u>2,090,513</u>	<u>2,822,679</u>	<u>4,913,192</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred charges on refunding bonds	1,653	16,797	18,450
Deferred pension related items	126,317	38,247	164,564
Total deferred outflows of resources	<u>127,970</u>	<u>55,044</u>	<u>183,014</u>
<b>LIABILITIES</b>			
Accounts payable	29,123	90,643	119,766
Wages payable	8,545	1,461	10,006
Due to other governments	28,948		28,948
Interest payable	4,922	12,321	17,243
Arbitrage rebate liability		134	134
Deposits	9,892	8,774	18,666
Unearned revenues	3,360	4,246	7,606
Long-term liabilities:			
Due within one year	53,981	33,704	87,685
Due in more than one year	677,729	1,338,696	2,016,425
Interest payable		2,635	2,635
Net pension liabilities	518,494	149,319	667,813
Total liabilities	<u>1,334,994</u>	<u>1,641,933</u>	<u>2,976,927</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Regulatory credits		100,054	100,054
Deferred pension related items	45,201	15,104	60,305
Total deferred inflows of resources	<u>45,201</u>	<u>115,158</u>	<u>160,359</u>
<b>NET POSITION</b>			
Net investment in capital assets	974,071	1,016,113	1,990,184
Restricted for:			
Debt service		20,244	20,244
Capital projects	101,346	52,693	154,039
Community & Economic Development	114,627		114,627
Streets, roads and transportation improvement projects	39,959		39,959
Other purposes	18,898	10,874	29,772
Unrestricted	(410,613)	20,708	(389,905)
Total net position	<u>\$ 838,288</u>	<u>\$ 1,120,632</u>	<u>\$ 1,958,920</u>

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



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**Statement of Activities**  
**Year Ended June 30, 2017** (In thousands)

	Expenses	Indirect Expenses Allocation	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Functions/Programs</b>								
Governmental activities:								
General government	\$ 26,476	\$ (14,651)	\$ 1,742	\$ 716		\$ (9,367)		\$ (9,367)
Police	148,017	3,542	15,441	6,537	\$ 364	(129,217)		(129,217)
Fire & Rescue	69,491	874	10,582	1,193	1,485	(57,105)		(57,105)
Community & Economic Development	100,189	531	19,046	86,020	3,454	7,800		7,800
Planning & Building	20,819	1,125	11,357	1,421	2	(9,164)		(9,164)
Public Works	61,727	79	16,140	13,221	47,514	15,069		15,069
Community Services	34,144	655	11,190	881	10,159	(12,569)		(12,569)
Public Utilities	2,530					(2,530)		(2,530)
Convention, Sports & Entertainment	18,937	301	13,672		2,959	(2,607)		(2,607)
Interest on long-term debt	34,876					(34,876)		(34,876)
Total governmental activities	<u>517,206</u>	<u>(7,544)</u>	<u>99,170</u>	<u>109,989</u>	<u>65,937</u>	<u>(234,566)</u>		<u>(234,566)</u>
Business-type activities:								
Electric Utility	408,050	4,374	433,561		3,023		\$ 24,160	24,160
Water Utility	71,622	1,093	70,777	247	247		(1,444)	(1,444)
Sanitation Utility	57,773	445	63,893	178			5,853	5,853
Golf Courses	4,338	127	4,062				(403)	(403)
Convention, Sports & Entertainment Venues	45,816	1,505	37,015		1,111		(9,195)	(9,195)
ARTIC Management	6,374		1,050				(5,324)	(5,324)
Total business-type activities	<u>593,973</u>	<u>7,544</u>	<u>610,358</u>	<u>425</u>	<u>4,381</u>		<u>13,647</u>	<u>13,647</u>
Total government	<u>\$ 1,111,179</u>	<u>\$</u>	<u>\$ 709,528</u>	<u>\$ 110,414</u>	<u>\$ 70,318</u>	<u>(234,566)</u>	<u>13,647</u>	<u>(220,919)</u>
General revenues:								
Taxes:								
Property taxes						72,909		72,909
Sales and use taxes						77,732		77,732
Transient occupancy taxes						149,566		149,566
Motor vehicle license fees						161		161
Other taxes						8,946		8,946
Unrestricted investment earnings						2,116	4,001	6,117
Other						106		106
Transfers						7,701	(7,701)	
Total general revenues and transfers						<u>319,237</u>	<u>(3,700)</u>	<u>315,537</u>
Special item						<u>(8,218)</u>		<u>(8,218)</u>
Change in net position						<u>76,453</u>	<u>9,947</u>	<u>86,400</u>
Net position at beginning of year						<u>761,835</u>	<u>1,110,685</u>	<u>1,872,520</u>
Net position at end of year						<u>\$ 838,288</u>	<u>\$ 1,120,632</u>	<u>\$ 1,958,920</u>

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



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**Balance Sheet**  
**Governmental Funds**  
**June 30, 2017** (In thousands)

	General	Housing Authority	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 9,420	\$ 17,570	\$ 22,240	\$ 49,230
Investments	30,772	61,081	77,315	169,168
Accounts receivable, net	16,494	22	5,140	21,656
Accrued interest receivable	165	232	288	685
Due from other funds	1,461		12,948	14,409
Due from other governments	15,020	114	21,181	36,315
Inventories	224			224
Land held for resale, net		6,684	22,178	28,862
Prepaid and other assets	595		8,747	9,342
Restricted cash and cash equivalents		835	75,563	76,398
Restricted investments			106,106	106,106
Notes receivable, net		51,402	26,888	78,290
Due from Successor Agency	884		10,726	11,610
Total assets	<u>\$ 75,035</u>	<u>\$ 137,940</u>	<u>\$ 389,320</u>	<u>\$ 602,295</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 8,653	\$ 665	\$ 12,463	\$ 21,781
Wages payable	3,573	88	230	3,891
Deposits	8,481	211	1,200	9,892
Due to other funds	35		13,158	13,193
Due to other governments			1,500	1,500
Unearned revenue	802	278		1,080
Total liabilities	<u>21,544</u>	<u>1,242</u>	<u>28,551</u>	<u>51,337</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenues	1,158	54	13,996	15,208
Unavailable resources- long-term notes receivable		51,402	26,888	78,290
Unavailable resources - due from Successor Agency	884		10,726	11,610
Total deferred inflows of resources	<u>2,042</u>	<u>51,456</u>	<u>51,610</u>	<u>105,108</u>
<b>FUND BALANCES:</b>				
Nonspendable :				
Inventory	224			224
Prepaid and other assets	595		8,713	9,308
Land held for resale				
Restricted:				
Anaheim Resort maintenance and improvement			5,900	5,900
Capital projects			13,173	13,173
Claims and judgments	6,035			6,035
Community & Economic Development projects			24,490	24,490
Debt service			126,098	126,098
Development impact projects			94,152	94,152
Grant purposes	203		7,059	7,262
Homebuyer assistance programs		801	5,190	5,991
Low and moderate income housing		59,553		59,553
Rental assistance		1,984		1,984
Streets, roads and transportation improvement projects			26,974	26,974
Assigned:				
Capital projects			8,129	8,129
Debt service			1,483	1,483
Housing projects		22,904		22,904
Other purposes	2,056			2,056
Unassigned	42,336		(12,202)	30,134
Total fund balances	<u>51,449</u>	<u>85,242</u>	<u>309,159</u>	<u>445,850</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 75,035</u>	<u>\$ 137,940</u>	<u>\$ 389,320</u>	<u>\$ 602,295</u>

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

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

**June 30, 2017** (In thousands)

Total fund balances - governmental funds		\$ 445,850
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in the operation of governmental funds are not current financial resources and, therefore, are not reported in the funds. These assets consist of:		
Land	\$ 646,359	
Construction in progress	57,325	
Buildings, structures and improvements	336,808	
Machinery and equipment	59,919	
Infrastructure	861,347	
Accumulated depreciation	(615,129)	
Total capital assets, net		1,346,629
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as deferred inflows of resources in the funds.		105,108
Unamortized prepaid bond insurance (\$1,226) and deferred charge on refunding bonds (\$1,653) are not current financial resources, and, therefore, are not reported in the funds.		2,879
Internal service funds are used by management to charge the costs of certain activities, such as insurance, employee benefits, and fleet services, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position.		41,296
Compensated absences, not otherwise included in the internal service funds, are not due and payable in the current period and, therefore, are not reported in the funds.		(570)
Certain liabilities are not due and payable in the current period, and therefore, are not reported in the funds.		(27,448)
Effects of net pension obligation are not due and payable in the current period, and therefore, are not reported in the funds.		
Deferred outflows of resources	120,099	
Net pension obligation	(496,073)	
Deferred inflows of resources	(42,180)	(418,154)
Long-term liabilities of governmental funds, including bonds (\$627,589), notes and loans payable (\$24,885), and accrued interest payable (\$4,828) are not due and payable in the current period and, therefore, are not reported in the funds.		(657,302)
Net position of governmental activities		<u>\$ 838,288</u>

**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**Year Ended June 30, 2017** (In thousands)

	<u>General</u>	<u>Housing Authority</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Property taxes	\$ 72,873		\$ 36	\$ 72,909
Sales and use taxes	80,500			80,500
Transient occupancy taxes	149,566			149,566
Other taxes	8,287			8,287
Licenses, fees and permits	25,053	\$ 47	11,404	36,504
Intergovernmental revenues	2,381	77,992	43,424	123,797
Charges for services	19,529		22,518	42,047
Fines, forfeits and penalties	2,756			2,756
Use of money and property	3,833	12,989	14,385	31,207
Contribution from property owners			36,864	36,864
Other	1,198	12,643	4,584	18,425
Total revenues	<u>365,976</u>	<u>103,671</u>	<u>133,215</u>	<u>602,862</u>
Expenditures:				
Current:				
City Council	673			673
City Administration	3,001			3,001
City Attorney	7,062		120	7,182
City Clerk	1,226			1,226
Human Resources	1,615			1,615
Finance	5,728		22	5,750
Police	143,919		4,882	148,801
Fire & Rescue	69,357		807	70,164
Community & Economic Development	2,099	80,583	9,407	92,089
Planning & Building	20,531		1,466	21,997
Public Works	18,546		12,340	30,886
Community Services	30,221		2,037	32,258
Public Utilities	2,496			2,496
Convention, Sports & Entertainment	708		13,315	14,023
Capital outlay	3,012	2,480	39,040	44,532
Debt service:				
Principal retirement			26,123	26,123
Interest charges			15,571	15,571
Total expenditures	<u>310,194</u>	<u>83,063</u>	<u>125,130</u>	<u>518,387</u>
Excess of revenues over expenditures	<u>55,782</u>	<u>20,608</u>	<u>8,085</u>	<u>84,475</u>
Other financing sources (uses):				
Transfers in	31,644	1,029	71,124	103,797
Transfers out	(91,957)	(1,500)	(7,989)	(101,446)
Issuance of loan payable			6,125	6,125
Total other financing sources (uses)	<u>(60,313)</u>	<u>(471)</u>	<u>69,260</u>	<u>8,476</u>
Net change in fund balances	(4,531)	20,137	77,345	92,951
Fund balances at beginning of year	55,980	65,105	231,814	352,899
Fund balances at end of year	<u>\$ 51,449</u>	<u>\$ 85,242</u>	<u>\$ 309,159</u>	<u>\$ 445,850</u>

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

## Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities Year Ended June 30, 2017 (In thousands)

Net change in fund balances - total governmental funds	\$ 92,951
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlay as expenditures. However, in the Statement of Activities the costs of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay (\$44,532) exceeded depreciation (\$33,076) in the current period.	11,456
Transfers of capital assets between governmental funds and proprietary funds do not require the use of financial resources and are not reported as transfers in the funds.	310
The net effect of other miscellaneous transactions involving capital assets (i.e., sales, trade-in, retirements and contributions) is to decrease net position.	(19,199)
Revenues in governmental funds provide current financial resources but have been included in the Statement of Activities in prior fiscal year.	(3,049)
Collections of notes and long-term receivables provide current financial resources to governmental funds but reduce receivables in the Statement of Net Position.	(13,389)
Proceeds from long-term debt provide current financial resources to governmental funds, but the issuance of debt increases long-term liabilities in the Statement of Net Position	(6,125)
Payments of principal on long-term debt use current financial resources in the governmental funds, but the repayments reduce long-term liabilities in the Statement of Net Position.	26,123
Certain expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(20,687)
Net effect of accrued net pension liabilities, the related deferred outflows and deferred inflows of resources, and the special item are not reported as expenditures in the funds.	4,276
Internal service funds are used by management to charge the costs of certain activities, such as insurance, employee benefits, and fleet services, to individual funds. The net expense of the internal service funds is reported with governmental activities.	<u>3,786</u>
Change in net position of governmental activities	<u>\$ 76,453</u>

**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Budgetary Basis Actual - General Fund**  
**Year Ended June 30, 2017** (In thousands)

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:				
Property taxes	\$ 70,386	\$ 74,886	\$ 72,873	\$ (2,013)
Sales and use taxes	78,958	78,958	80,500	1,542
Transient occupancy taxes	149,105	149,105	149,566	461
Other taxes	8,119	8,119	8,287	168
Licenses, fees and permits	21,903	21,903	25,053	3,150
Intergovernmental revenues	2,188	2,188	2,381	193
Charges for services	12,605	12,605	19,529	6,924
Fines, forfeits and penalties	2,950	2,950	2,756	(194)
Use of money and property	4,574	2,908	3,833	925
Other	5,971	1,491	1,735	244
Total revenues	356,759	355,113	366,513	11,400
Expenditures:				
City Council	711	725	673	(52)
City Administration	3,512	3,498	3,001	(497)
City Attorney	6,768	7,068	7,062	(6)
City Clerk	1,280	1,398	1,226	(172)
Human Resources	1,806	1,806	1,615	(191)
Finance	6,861	6,861	5,728	(1,133)
Police	136,723	144,027	144,027	
Fire & Rescue	70,332	70,876	70,103	(773)
Community & Economic Development	11,118	8,782	2,099	(6,683)
Planning & Building	19,850	20,531	20,531	
Public Works	18,776	19,467	19,467	
Community Services	31,924	32,026	30,241	(1,785)
Public Utilities	2,712	2,712	2,496	(216)
Convention, Sports & Entertainment	1,944	1,944	1,925	(19)
Total expenditures	314,317	321,721	310,194	(11,527)
Excess of revenues over expenditures	42,442	33,392	56,319	22,927
Other financing sources (uses):				
Transfers in	29,967	29,967	30,144	177
Transfers out	(84,435)	(85,435)	(91,957)	(6,522)
Total other financing uses	(54,468)	(55,468)	(61,813)	(6,345)
Net change in fund balance	(12,026)	(22,076)	(5,494)	16,582
Fund balance at beginning of year	55,980	55,980	55,980	
Fund balance at end of year	\$ 43,954	\$ 33,904	50,486	\$ 16,582
Adjustment to reconcile to GAAP:				
Receipt of interfund receivable			(537)	
Elimination of interfund payable			1,500	
Ending fund balance - GAAP basis			\$ 51,449	

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

**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Budgetary Basis Actual - Housing Authority**  
**Year Ended June 30, 2017** (In thousands)

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:				
Licenses, fees and permits	\$ 35	\$ 35	\$ 47	\$ 12
Intergovernmental revenues	75,410	75,410	77,992	2,582
Use of money and property	10,374	10,374	12,989	2,615
Other	3,474	3,474	12,643	9,169
Total revenues	<u>89,293</u>	<u>89,293</u>	<u>103,671</u>	<u>14,378</u>
Expenditures:				
Current:				
Community & Economic Development	112,335	112,335	83,492	(28,843)
Total expenditures	<u>112,335</u>	<u>112,335</u>	<u>83,492</u>	<u>(28,843)</u>
Excess of revenues over expenditures	<u>(23,042)</u>	<u>(23,042)</u>	<u>20,179</u>	<u>43,221</u>
Other financing sources:				
Transfers in			1,029	1,029
Transfers out				
Total other financing sources			<u>1,029</u>	<u>1,029</u>
Net change in fund balance	(23,042)	(23,042)	21,208	44,250
Fund balance at beginning of year	65,105	65,105	65,105	
Fund balance at end of year	<u>\$ 42,063</u>	<u>\$ 42,063</u>	<u>86,313</u>	<u>\$ 44,250</u>
Adjustments to reconcile to GAAP:				
Cost of improvements to land held for resale			570	
Decline in value of land held for resale			(141)	
Elimination of interfund receivable			(1,500)	
Ending fund balance - GAAP basis			<u>\$ 85,242</u>	



# Statement of Net Position

## Proprietary Funds

### June 30, 2017 (In thousands)

	Business-type Activities - Enterprise Funds						Total	Governmental Activities - Internal Service Funds
	Electric Utility	Water Utility	Sanitation Utility	Golf Courses	Convention, Sports & Entertainment Venues	ARTIC Management		
<b>ASSETS</b>								
Current assets:								
Cash and cash equivalents	\$ 16,908	\$ 5,860	\$ 11,108	\$ 6	\$ 8,004	\$ 106	\$ 41,992	\$ 19,494
Investments	58,780	20,368	34,880	20	33,982		148,030	67,768
Restricted cash and cash equivalents	11,866	2,879	3,209		87		18,041	
Restricted investments	17,262	3,781	5,422		13,395		39,860	
Accounts receivable, net	48,459	6,054	7,816	143	2,611	218	65,301	2,253
Accrued interest receivable	1,110	104	175		204		1,593	220
Interfund receivable	345						345	833
Inventories	13,967	2,564			2		16,533	910
Prepaid and other assets	27,106	4			2,005	143	29,258	2,675
Total current assets	195,803	41,614	62,610	169	60,290	467	360,953	94,153
Noncurrent assets:								
Restricted cash and cash equivalents, less current portion	204,229	62,540	5,420				272,189	2,013
Restricted investments, less current portion	100,659	2,087			37,293		140,039	
Unamortized prepaid bond insurance			68				68	
Accounts receivable, less current portion								3,632
Interfund receivable, less current portion	2,407						2,407	27
Prepaid and other assets	68,275						68,275	
Net other post-employment benefits (OPEB) asset								11,304
Capital assets:								
Land	34,243	2,339	316	1,949	18,135	32,523	89,505	
Buildings, structures and improvements			114,569	18,874	499,982	171,041	804,466	8,978
Utility plant	1,370,170	456,834					1,827,004	
Machinery and equipment			8,315	834	28,518	2,482	40,149	72,712
Construction in progress	91,236	15,232	6,667		186,693		299,828	1,773
Total capital assets	1,495,649	474,405	129,867	21,657	733,328	206,046	3,060,952	83,463
Less accumulated depreciation	(601,412)	(155,324)	(21,702)	(12,394)	(266,703)	(5,815)	(1,063,350)	(55,062)
Capital assets, net	894,237	319,081	108,165	9,263	466,625	200,231	1,997,602	28,401
Total noncurrent assets	1,269,807	383,708	113,653	9,263	503,918	200,231	2,480,580	45,377
Total assets	1,465,610	425,322	176,263	9,432	564,208	200,698	2,841,533	139,530
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>								
Deferred charge on refunding bonds	11,047	5,332			418		16,797	
Deferred pension related items	19,117	6,652	3,989	238	8,251		38,247	6,218
Total deferred outflows of resources	30,164	11,984	3,989	238	8,669		55,044	6,218

(continued)

# Statement of Net Position

## Proprietary Funds

### June 30, 2017 (In thousands) (continued)

	Business-type Activities - Enterprise Funds							Governmental Activities - Internal Service Funds
	Electric Utility	Water Utility	Sanitation Utility	Golf Courses	Convention, Sports & Entertainment Venues	ARTIC Management	Total	
<b>LIABILITIES</b>								
Current liabilities (payable from current assets):								
Accounts payable	\$ 50,738	\$ 12,651	\$ 4,344	\$ 327	\$ 1,470	\$ 284	\$ 69,814	\$ 7,342
Wages payable	536	228	106	8	419		1,297	4,654
Interest payable					2,006		2,006	94
Compensated absences								12,069
Long-term liabilities	5,226		654		4,846	3,500	14,226	13,051
Unearned revenues					4,236	10	4,246	2,280
Deposits	4,170	331	565	3	3,661	44	8,774	
Interfund payable		345		1,251			1,596	825
Total current liabilities (payable from current assets)	60,670	13,555	5,669	1,589	16,638	3,838	101,959	40,315
Current liabilities (payable from restricted assets):								
Accounts payable	5,744	1,310	385		13,390		20,829	
Wages payable	147		12		5		164	
Interest payable	7,513	1,922	793		87		10,315	
Arbitrage rebate liability	76	58					134	
Long-term liabilities	15,648	3,370	460				19,478	
Total current liabilities (payable from restricted assets)	29,128	6,660	1,650		13,482		50,920	
Total current liabilities	89,798	20,215	7,319	1,589	30,120	3,838	152,879	40,315
Noncurrent liabilities:								
Interfund payable, less current portion		2,407					2,407	
Interest payable						2,635	2,635	
Long-term obligations, less current portion	749,966	175,430	40,387		239,936	16,500	1,222,219	53,546
Net pension liabilities	77,861	25,862	14,035	1,035	30,526		149,319	22,421
Provision for decommissioning costs	116,477						116,477	
Total noncurrent liabilities	944,304	203,699	54,422	1,035	270,462	19,135	1,493,057	75,967
Total liabilities	1,034,102	223,914	61,741	2,624	300,582	22,973	1,645,936	116,282
<b>DEFERRED INFLOWS OF RESOURCES</b>								
Regulatory credits	98,218	1,836					100,054	
Deferred pension related items	7,633	3,363	1,340	91	2,677		15,104	3,021
Total deferred inflows of resources	105,851	5,199	1,340	91	2,677		115,158	3,021
<b>NET POSITION</b>								
Net investment in capital assets	294,820	207,536	66,664	9,263	257,599	180,231	1,016,113	23,984
Restricted for:								
Debt service	16,748	3,036	460				20,244	
Capital projects	16,060	3,038	12,357		21,238		52,693	
Other purposes	10,874						10,874	
Unrestricted	17,319	(5,417)	37,690	(2,308)	(9,219)	(2,506)	35,559	2,461
Total net position	\$ 355,821	\$ 208,193	\$ 117,171	\$ 6,955	\$ 269,618	\$ 177,725	1,135,483	\$ 26,445
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.							(14,851)	
Net position of business-type activities							\$ 1,120,632	

**Statement of Revenues, Expenses and Changes in Net Position  
Proprietary Funds  
Year Ended June 30, 2017** (In thousands)

	Business-type Activities - Enterprise Funds						Total	Governmental Activities - Internal Service Funds
	Electric Utility	Water Utility	Sanitation Utility	Golf Courses	Convention, Sports & Entertainment Venues	ARTIC Management		
Operating revenues:								
Sales of retail and wholesale electricity, net	\$ 397,615						\$ 397,615	
Transmission revenues	31,457						31,457	
Sales of water, net		\$ 69,569					69,569	
Solid waste collection fees			\$ 45,341				45,341	
Wastewater fees			12,889				12,889	
Street cleaning fees			3,277				3,277	
Green fees and cart rentals				\$ 3,607			3,607	
Facilities rental					\$ 28,591	\$ 1,007	29,598	
Concession fees				232	6,446		6,678	
Charges for services								\$ 148,555
Other	4,489	1,208	2,386	223	1,978	43	10,327	80
Total operating revenues	433,561	70,777	63,893	4,062	37,015	1,050	610,358	148,635
Operating expenses:								
Cost of purchased power	263,729						263,729	
Fuel and generation of power	19,337						19,337	
Cost of purchased water		27,581					27,581	
Treatment and pumping of water		8,367					8,367	
Maintenance, operations and administration	50,128	19,645	54,255	3,944	32,662	3,644	164,278	47,150
Insurance premiums and claims								15,767
Compensated absences and other benefits								82,738
Depreciation and amortization	56,796	10,634	2,779	511	13,054	2,302	86,076	5,321
Total operating expenses	389,990	66,227	57,034	4,455	45,716	5,946	569,368	150,976
Operating income (loss)	43,571	4,550	6,859	(393)	(8,701)	(4,896)	40,990	(2,341)
Nonoperating income (expenses):								
Intergovernmental revenues		247	178				425	380
Investment income	2,244	1,013	376	(2)	370		4,001	235
Interest expense	(22,192)	(6,407)	(1,427)	(7)	(1,417)	(428)	(31,878)	(202)
Gain (loss) from disposal of capital assets			(15)		(107)		(122)	215
Total nonoperating expenses	(19,948)	(5,147)	(888)	(9)	(1,154)	(428)	(27,574)	628
Income (loss) before contributions and transfers	23,623	(597)	5,971	(402)	(9,855)	(5,324)	13,416	(1,713)
Capital contributions	3,023	247			1,111		4,381	
Transfers in	53	600			16,807	5,167	22,627	5,040
Transfers out	(24,726)	(947)	(2,528)		(1,817)		(30,018)	
Change in net position	1,973	(697)	3,443	(402)	6,246	(157)	10,406	3,327
Net position at beginning of year	353,848	208,890	113,728	7,357	263,372	177,882		23,118
Net position at end of year	\$ 355,821	\$ 208,193	\$ 117,171	\$ 6,955	\$ 269,618	\$ 177,725		\$ 26,445
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.							(459)	
Change in net position of business-type activities							\$ 9,947	

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

# Statement of Cash Flows

## Proprietary Funds

### Year Ended June 30, 2017 (In thousands)

	Business-type Activities - Enterprise Funds						Governmental Activities - Internal Service Funds	
	Electric Utility	Water Utility	Sanitation Utility	Golf Courses	Convention, Sports & Entertainment Venues	ARTIC Management		Total
Cash flows from operating activities:								
Receipts from customers and users	\$ 437,980	\$ 67,903	\$ 61,032	\$ 3,614	\$ 37,055	\$ 930	\$ 608,514	
Receipts from interfund services provided	2,709	313	31				3,053	\$ 148,555
Payments to suppliers	(262,435)	(29,936)	(42,530)	(3,252)	(9,226)	(3,689)	(351,068)	(31,254)
Payments for salaries, wages and other benefits	(45,293)	(14,788)	(8,195)	(567)	(19,958)		(88,801)	(94,286)
Payments for interfund services used	(12,762)	(4,858)	(3,496)	(195)	(3,452)	(36)	(24,799)	(4,326)
Payments for insurance premiums and claims								(14,782)
Other receipts			2,370	417		43	2,830	125
Net cash provided by (used for) operating activities	<u>120,199</u>	<u>18,634</u>	<u>9,212</u>	<u>17</u>	<u>4,419</u>	<u>(2,752)</u>	<u>149,729</u>	<u>4,032</u>
Cash flows from noncapital financing activities:								
Receipt of interfund balances				700			700	832
Payment of interfund balances		(345)		(112)			(457)	(845)
Payment of decommissioning costs	(4,270)						(4,270)	
Transfers in		600				2,167	2,767	5,040
Transfers out	(24,726)	(894)	(2,528)		(1,817)		(29,965)	
Operating grant receipts		247	801				1,048	
Net cash provided by (used for) noncapital financing activities	<u>(28,996)</u>	<u>(392)</u>	<u>(1,727)</u>	<u>588</u>	<u>(1,817)</u>	<u>2,167</u>	<u>(30,177)</u>	<u>5,027</u>
Cash flows from capital and related financing activities:								
Proceeds from sale of capital assets								359
Capital contributions	2,234	5					2,239	
Capital purchases	(61,208)	(12,898)	(4,891)	(48)	(78,781)	(22)	(157,848)	(8,014)
Proceeds from issuance of bonds	324,248	40,455					364,703	
Transfer to refunded bond escrow agent	(214,176)						(214,176)	
Proceeds from issuance of loan	315		205		27		547	6,023
Debt Issuance costs	(910)	(443)					(1,353)	
Principal payments on long-term debt	(32,164)	(3,380)	(1,054)		(15,403)	(3,000)	(55,001)	(2,650)
Interest payments	(29,889)	(6,853)	(1,956)	(14)	(12,088)		(50,800)	(99)
Payment of interfund balances for capital purposes	345			(537)			(192)	
Transfers in for capital purposes	50				16,807	3,000	19,857	
Transfers out for capital purposes		(50)					(50)	
Net cash provided by (used for) capital and related financing	<u>(11,155)</u>	<u>16,836</u>	<u>(7,696)</u>	<u>(599)</u>	<u>(89,438)</u>	<u>(22)</u>	<u>(92,074)</u>	<u>(4,381)</u>
Cash flows from investing activities:								
Purchase of investment securities	(53,969)	(12,376)	(18,931)	(9)	(14,063)		(99,348)	(31,831)
Proceeds from sale and maturity of investment securities	118,055	40,410	17,035	5	101,363		276,868	31,272
Interest received	3,675	1,190	663		643		6,171	747
Net cash provided by (used for) investing activities	<u>67,761</u>	<u>29,224</u>	<u>(1,233)</u>	<u>(4)</u>	<u>87,943</u>		<u>183,691</u>	<u>188</u>
Increase (decrease) in cash and cash equivalents	147,809	64,302	(1,444)	2	1,107	(607)	211,169	4,866
Cash and cash equivalents at beginning of the year	85,194	6,977	21,181	4	6,984	713	121,053	16,641
Cash and cash equivalents at end of the year	<u>\$ 233,003</u>	<u>\$ 71,279</u>	<u>\$ 19,737</u>	<u>\$ 6</u>	<u>\$ 8,091</u>	<u>\$ 106</u>	<u>\$ 332,222</u>	<u>\$ 21,507</u>

(continued)

# Statement of Cash Flows

## Proprietary Funds

### Year Ended June 30, 2017 (In thousands) (continued)

	Business-type Activities - Enterprise Funds						Total	Governmental Activities - Internal Service Funds
	Electric Utility	Water Utility	Sanitation Utility	Golf Courses	Convention, Sports & Entertainment Venues	ARTIC Management		
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:								
Operating income (loss)	\$ 43,571	\$ 4,550	\$ 6,859	\$ (393)	\$ (8,701)	\$ (4,896)	\$ 40,990	\$ (2,341)
Adjustment to reconcile operating income (loss) to net cash provided by (used for) operating activities:								
Depreciation and amortization	56,796	10,634	2,779	511	13,054	2,302	86,076	5,321
Increase in provision for decommissioning costs	753						753	
Write-off of a construction work in progress		4,650					4,650	
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources that provided (used) cash:								
Accounts receivable	(931)	(1,135)	(542)	(31)	(547)	(78)	(3,264)	337
Inventories	3,767	(199)					3,568	(120)
Prepays and other assets	(1,387)	16			(9)	(3)	(1,383)	164
Accounts payable	11,737	2,240	327	(27)	531	(78)	14,730	519
Wages and benefits payable	(2,166)	(696)	(293)	(43)	(496)		(3,694)	(1,433)
Unearned revenues					85		85	77
Deposits	321	(363)	82		502	1	543	
Compensated absences, OPEB and self-insurance liability								1,508
Regulatory credits	7,738	(1,063)					6,675	
Total adjustments	76,628	14,084	2,353	410	13,120	2,144	108,739	6,373
Net cash provided by (used for) operating activities	\$ 120,199	\$ 18,634	\$ 9,212	\$ 17	\$ 4,419	\$ (2,752)	\$ 149,729	\$ 4,032
Schedule of noncash investing, capital and noncapital financing:								
Capital assets financed through capital leases								\$ 969
Capital contributions	\$ 789	\$ 242			\$ 1,111		\$ 2,142	
Transfers in (out) of capital assets	53	(53)	\$ (310)				(310)	
Write-off of a construction work in progress		4,650					4,650	
Decrease in fair value of investments	(1,508)	(192)	(332)	\$ (1)	(235)		(2,268)	(568)
Reconciliation of cash and cash equivalents:								
Cash and cash equivalents	\$ 16,908	\$ 5,860	\$ 11,108	\$ 6	\$ 8,004	\$ 106	\$ 41,992	\$ 19,494
Restricted cash and cash equivalents, current portion	11,866	2,879	3,209		87		18,041	
Restricted cash and cash equivalents, noncurrent portion	204,229	62,540	5,420				272,189	2,013
Total cash and cash equivalents	\$ 233,003	\$ 71,279	\$ 19,737	\$ 6	\$ 8,091	\$ 106	\$ 332,222	\$ 21,507

**Statement of Fiduciary Net Position (Deficit)**  
**Fiduciary Funds**  
**June 30, 2017** (In thousands)

	Investment Trust Funds	Successor Agency Private Purpose Trust Fund	Agency Funds
<b>ASSETS</b>			
Restricted cash and cash equivalents	\$ 327	\$ 33,383	\$ 7,103
Restricted investments	1,139		29
Accrued interest receivable	7	27	
Accounts receivable, net		4	7
Notes receivable, net		794	
Prepaid and other assets		97	
Unamortized prepaid bond insurance		1,725	
Total assets	1,473	36,030	7,139
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred charge on refunding bonds		195	
Total deferred outflows of resources		195	
<b>LIABILITIES</b>			
Accounts payable		63	
Wages payable		4	
Interest payable		5,766	
Deposits		260	
Due to bond holders			7,139
Long-term liabilities:			
Due within one year		9,983	
Due in more than one year		221,339	
Total liabilities		237,415	\$ 7,139
<b>NET POSITION</b>			
Held in trust for pool participants	1,473		
Held in trust for other purposes (deficit)		(201,190)	
Total net position (deficit)	\$ 1,473	\$ (201,190)	

**Statement of Changes in Fiduciary Net Position (Deficit)**  
**Fiduciary Funds**  
**Year Ended June 30, 2017** (In thousands)

	<u>Investment Trust Funds</u>	<u>Successor Agency Private Purpose Trust Fund</u>
<b>ADDITIONS</b>		
Property taxes		\$ 24,966
Contributions to pooled investments	\$ 7,004	
Interest and investment income	14	477
Rental income		407
Other		1,861
Transfer of net pension obligation to City of Anaheim		8,218
Total additions	<u>7,018</u>	<u>35,929</u>
<b>DEDUCTIONS</b>		
Distributions from pool investments	7,031	
Salaries and administration		441
Program expenses		4,477
Interest expense		11,847
Total deductions	<u>7,031</u>	<u>16,765</u>
Change in net position	(13)	19,164
Net position (deficit) held in trust at beginning of year	1,486	(220,354)
Net position (deficit) held in trust at end of year	<u>\$ 1,473</u>	<u>\$ (201,190)</u>



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## Notes to Financial Statements

(Amounts in thousands)

### NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

#### The financial reporting entity

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

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

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

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

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

Anaheim Housing and Public Improvement Authority (AHPIA), a joint power authority, was created by and between the City and the Anaheim Housing Authority

as a vehicle to reduce local borrowing costs and promote greater use of existing and new financial instruments and mechanisms. Members of the City Council of the City serves as the members of the Board and Directors of the AHPIA. Financial activity of the AHPIA has been blended into the City's CAFR into various business-type activities and funds of the City as applicable.

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

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

#### Basic financial statements

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

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

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

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

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

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

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

The City reports the following major governmental funds:

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

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

The City reports the following major enterprise funds:

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

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

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

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

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

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

The internal service funds, which provide services to the other funds of the City, are presented in a single column in the proprietary funds financial statements. Because the principal users of the internal service funds are the City's governmental activities, the assets and liabilities of the internal service funds are consolidated into the governmental activities column of the government-wide Statement of Net Position. The costs of the internal service fund services are spread to the

appropriate function or program on the government-wide Statement of Activities and the revenues and expenses within the internal service funds are eliminated from the government-wide financial statements to avoid any doubling effect of these revenues and expenses. The City operates four internal service funds:

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

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

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

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

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

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

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

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

### Measurement focus and basis of accounting

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

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

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

The proprietary funds financial statements are prepared on the same basis (economic resources measurement focus and accrual basis of accounting) as the government-wide financial statements. Therefore, most lines for the total enterprise funds on the proprietary funds financial statements will directly reconcile to the business-type activities column on the government-wide financial statements. Because the enterprise funds are combined into a single business-type activities column on the government-wide financial statements, certain interfund activities between these funds are eliminated in the consolidation for the government-wide financial statements, but are included in the fund columns in the proprietary funds financial statements. The net costs of the internal service funds are also partially allocated to the business-type activities column on the government-wide financial statements. A reconciliation of the total enterprise funds on the fund financial statements to the business-type activities column on the government-wide financial statements is provided on the face of the fund financial statements.

Enterprise funds account for operations where the intent of the City is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges and fees. Under GASB Statement No. 34, enterprise funds are also required for any activity whose principal

revenue sources meet any of the following criteria: 1) any activity that has issued debt backed solely by the fees and charges of the activity, 2) the cost of providing services for an activity, including capital costs such as depreciation or debt service, must legally be recovered through fees and charges, or it is the policy of the City to establish activity fees or charges to recover the cost of providing services, including capital costs.

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

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

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

### **Cash and investments**

The City pools available cash from all funds for the purpose of increasing income through investment activities. Investments in U.S. Treasury obligations and agency securities and medium term corporate notes are carried at fair value based on quoted market prices. Nonparticipating guaranteed investment contracts, flexible repurchase agreements are carried at cost-based measure. Money market mutual funds and participating interest-earning investment contracts that have a remaining maturity at the time of purchase of one year or less are carried at amortized cost (which approximates fair value). The City's investment in the State of California Local Agency Investment Fund (LAIF) is carried at fair value based on the value of each participating dollar as provided by LAIF. LAIF is authorized by California Government Code (Government Code) Section 16429 under the oversight of the Treasurer of the State of California. Commercial paper, participating guaranteed investment contracts and negotiable certificates of deposit are carried at amortized cost (which approximates fair value). Interest income, which includes changes in fair value, on investments is allocated to all funds on the basis of daily cash and investment balances. See note 3 for further discussion.

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

### **Notes receivable**

In the government-wide financial statements, notes receivable of \$78,290 includes accrued interest receivable of \$20,483, ranging from 3% to 10% interest per annum, and is net of allowances of \$23,258 for uncollectible accounts at June 30, 2017. Allowances for uncollectible accounts were estimated based on certain assumptions; therefore, actual results could differ from the estimates.

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

### **Inventories**

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

### **Prepaid and other assets**

Certain payments to vendors such as insurance premiums, prepaid power, prepaid rents, prepaid software maintenance and deposits for real property acquisitions reflect costs applicable to future periods and are recorded as prepaid and other assets in both government-wide and fund financial statements. The costs of these prepaid items are recorded as expenditures/expenses in the period when consumed or when the City receives title to the real property rather than when purchased.

### **Land held for resale**

The Housing Authority has recorded parcels of land held for resale in their financial records. The properties held for resale are for the primary purpose of developing low and moderate income housing and are recorded at the lower of cost or estimated net realizable value. At June 30, 2017, land held for resale with an original cost of \$12,809 was recorded net of the allowance for decline in value of \$6,125 and totaled \$6,684, with this amount offset by a restriction of fund balance for low and moderate income housing in the Housing Authority major governmental fund financial statement.

The Long Range Property Management Plan nonmajor Special Revenue Fund records parcels of land held for resale transferred from the Successor Agency to the former Anaheim Redevelopment Agency on January 1, 2016 under the authorization of the approved Long Range Property Management Plan of the State of California Health and Safety Code Section 34191.5. The parcels are approved for future developments. The City has recorded the land held for resale equal to the net realizable value of these assets as recorded in the Successor Agency's financial

records in the amount of \$22,178 with a corresponding restriction in fund balance for future economic development.

**Restricted assets**

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

**Capital assets**

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

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

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

Major outlays for capital assets and improvements are capitalized as the projects are constructed. Interest incurred during the construction phase of projects is reflected in the capitalized value of the asset constructed for proprietary funds. For the year ended June 30, 2017, business-type activities capitalized net interest costs of \$13,692 in the government-wide and fund financial statements. Total interest expense incurred by the business-type activities (and the enterprise funds on the proprietary funds statements) before capitalization was \$45,570. Capitalized interest in the Convention, Sports & Entertainment Venues Fund in the amount of \$8,640 was calculated by netting the actual interest expense on the bonds (\$9,568) with the actual investment earnings on the unspent proceeds of the bonds (\$928) as the 2014-A Lease Revenue Tax-Exempt Bonds was issued to finance the specific Convention Center Expansion.

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

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

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

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

**Debt issuance costs**

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

**Bond refunding costs**

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

**Accretion**

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

**Deferred outflows of resources**

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

1. Deferred charges on refunding bonds - A deferred charge on refunding bonds results from the difference in the carrying value of debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The City reported \$1,653 in governmental activities and \$16,797 in business-type activities in this category.
2. Deferred outflows of resources related to pension - these balances represent current fiscal year contribution to the pension plans that will be applied as a reduction in net pension liability in the next fiscal year; or other items arising from changes in actuarial assumptions, difference between actual and projected experience, difference between actual and projected investment gains/losses or changes in a fund's proportionate share of the net pension liability; the amount will be amortized and reported as a component in pension expense in future fiscal years (refer to discussion of Pension Plans). The City reported \$126,317 in governmental activities and \$38,247 in business-type activities in this category.

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

	Business-type activities
Enterprise Funds:	
Electric Utility	\$ 98,218
Water Utility	1,836
Total	<u>\$ 100,054</u>

3. Deferred inflows of resources related to pension are certain changes in total pension liability and fiduciary net position that are to be recognized as an increase in pension expenses in future fiscal years. These are the balances arise from changes in actuarial assumptions; difference between actual and projected experience; difference between actual and projected investment gains/losses or changes in the Fund's proportionate share of the Plan's net pension liability. Refer to discussion of Pension Plans in note 10 of the notes to the financial statements on pages 76-80 of this report. The City reported \$45,201 in governmental activities and \$15,104 in business-type activities in this category.

**Deferred inflows of resources**

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

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

	General Fund	Housing Authority	Nonmajor Governmental Funds	Total
Governmental Funds:				
Taxes	\$ 948			\$ 948
Grants		\$ 54	\$ 13,937	13,991
Other revenues	210		59	269
Long-term notes receivable		51,402	26,888	78,290
Due from successor agency	884		10,726	11,610
Total	<u>\$ 2,042</u>	<u>\$ 51,456</u>	<u>\$ 51,610</u>	<u>\$ 105,108</u>

**Regulatory credits**

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

The Electric Utility restructured its rates effective September 1, 2016 in order to more effectively align the recovery of the Electric Utility's costs with the nature of the costs incurred. This was accomplished by reducing the Power Cost Adjustment (PCA) and the Environmental Mitigation Adjustment (EMA) with corresponding increases to base rates. The restructuring was designed to be revenue neutral to the customer. As of June 30, 2017, the Electric Utility recorded deferred inflows of resources for regulatory credits related to PCA totaled \$22,468.

As of September 8, 2017, the EMA rate was \$0.0005 per kWh for all customers regardless of the amount of energy used. At June 30, 2017, the deferred inflows of resources recorded for regulatory credits related to EMA totaled \$75,750. During fiscal year 2017, There was no RSA revenues recognized.

The Water Utility's rates, rules and regulations provide for a water regulatory credit account to reflect variations in the cost of water to the Water Utility and provide more stable retail water rates to the customers of the City's Water Utility. This rate stabilization account (RSA) provides increased flexibility by allowing the Water Utility to maintain financial performance indicators and goals specified in bond covenants. The account is funded through expense reimbursements such as water supply cost refunds received from the Metropolitan Water District and Orange County Water District and other miscellaneous credits and revenue. At June 30, 2017 the deferred inflows of resources recorded for regulatory credits totaled \$1,836 for the Water Utility. During fiscal year 2017, the Water Utility recognized \$1,375 of PCA revenues.

**Compensated absences**

Compensated absences, vacation and sick pay, for all City employees are generally paid by the General Benefits and Insurance Fund, an internal service fund. The General Benefits and Insurance Fund is reimbursed through payroll charges to all other funds based on estimates of benefits to be earned and used during the fiscal year. It is the policy of the City to pay all accumulated vacation pay when an employee retires or terminates. Accumulated sick pay in excess of 175 hours per employee is paid to employees at their then current rate of pay in January each year or upon termination from the City. Employees are paid for all accumulated sick pay when they retire from the City. Vested vacation and sick pay benefits are accrued when incurred in the General Benefits and Insurance Fund and at June 30, 2017, totaled \$20,371 and is included in long-term liabilities in the Statement of Net Position. Also included in long-term liabilities in the Statement of Net Position at June 30, 2017, is compensatory time liability of \$570.

Changes in the City's compensated absences liability in fiscal year 2017 were as follows:

Compensated absences liability at beginning of year	\$ 20,538
Estimated compensated absence benefits earned	24,945
Compensated absences used	<u>(24,542)</u>
Compensated absences liability end of year	<u>\$ 20,941</u>

**Provision for decommissioning costs**

Federal regulations require the Electric Utility to provide for the future decommissioning costs of its former ownership share of San Onofre Nuclear Generating Station (SONGS). The Electric Utility has established a provision for decommissioning costs of SONGS and restoration of the beachfront at San Onofre, California where it is located. A separate irrevocable trust account has been established for amounts funded and these amounts are classified as restricted assets in the accompanying statement of net position. At June 30, 2017, the Electric

Utility has recorded a provision for decommissioning costs for SONG totaled \$110,757.

On June 7, 2013, the Southern California Edison (SCE) announced the permanent retirement of the SONGS plant. The estimated completion of the decommissioning is expected to take approximately 30 to 40 years. The Electric Utility continues to fund the reserve until the end of the trust fund. On September 23, 2014, the SCE submitted a decommissioning cost analysis study to Nuclear Regulatory Commission (NRC). According to this new study for the decommissioning costs of SONGS, the Electric Utility's share of decommissioning costs is \$110,756 at June 30, 2017. The Electric Utility currently has \$110,384 in an irrevocable trust for the decommissioning costs.

During fiscal year 2017, the Electric Utility has drawn \$4,270 from the trust for the disbursements of decommissioning related obligations.

The Electric Utility has a 10.04% ownership interest of the San Juan Generating Station, Unit 4 (SJ). The Electric Utility is providing for the future demolition and reclamation costs of its ownership share of SJ. As of June 30, 2017, the Electric Utility has recorded a provision for decommissioning costs for SJ of \$5,720 of which \$3,848 was in irrevocable trust and \$1,872 in the City's restricted cash account. For the year ended June 30, 2017, the Electric Utility has recorded decommissioning costs incurred for SJ of \$440 in fuel and generation of power of the operating expenses.

**Pension plan**

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

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

**Net position restricted by enabling legislation**

The government-wide Statement of Net Position reports \$274,830 of governmental activities restricted net position, of which 58,088 is restricted by enabling legislation.

## Fund balances

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

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

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

In all governmental funds, encumbered amounts have been restricted or assigned for specific purposes for which resources have already been allocated. At June 30, 2017, encumbrances totaled \$2,056, \$0, and \$19,442 in the General Fund, Housing Authority Special Revenue Fund, and other nonmajor governmental funds, respectively.

The accumulated deficit fund balances at June 30, 2017 of \$73 in the Workforce Development Nonmajor Special Revenue Fund, \$359 in the Grants Nonmajor Special Revenue Fund, \$9,709 in the Street Construction nonmajor Capital Project Fund, and \$2,061 in the Transportation Improvement Projects nonmajor Capital Project Fund, will be eliminated in future years by the receipt of reimbursements for grant expenditures.

## Budgetary principles

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

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

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

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

## Property taxes

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on July 1 and are payable in two installments due on November 1 and February 1 and become delinquent after December 10 and April 10. The County of Orange, California (County) bills and collects the property taxes and remits them to the City in installments during the year. City property tax revenues are recognized



when levied in the governmental funds to the extent that they result in current receivables collectible within 60 days after year-end. See note 8 for discussion of pledged property tax revenues.

The County is permitted by State law (Proposition 13) to levy taxes at 1% of full market value (at time of purchase) and can increase the property tax rate no more than 2% per year from the full market value at the time of purchase. The City receives a share of this basic levy proportionate to what it received in the 1976 and 1978 periods.

#### **Entitlements, shared revenues and grants**

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

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

Revenue is recorded in the period in which services are provided. Most residential and smaller commercial customers are billed bimonthly and all other customers monthly. At June 30, 2017 unbilled but earned service charges recorded in accounts receivable for the Electric Utility, Water Utility, and Sanitation Utility Funds amounted to \$25,730, \$1,646, and \$3,686, respectively. See note 8 for discussion of pledged revenues.

#### **Use of estimates**

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

#### **NOTE 2 – NEW ACCOUNTING PRONOUNCEMENTS**

On July 1, 2016, the city adopted the following new accounting pronouncements issued by the GASB:

- Statement No. 77, *Tax Abatement Disclosures*. The requirements of this Statement are effective for fiscal year beginning after December 15, 2015.
- Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*. The requirements of this Statement are effective for fiscal year beginning after December 15, 2016.
- Statement No. 80, *Blending Requirements for Certain Component Units - An Amendment of GASB Statement No. 14*. The requirements of this Statement are effective for fiscal year beginning after June 15, 2015.

- Statement No. 82, *Pension Issues - an amendment of GASB Statement No. 67, 68, and 73*. The requirements of this Statement are effective for fiscal year beginning after June 15, 2016, except for the provision of paragraph 7 in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements of paragraph 7 are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017.

Implementation of these Statements had no material effect on amounts reported in the City's financial statements for fiscal year ended June 30, 2017.

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

- Statement No. 75, *Accounting and Financial Reporting for Post-employment Benefits Other Than Pension Plans*. The requirements of this statement are effective for fiscal years beginning after June 15, 2017.
- Statement No. 81, *Irrevocable Split-Interest Agreement*. The requirements of this Statement are effective for fiscal year beginning after December 15, 2016.
- Statement No. 83, *Certain Asset Retirement Obligations*. The requirements of this Statement are effective for fiscal year beginning after June 15, 2018.
- Statement No. 84, *Fiduciary Activities*. The requirements of this Statement are effective for fiscal year beginning after December 15, 2018.
- Statement No. 86, *Certain Debt Extinguishment Issues*. The requirements of this Statement are effective for reporting periods beginning after June 15, 2017.
- Statement No. 87, *Leases*. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

#### **NOTE 3 – DEPOSITS AND INVESTMENTS:**

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

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

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

Deposits and investments are comprised of the following at June 30, 2017:

	Cash and Cash Equivalents	Investments	Restricted Cash and Cash Equivalents	Restricted Investments	Total
Governmental activities:					
General Fund	\$ 9,420	\$ 30,772			\$ 40,192
Housing Authority	17,570	61,081	\$ 835		79,486
Nonmajor governmental funds	22,240	77,315	75,563	\$ 106,106	281,224
Internal service funds	19,494	67,768	2,013		89,275
Total governmental activities	68,724	236,936	78,411	106,106	490,177
Business-type activities:					
Electric Utility	16,908	58,780	216,095	117,921	409,704
Water Utility	5,860	20,368	65,419	5,868	97,515
Sanitation Utility	11,108	34,880	8,629	5,422	60,039
Golf Courses	6	20			26
Convention, Sports & Entertainment Venues	8,004	33,982	87	50,688	92,761
ARTIC Management	106				106
Total business-type activities	41,992	148,030	290,230	179,899	660,151
Government-wide totals	110,716	384,966	368,641	286,005	1,150,328
Fiduciary funds			40,813	1,168	41,981
Total cash and investments	\$ 110,716	\$ 384,966	\$ 409,454	\$ 287,173	\$ 1,192,309

Deposits and investments are comprised of the following at June 30, 2017:

Deposits	\$ 63,674
Investments	1,128,635
Total deposits and investments	<u>\$ 1,192,309</u>

At June 30, 2017, deposits of \$63,674 with a corresponding bank balance of \$71,650 were maintained in various federally regulated financial institutions. The difference of \$7,976 represents deposits in transit, outstanding checks, and other reconciling items. Deposits with bank balances of \$1,916 are insured by the Federal Depository Insurance Corporation. For deposits with bank balances totaling \$69,734 California state statutes require federally regulated financial institutions to secure a city's deposits by pledging collateral consisting of either government securities with a value of 110% of a city's total deposits or by pledging first trust deed mortgage notes having a value of 150% of a city's total deposits. The collateral is required by regulation to be held by the counterparty's agent in the name of the City.

### Investments

The City Treasurer prepares an investment policy statement annually, which is presented to the Budget, Investment and Technology Commission for review and the City Council for approval. The approved investment policy Statement is

submitted to the California Debt and Investment Advisory Committee in accordance with Government Code.

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

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

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

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

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

The City's pooled investments comply with the requirements of the investment policy. GAAP requires disclosure of certain investments in any one issuer that exceeds five percent concentration of the total investments. At June 30, 2017, the following investments represent five percent or more of the City's total pooled investments:

<u>Issuer</u>	<u>Investment Type</u>	<u>Fair Value</u>	<u>%</u>
U.S. Treasury obligations	Treasury securities	\$ 89,520	17%
LAIF	LAIF	79,986	15%
Federal National Mortgage Association	U.S. agency securities	72,286	14%
Federal Home Loan Mortgage Corporation	U.S. agency securities	63,008	12%
Federal Farm Credit Bank	U.S. agency securities	33,324	6%

#### Investments authorized by debt agreements

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

At June 30, 2017, the following investments represent five percent or more of the City's total investments controlled by bond trustees:

<u>Issuer</u>	<u>Investment Type</u>	<u>Fair Value</u>	<u>%</u>
U.S. Bank	Money market mutual fund	\$ 248,477	41%
Morgan Stanley	Flexible repurchase agreement	90,294	15%
Deutsche Bank	Guaranteed investment agreement	61,037	10%
Federated government obligation	Money market	59,427	10%
Federal National Mortgage Association	U.S. agency securities	30,511	5%
Dreyfus Treasury	Money market mutual fund	27,963	5%

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

#### Custodial credit risk

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

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

#### Interest rate risk

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

Investments held by bond trustees are typically long-term securities which are not adversely affected by interest rate changes. Guaranteed investment contracts for construction funds are usually limited to three years or less. Information about the sensitivity of the fair values of the City's investments (including investments held by bond trustees) to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity at June 30, 2017:

<b>Investments</b>	<b>Credit Rating (S&amp;P/Moody's)</b>	<b>Fair Value 6/30/2017</b>	<b>12 months or less</b>	<b>13 to 24 Months</b>	<b>25 to 36 Months</b>	<b>37 to 60 Months</b>	<b>More than 60 Months</b>
<b>Investments controlled by City Treasurer:</b>							
U.S. agency securities	AA+/Aaa	\$ 188,706	\$ 75,089	\$ 45,117	\$ 38,880	\$ 29,620	
U.S. Treasuries	AA+/Aaa	89,520		29,865		59,655	
Medium term notes	A1-,A+	10,030		5,011	5,019		
Medium term notes	A,A2	19,934	4,998		9,903	5,033	
Medium term notes	A,A3	3,997	3,997				
Medium term notes	A+,A1	20,162	3,003		5,023	12,136	
Medium term notes	A+,A2	6,041				6,041	
Medium term notes	A+,Aa3	4,972			4,972		
Medium term notes	AA-,A1	20,103			10,142	9,961	
Medium term notes	AA-,Aa2	13,018	13,018				
Medium term notes	AA-,Aa3	9,990	4,991		4,999		
Medium term notes	AA+,Aa1	6,996			6,996		
Medium term notes	AAA,Aaa	29,132	10,138	4,992	4,941	9,061	
Commerical paper	A-1,P-1	4,996	4,996				
Commerical paper	A-1+,P-1	5,993	5,993				
Negotiable certificate of deposit	A-1,P-1	5,001	5,001				
Money market mutual funds	AAA	806	806				
LAIF	Unrated	78,986	78,986				
<b>Total investments controlled by City Treasurer</b>		<b>518,383</b>	<b>211,016</b>	<b>84,985</b>	<b>90,875</b>	<b>131,507</b>	
<b>Investment controlled by bond trustees:</b>							
U.S. agency securities	AA+/Aaa	51,701	26,276	25,178	247		
U.S. Treasuries	AA+/Aaa	2,973	250	744	743	1,236	
Guaranteed investment contracts	Unrated	74,586	57,754		15,658		\$ 1,174
Flexible repurchase agreements	Unrated	103,940					103,940
Money market mutual funds	AAA/Aaa	358,337	358,337				
LAIF	Unrated	18,715	18,715				
<b>Total investments controlled by bond trustees</b>		<b>610,252</b>	<b>461,332</b>	<b>25,922</b>	<b>16,648</b>	<b>1,236</b>	<b>105,114</b>
<b>Total Investments</b>		<b>\$ 1,128,635</b>	<b>\$ 672,348</b>	<b>\$ 110,907</b>	<b>\$ 107,523</b>	<b>\$ 132,743</b>	<b>\$ 105,114</b>

**Fair Value Measurement:**

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

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

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the City has the ability to access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

**CITY OF ANAHEIM**

- Level 3 inputs are unobservable inputs for the asset or liability. This valuation is accomplished using management's best estimate of fair value, with inputs into the determination of fair value that require significant management judgment or estimation. The level in the fair value hierarchy within which a fair measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

The City has the following recurring measurements as of June 30, 2017:

Investment by fair value level	6/30/2017	Fair Value Measurement Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant other Observable Inputs (Level 2)	Not Required to be leveled
<b>Debt securities:</b>				
U.S. Agency Securities	\$ 240,407		\$ 240,407	
U.S. Treasury Obligations	92,493	\$ 92,493		
Commercial Paper	10,989		10,989	
Negotiable Certificate of Deposit	5,001		5,001	
Medium Term Cocorporate Notes	144,375		144,375	
LAIF	97,701			\$ 97,701
Total investment measured at fair value	590,966	\$ 92,493	\$ 400,772	\$ 97,701

Investments measured at cost-based:

Guaranteed investment contracts	74,586
Flexible repurchase agreements	103,940
Money Market Mutual Funds	359,143
Total investment measured at cost-based	537,669

Total pooled and bond trustee investments \$1,128,635

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

**Accounts receivable**

Accounts receivable for the City's governmental and business-type activities, including the applicable allowance for uncollectible accounts at June 30, 2017, are as follows:

	Accounts Receivable	Less Allowance for Uncollectibles	Total
<b>Governmental activities:</b>			
General Fund	\$ 20,783	\$ (4,289)	\$ 16,494
Housing Authority	127	(105)	22
Nonmajor governmental funds	5,140		5,140
Internal service funds	5,885		5,885
Total governmental activities	31,935	(4,394)	27,541
<b>Business-type activities:</b>			
Electric Utility	49,312	(853)	48,459
Water Utility	6,081	(27)	6,054
Sanitation Utility	7,945	(129)	7,816
Golf Courses	143		143
Convention, Sports & Entertainment Venues	2,667	(56)	2,611
ARTIC Management	218		218
Total business-type activities	66,366	(1,065)	65,301
Total accounts receivable	\$ 98,301	\$ (5,459)	\$ 92,842

**Due from other governments**

Due from other governments for the City's governmental activities at June 30, 2017, are as follows:

	Taxes	Grants	Other	Total
<b>Governmental activities:</b>				
General Fund	\$ 14,751	\$ 48	\$ 221	\$ 15,020
Housing Authority		114		114
Nonmajor governmental funds		21,160	21	21,181
Total due from other governments	\$ 14,751	\$ 21,322	\$ 242	\$ 36,315

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

General fund	\$ 1,163
Electric Utility	723
Water Utility	217
Sanitation	171
Convention, Sports & Entertainment Venues	9
Total	\$ 2,283

**Due from the Successor Agency**

The amount due from the Successor Agency at June 30, 2017 is \$11,610. Due to the extended period of time over which the receivables are to be collected, for the amount due to the Governmental Funds, the City has recorded expenditures at the time the loans were provided and deferred inflows of resources equal to the amount due.

General Fund	\$ 884
Nonmajor governmental funds	10,726
Total	<u>\$ 11,610</u>

- On April 1, 2003 the City and the former Anaheim Redevelopment Agency entered into a Cooperation Agreement whereby the City assisted the Redevelopment Agency with the development of Westgate utilizing \$10,000 of funds from the HUD Section 108 loan program. The amount is due to the City by annual installment through June 2024. At June 30, 2017, the amount due is \$5,702.
- On June 1, 2010, the City and the former Anaheim Redevelopment Agency entered into a Cooperation Agreement whereby the City assisted the Redevelopment Agency with the rehabilitation of the historic Packing House site utilizing \$7,000 of funds from the HUD Section 108 \$15,000 loan proceeds. The amount is due to the City by annual installment through June 2031. At June 30, 2017, the amount due is \$5,024.
- On February 5, 2013, the City and the Successor Agency entered into a Cooperation Agreement whereby the City assisted the Successor Agency with loaning the proceeds of one-time allocation of the \$1,563 from the low- and moderate income housing fund for various Successor Agency projects. At June 30, 2017, the amount due to the City is \$884.

**Interfund receivable and payable balances**

Net internal balances between governmental activities and business-type activities of \$16,102 are included in the government-wide financial statements at June 30, 2017.

Interfund receivables and payables that are included in the fund financial statements at June 30, 2017, are as follows:

	Interfund Receivable:				Total
	General Fund	Nonmajor governmental funds	Internal service funds	Electric Utility	
<u>Interfund Payable:</u>					
Governmental Funds:					
General Fund			\$ 35		\$ 35
Nonmajor governmental funds	\$ 210	\$ 12,948			13,158
Enterprise Funds:					
Water Utility			\$ 2,752		2,752
Golf Courses	1,251				1,251
Internal Service Funds			825		825
Total	<u>\$ 1,461</u>	<u>\$ 12,948</u>	<u>\$ 860</u>	<u>\$ 2,752</u>	<u>\$18,021</u>

All interfund balances at June 30, 2017 are generally short-term loans to relieve temporary cash deficits in various funds, except the following interfund balances that are expected to be repaid in more than one year:

General Fund

On September 24, 2002, the City Council approved a loan up to \$6,400 from the General Fund to the Golf Courses Fund for construction of the Anaheim Hills Golf Clubhouse. The loan is payable in annual amounts of not less than \$548 beginning in July 2005 until July 2023 and bears interest at the City's investment yield as of June 30th of each year. The remaining loan balance will be repaid in full during fiscal year 2018.

Electric Utility

In 2015, the Public Utility Customer Service Information System Project was completed and placed in service. The Electric Utility paid for the total cost of the project. The Water Utility portion of the total cost is \$3,484, payable in annual amounts of not less than \$345 beginning July 2016 until July 2024. The outstanding balance at June 30, 2017 is \$2,752.

**Certain interfund transactions**

The following interfund transfers are reflected in the fund financial statements at June 30, 2017:

	Transfer In:								
	General Fund	Housing Authority	Nonmajor governmental funds	Internal Service Funds	Enterprise Funds				Total
<b>Transfer Out:</b>					Electric Utility	Water Utility	Convention, Sports & Entertainment Venues	ARTIC Management	
General Fund			\$ 67,343	\$ 5,040		\$ 600	\$ 16,807	\$ 2,167	\$ 91,957
Housing Authority	\$ 1,500								1,500
Nonmajor governmental funds	179	\$ 1,029	3,781					3,000	7,989
Electric Utility	24,726								24,726
Water Utility	894				\$ 53				947
Sanitation Utility	2,528								2,528
Convention, Sports & Entertainment Venues	1,817								1,817
<b>Total</b>	<b>\$ 31,644</b>	<b>\$ 1,029</b>	<b>\$ 71,124</b>	<b>\$ 5,040</b>	<b>\$ 53</b>	<b>\$ 600</b>	<b>\$ 16,807</b>	<b>\$ 5,167</b>	<b>\$ 131,464</b>

The net transfers between governmental funds and proprietary funds is \$2,351 which are primarily comprised of operational subsidies from enterprise funds to the General Fund and are offset by debt service subsidies to the ARTIC Management and Convention, Sports & Entertainment Venues Funds.

The City made the following major transfers during fiscal year ended June 30, 2017:

- Transfer of \$57,174 represents Lease Payment Measurement Revenues (LPMR) from the General Fund to the Anaheim Resort Improvements nonmajor Debt Service Funds which is held by the Trustee, see discussion on note 8 of the notes to the financial statements on page 65 of this report.
- Transfer of \$16,807 from the General Fund to the Convention, Sports & Entertainment Venues Enterprise Fund for debt service subsidy.
- Transfer of \$2,167 from the General Fund to ARTIC Management Enterprise Fund for operational subsidies.
- Transfer of \$4,739 from the General Fund to the Other Capital Improvements nonmajor Capital Project Fund for the Public Safety 800 Megahertz (mHz) communication equipment (\$3,888); the Community Services library software (\$500); and various neighborhood capital improvement projects (\$351).
- Transfer of \$1,792 from the General Fund to the Other Capital Improvements Fund, per Council Resolution, to set aside 25% of annual surplus funds of the General Fund for community and neighborhood improvements.
- Transfer of \$2,500 from the General Fund and \$2,363 from the Gas Tax nonmajor Special Revenue Fund totaled \$4,863 to the Transportation Improvement Projects nonmajor Capital Project Fund for the close out of the ARTIC construction project.

- Transfer of \$5,040 from the General Fund to the Internal Service Funds to cover deficits for various technology capital improvements and facility improvements.
- Transfer of \$600 from the General Fund to the Water Utility Enterprise Fund per the result of Measure N in the November 2014 election.
- Transfer of \$1,500 from the Housing Authority major Special Revenue Fund to the General Fund to eliminate an interfund balance provided for Homebuyer loans at the Colony Park per the cooperative agreement between City and the Housing Authority.
- Transfer of \$3,000 from the Gas Tax nonmajor Special Revenue Fund (\$2,000) and Anaheim Tourism Improvement District nonmajor Special Revenue Fund (\$1,000) to the ARTIC Management Enterprise Fund for debt services on the ARTIC land acquisition loan as discussed on note 8 of the notes to the financial statements on page 70 of this report.
- Transfers of \$19,032 from the Electric Utility Enterprise Fund and \$2,528 from the Sanitation Utility Enterprise Fund to the General Fund. As defined by City Charter, the transfer is equal to the maximum of 4% of total operating revenues of the current fiscal year.
- Transfer of \$5,694 from the Electric Utility Enterprise Fund and \$894 from the Water Utility Enterprise Fund to the General Fund. The amount represents the City Council approved transfer of 1.5% retail electric revenue and net water revenue of the prior fiscal year.

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

**NOTE 5: ECONOMIC ASSISTANCE AGREEMENTS - TAX ABATEMENTS  
(as defined by GASB Statement No. 77)**

As of June 30, 2017, the City Council approved two Economic Assistance Agreements (Agreements) to developers. These Agreements related to constructions of a Hotel and retail spaces (Projects) within the City of Anaheim. There has been analysis of the feasibility gap between the costs of developing and operating the Projects and the costs that the Projects can finance and viably support. The feasibility gap for the Projects is the economic assistance that the City has committed to partially provide.

- In July 2002, the City entered into a Development and Economic Assistance Agreement (Agreement) with a developer to provide certain economic assistance to the developer in connection with the development of a seven story all-suites hotel (DoubleTree Hotel) on certain real property owned by developer and located in the City. The feasibility gap of the economic assistance is capped at \$12,908 in total for a period over 15 years expiring in fiscal year 2021 payable semi-annually calculated from the Transient Occupancy Tax (TOT), ranging from 5% to 40% in accordance to the Adjustment table of the Agreement. During fiscal year 2017, the developer received \$728 in economic assistance.
- In April 2006, the City entered into a Disposition and Development Agreement with a developer to construct and operate retail space (Garden-Walk) in Anaheim. Upon completion of the construction, the developer receives economic assistance equal to a portion of the sales tax that Garden-Walk generated for a period of 25 years expiring at the earlier of 1) December 2038 or 2) maximum amount of \$15,600 in total which increases 8% annually starting on July 1, 2013. During fiscal year 2017, the developer received \$201 in economic assistance.

In addition, the City entered into several economic assistance agreements to provide assistance to partially fill the feasibility gap of the four-diamond hotel developments within the City. Provision of economic assistance is contingent upon completion of construction of the hotels, the commencement of and continued operations as a four-diamond quality hotel, and the generation of and payment to the City of TOT. The contemplated hotels have yet to be built, and therefore cannot operate, generate nor pay TOT, and as such no economic assistance is required by the City at this time. Once the hotels are constructed and operated at the required quality level, the City will use an amount equal to 70% of the TOT generated and paid to the City to fund the corresponding economic assistance of the following projects:

- In May 2013, the City entered into two economic assistance agreements for up to 866 hotel rooms, of a four-diamond quality, in two phases at the Garden-Walk. These agreements provide for City assistance in an amount equal to 70% of the TOT for the development of a Convention Hotel (of not less than 466 rooms) and a Resort Hotel (of not less than 350 rooms). The City's economic assistance obligation ends on the earlier of twenty years from completion of construction or, provision of assistance up to a not to exceed amount of approximately \$158 million.
- Further, in June 2015, the City established the Hotel Incentive Program to bring other four-diamond quality hotels to Anaheim. In accordance with the Hotel Incentive Program, the City entered into three additional economic assistance agreements in July 2016 with similar terms for 580 rooms at 1700 South Harbor with an estimated economic assistance from the City in an amount of \$145 million, 634 rooms at 1030 West Katella Avenue with an estimated economic assistance from the City in an amount of \$148 million, and approximately 700 rooms to the north of the Disneyland Hotel with an estimated economic assistance from the City in an amount of \$267 million; thereby, creating the desired number of luxury rooms within the City. As such the program was rescinded for terminated for future developments in December 2016.

The following is a summary of economic assistance agreements:

<u>Project</u>	<u>Expiration Date</u>	<u>Years Remaining</u>	<u>Tax Base for Calculation of Economic Assistance</u>	<u>% of Tax for Calculation of Economic Assistance</u>	<u>Maximum Economic Assistance Amount</u>	<u>Total Economic Assistance Paid in Fiscal Year 2017</u>	<u>Total Economic Assistance Paid to Date</u>	<u>Total Maximum Economic Assistance Remaining</u>
DoubleTree Hotel	6/30/2021	4	TOT	5%-40%	\$ 12,908	\$ 728	\$ 9,467	\$ 3,441
GardenWalk Retail	12/31/2038	21	Sales	40%-50%	15,600	201	915	14,685
GardenWalk Convention Hotel - 466+ Rooms	20 Years from Completion	20	TOT	70%	81,100			81,100
GardenWalk Resort Hotel - 350+ Rooms	20 Years from Completion	20	TOT	70%	76,900			76,900
1700 South Harbar - 580 Rooms	20 Years from Completion	20	TOT	70%	145,000			145,000
1030 West Katella Avenue - 634 Rooms	20 Years from Completion	20	TOT	70%	148,000			148,000
North of Disneyland Hotel - 700 Rooms	20 Years from Completion	20	TOT	70%	267,000			267,000



**NOTE 6 – CAPITAL ASSETS:**

Capital asset activities for the year ended June 30, 2017, were as follows:

	Beginning Balance	Additions	Transfer In (Out)	Deletions	Ending Balance
<b>Governmental activities:</b>					
Nondepreciable assets:					
Land	\$ 647,289	\$ 2,773	\$ 1,639	\$ (5,342)	\$ 646,359
Construction in progress	50,033	40,462	(19,653)	(11,744)	59,098
Total	<u>697,322</u>	<u>43,235</u>	<u>(18,014)</u>	<u>(17,086)</u>	<u>705,457</u>
Depreciable assets:					
Buildings, structures and improvements	339,393	4,238	8,913	(6,758)	345,786
Machinery and equipment	125,611	8,582	1,641	(3,203)	132,631
Infrastructure	853,545	55	7,770	(23)	861,347
Total	<u>1,318,549</u>	<u>12,875</u>	<u>18,324</u>	<u>(9,984)</u>	<u>1,339,764</u>
Total assets	<u>2,015,871</u>	<u>56,110</u>	<u>310</u>	<u>(27,070)</u>	<u>2,045,221</u>
Less accumulated depreciation for:					
Buildings, structures and improvements	(143,066)	(11,580)		1,116	(153,530)
Machinery and equipment	(88,593)	(8,076)		3,053	(93,616)
Infrastructure	(404,325)	(18,741)		21	(423,045)
Total accumulated depreciation	<u>(635,984)</u>	<u>(38,397)</u>		<u>4,190</u>	<u>(670,191)</u>
Total governmental activities capital assets, net	<u>\$ 1,379,887</u>	<u>\$ 17,713</u>	<u>\$ 310</u>	<u>\$ (22,880)</u>	<u>\$ 1,375,030</u>
<b>Business-type activities:</b>					
Nondepreciable assets:					
Land	89,505				89,505
Construction in progress	207,644	174,334	(77,488)	(4,662)	299,828
Total	<u>297,149</u>	<u>174,334</u>	<u>(77,488)</u>	<u>(4,662)</u>	<u>389,333</u>
Depreciable assets:					
Buildings, structures and improvements	796,571	1,658	6,295	(58)	804,466
Utility plant	1,761,443	3,729	70,874	(9,042)	1,827,004
Machinery and equipment	38,890	2,384	9	(1,134)	40,149
Total	<u>2,596,904</u>	<u>7,771</u>	<u>77,178</u>	<u>(10,234)</u>	<u>2,671,619</u>
Total assets	<u>2,894,053</u>	<u>182,105</u>	<u>(310)</u>	<u>(14,896)</u>	<u>3,060,952</u>
Less accumulated depreciation for:					
Buildings, structures and improvements	(262,625)	(16,633)		55	(279,203)
Utility plant	(698,348)	(67,430)		9,042	(756,736)
Machinery and equipment	(26,425)	(2,013)		1,027	(27,411)
Total accumulated depreciation	<u>(987,398)</u>	<u>(86,076)</u>		<u>10,124</u>	<u>(1,063,350)</u>
Total business-type activities capital assets, net	<u>\$ 1,906,655</u>	<u>\$ 96,029</u>	<u>\$ (310)</u>	<u>\$ (4,772)</u>	<u>\$ 1,997,602</u>

Depreciation expense was charged to functions/programs of the City during fiscal year 2017 as follows:

Governmental activities:

General government	\$ 99
Police	1,578
Fire & Rescue	1,498
Community & Economic Development	1,850
Planning & Building	23
Public Works	19,566
Community Services	3,271
Convention, Sports & Entertainment	5,191
Capital assets held by the City's internal service funds are charged to the various functions based on their usage of the assets	5,321
Total depreciation expense - governmental activities	<u>\$ 38,397</u>

Business-type activities:

Electric Utility	\$ 56,796
Water Utility	10,634
Sanitation Utility	2,779
Golf Courses	511
Convention, Sports & Entertainment Venues	13,054
ARTIC Management	2,302
Total depreciation expense - business-type activities	<u>\$ 86,076</u>

**Capital leases**

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

	Governmental
	Activities
Machinery and equipment	\$ 4,788
Less accumulated amortization	(2,644)
Capitalized leased assets, net	<u>\$ 2,144</u>

**Operating leases**

Housing Authority

At June 30, 2017, the Housing Authority earned revenues as the lessor of land, carried at cost of \$67,202 in the government-wide financial statements, under ten operating ground leases. These leases to developers are noncancelable. Terms of

the leases range from 55 years to 65 years with lease expiration dates from 2054 to 2080. The total base rent to be collected over the terms of the leases are \$70,570 with simple interest accruing on unpaid portions at a rate ranging from 1% to 6%. Minimum lease payments are calculated annually, based on residual receipts, as defined in the lease agreements. At June 30, 2017, the Housing Authority has recorded lease receivables due from developers related to these transactions of \$7,794, net of allowances of \$8,186 for uncollected accounts in the government-wide financial statements. In the governmental fund financial statements, this amount is included in the \$51,402 notes receivable balance of the Housing Authority.

**ARTIC Management**

The ARTIC has entered into numerous long-term operating leases with tenants granting them certain uses of the ARTIC premises described in the respective lease agreements. Terms of the leases range from 5 years to 10 years with lease expiration dates from 2020 to 2027. Extension options range from 5 years to 15 years. Certain leases are subject to percentage rent in an amount equal to a percentage of the amount by which tenant's gross sales exceed certain thresholds.

Future minimum lease payments are as follows:

<u>Fiscal Year Ending 6/30</u>	
2018	\$ 579
2019	590
2020	549
2021	448
2022	437
2023-2027	<u>1,563</u>
Total	<u>\$ 4,166</u>

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

**NOTE 7 – SELF INSURANCE**

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

At June 30, 2017, the City was funded at an actuarially acceptable level for self-funded retention for workers' compensation and general liability claim exposures (with retention levels of \$1,000 per occurrence for workers' compensation claims and \$1,000 per occurrence for general liability claims). Above these retained levels, the City's potential liability is covered through various commercial insurance and intergovernmental risk pooling programs (collectively, "Insurance"). Settled claims have not exceeded total Insurance in any of the past three years, nor does management believe that there are any pending claims that will exceed total Insurance coverage.

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

Changes in claims liability of the General Benefits and Insurance Fund and that relates to the governmental funds and reported in the governmental activities in the government-wide Statement of Net Position in fiscal years 2017 and 2016 were as follows:

	2017	2016
Claims liability at beginning of year	\$ 50,616	\$ 46,035
Current year claims and changes in estimates	12,302	14,642
Claims payments	(11,053)	(10,061)
Claims liability at end of year	<u>\$ 51,865</u>	<u>\$ 50,616</u>

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

Above the retained limit of \$1,000 per occurrence for liability losses, the City maintains excess coverage for all City operations to \$150,000 per occurrence, excluding helicopter operations for which the City purchases \$50,000, per occurrence, of commercial aviation liability insurance (on a first-dollar basis). The first layer of excess liability loss coverage is procured through the Authority for California Cities Excess Liability (ACCEL), a joint powers insurance authority, formed in 1986, pooling catastrophic general, automobile, personal injury, and public

officials errors and omissions liability losses among twelve California cities, through both risk-sharing and commercial insurance joint-purchase arrangements. The City, therefore, continues to maintain some limited excess liability risk sharing exposure, above \$1,000 per occurrence, directly with ACCEL. This pooled coverage has exposure (i) from the run-out periods from prior years in which commercial excess insurance was not obtained, and (ii) from an ACCEL retained layer for fiscal year 2017 of \$4,000 in excess of \$1,000. Each ACCEL member's share of pooled losses is based on a retrospectively-rated risk-sharing formula which includes, but is not limited to, exposure and loss experience factors.

In order to provide funds to pay claims, ACCEL collects an annual deposit from each member. The deposits are credited with investment income at the rate earned on ACCEL's investments. At June 30, 2017, ACCEL's cash and investments totaled \$50,633, of which \$6,286 consists of deposits and interest on deposits provided by the City. The City has no specific equity interest in ACCEL. Deposits provided to ACCEL by the City are expensed when paid by the General Benefits and Insurance Fund.

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

**NOTE 8 – LONG-TERM LIABILITIES:**

The following is a summary of changes in long-term liabilities reported in the government-wide financial statements for the year ended June 30, 2017:

	Beginning Balance	Additions/ Proceeds	Refunded	Reductions/ Payments	Ending Balance	Within One Year
<b>Governmental activities:</b>						
General obligation	\$ 700			\$ (700)		
City lease revenue	417,855			(23,363)	\$ 394,492	\$ 12,168
Accretion	213,980	\$ 19,285			233,265	13,673
Unamortized bond discount/premium, net	(214)			46	(168)	
Total	632,321	19,285		(24,017)	627,589	25,841
Capitalized lease obligations:						
Internal Service Funds	2,088	969		(1,319)	1,738	1,095
Total	2,088	969		(1,319)	1,738	1,095
Notes and loans payable:						
City	20,820	6,125		(2,060)	24,885	2,450
Internal Service Funds		6,023		(1,331)	4,692	1,239
Total	20,820	12,148		(3,391)	29,577	3,689
Claims liabilities (note 7)	50,616	12,302		(11,053)	51,865	10,717
Compensated absences (note 1)	20,538	24,945		(24,542)	20,941	12,639
Net pension liabilities (note 10):						
Governmental Funds	407,133	132,751		(43,811)	496,073	
Internal Service Funds	19,289	5,063		(1,931)	22,421	
Total	426,422	137,814		(45,742)	518,494	
Governmental activities total	1,152,805	207,463		(110,064)	1,250,204	53,981
<b>Business-type activities:</b>						
Bonds payable:						
Electric Utility	640,090	289,065	\$ (204,980)	(18,950)	705,225	20,845
Water Utility	130,425	35,225		(3,380)	162,270	3,370
Sanitation	41,535			(1,045)	40,490	1,095
Convention, Sports & Entertainment Venues	244,262			(15,402)	228,860	4,844
Unamortized bond discount/premium, net	67,847	40,413		(9,705)	98,555	
Total	1,124,159	364,703	(204,980)	(48,482)	1,235,400	30,154
Notes and loans payable:						
Electric Utility	13,200	315		(13,214)	301	29
Sanitation Utility		205		(9)	196	19
Convention, Sports & Entertainment Venues		27		(1)	26	2
ARTIC Management	23,000			(3,000)	20,000	3,500
Total	36,200	547		(16,224)	20,523	3,550
Interest payable						
ARTIC Management	2,207	428			2,635	
Total	2,207	428			2,635	
Decommissioning provision (note 1)	119,994	753		(4,270)	116,477	
Net pension liabilities (note 10):						
Electric Utility	71,235	13,333		(6,707)	77,861	
Water Utility	24,808	3,282		(2,228)	25,862	
Sanitation Utility	11,510	3,734		(1,209)	14,035	
Golf Courses	932	192		(89)	1,035	
Convention, Sports & Entertainment Venues	25,684	7,472		(2,630)	30,526	
Total	134,169	28,013		(12,863)	149,319	
Business-type activities total	1,416,729	394,444	(204,980)	(81,839)	1,524,354	33,704
Government-wide total	\$ 2,569,534	\$ 601,907	\$ (204,980)	\$ (191,903)	\$ 2,774,558	\$ 87,685

**CITY OF ANAHEIM**

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

	Standard & Poor's	Fitch Ratings	Moody's
General Fund Lease Revenue Bonds	AA-	AA	Aa3
2007 Senior Lease Revenue Bonds	A	A+	A1
Electric Revenue Bonds	AA-	AA-	Aa3
Water Revenue Bonds	AA+	AAA	Unrated
Sewer Revenue Bonds	AA+	AA+	A3

**GOVERNMENTAL ACTIVITIES:**

**BONDS PAYABLE**

At June 30, 2017, bonds payable consisted of the followings:

	Date Issued	Final Maturity	Range of Interest Rates at Issue Date	Authorized and Issued	Out-standing 6/30/2017
City					
1997 Anaheim Lease Revenue Bonds	2/1/1997	3/1/2037	4.5%-6.0%	\$ 510,427	\$ 140,183
Accretion					233,265
2007 Anaheim Lease Revenue Refunding Bonds	6/13/2007	3/1/2037	3.25% - 5.5%	256,320	230,980
2008 Anaheim Lease Revenue Refunding Bonds	12/10/2008	8/1/2019	3.0%-5.0%	5,084	1,575
2014 Anaheim Lease Revenue Bonds	11/14/2014	5/1/2046	0.4%-5.0%	27,954	21,754
Total					627,757
Unamortized bond premium/discounts, net					(168)
Total governmental activities bonds				\$ 799,785	\$ 627,589

**Bonds Payable - City**

Lease payment measurement revenues

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

required to pay any additional sums should the LPMR fall short of the amount required to pay debt service on the bonds. The Walt Disney Company provided a guarantee to the bond insurer to enable the issuer to obtain municipal bond insurance.

LPMR began on January 1, 2001, with the first payment made to the trustee on July 7, 2001, for the LPMR generated during the period January through June 2001. Subsequent to that date, LPMR is collected and remitted to the trustee monthly. During the fiscal year ended June 30, 2017, \$56,860 was remitted to the trustee.

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

Fiscal Year Ending 6/30	Principal	Interest	Total
2018	\$ 11,667	\$ 26,332	\$ 37,999
2019	12,030	27,086	39,116
2020	12,616	27,781	40,397
2021	13,279	28,464	41,743
2022	13,782	29,197	42,979
2023-2027	77,762	156,618	234,380
2028-2032	92,953	177,583	270,536
2033-2037	137,074	214,282	351,356
Total	371,163	687,343	1,058,506
Unamortized bond discount	(1,753)		(1,753)
Total bonds	\$ 369,410	\$ 687,343	\$ 1,056,753

Included in interest is \$233,265 related to accretion on capital appreciation bonds.

Lease revenue bonds – City

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

<u>Fiscal Year Ending 6/30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 501	\$ 1,154	\$ 1,655
2019	519	1,129	1,648
2020	555	1,102	1,657
2021		1,088	1,088
2022	40	1,088	1,128
2023-2027	2,103	5,172	7,275
2028-2032	3,277	4,427	7,704
2033-2037	4,182	3,476	7,658
2038-2042	5,338	2,263	7,601
2043-2046	6,814	714	7,528
Total	23,329	21,613	44,942
Unamortized bond premium	1,585		1,585
Total Bonds	<u>\$ 24,914</u>	<u>\$ 21,613</u>	<u>\$ 46,527</u>

**CAPITAL LEASE OBLIGATIONS**

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

<u>Fiscal Year Ending 6/30</u>	
2018	\$ 1,158
2019	496
2020	152
2021	27
Total	1,833
Less amount representing interest, variable	(95)
Present value of future minimum lease payments	<u>\$ 1,738</u>

**NOTES AND LOANS PAYABLE**

At June 30, 2017, notes and loans payable are as follows:

**Notes and Loans Payable – City**HUD Section 108 guaranteed loans payable

In May 2003, the City entered into an agreement with HUD, making available \$10,000 to provide financial assistance related to the development of Westgate on a former landfill site located at the northeast corner of Beach Boulevard and Lincoln Avenue. The loan is payable from the receipts of the Successor Agency receivable. The outstanding balance at June 30, 2017 was \$5,653. The loan bears interest ranging from 1.74% to 5.97% and is payable over 20 years beginning on February 1, 2005, until August 1, 2023. Loan debt service requirements to maturity are as follows:

<u>Fiscal Year Ending 6/30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 685	\$ 305	\$ 990
2019	730	266	996
2020	785	223	1,008
2021	841	177	1,018
2022	907	127	1,034
2023 - 2027	1,705	94	1,799
Total notes and loans	<u>\$ 5,653</u>	<u>\$ 1,192</u>	<u>\$ 6,845</u>

In March 2010, the City entered into an agreement with HUD, making available \$15,000 to fund the acquisitions of the Orange County Family Justice Center and Miraloma Park site, construction of the Thornton Brady storm drain and the rehabilitation of the historic Packing House site. The loan is payable from the Community Development Block Grant yearly entitlement and from the receipts of the Successor Agency receivable. The outstanding balance of the loan at June 30, 2017, was \$10,910. The loan bears interest ranging from 1.74% to 3.97% and is payable over 20 years beginning on February 1, 2011 through August 1, 2030. Loan debt service requirements to maturity are as follows:

<u>Fiscal Year Ending 6/30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 670	\$ 415	\$ 1,085
2019	690	394	1,084
2020	710	372	1,082
2021	730	348	1,078
2022	755	321	1,076
2023 - 2027	4,185	1,133	5,318
2028 - 2031	3,170	235	3,405
Total notes and loans	<u>\$ 10,910</u>	<u>\$ 3,218</u>	<u>\$ 14,128</u>

**CITY OF ANAHEIM**

Helicopter loan payable

In January 2009, the City entered into an agreement with Government Capital Corporation to finance the acquisition of a police helicopter. The amount of the loan totaled \$1,799 and bears interest at 5.391% per annum for a term of 12 years. On January 29, 2009, Government Capital Corporation assigned this agreement to Bank of America which subsequently assigned it to Western Alliance Equipment Finance on March 21, 2012. Principal and interest payments of \$206 are due annually beginning on December 16, 2009, until December 16, 2020. The outstanding balance at June 30, 2017 was \$724. Loan debt service requirements to maturity are as follows:

<u>Fiscal Year Ending 6/30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 167	\$ 39	\$ 206
2019	176	30	206
2020	186	20	206
2021	195	11	206
Total notes and loans	<u>\$ 724</u>	<u>\$ 100</u>	<u>\$ 824</u>

Lincoln Avenue Construction loan payable

In March 2013, the City entered into a cooperative agreement with the County of Orange (County) for the funding and construction of Lincoln Avenue. The project includes widening of Lincoln Avenue from Rio Vista Street to Riverbend Parkway, and construction of the Lincoln Avenue Bridge over the Santa Ana River. Construction costs of the Lincoln Avenue within the City boundary is estimated to be \$2,250 which will be payable to the County in seven installments starting on July 1, 2013 and on July 1 of each subsequent year at no interest cost. The outstanding balance at June 30, 2017 was \$750.

800 Megahertz Communication Equipment

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

On November 30, 2015, the Agreement provided \$1,100 financing for acquisition of a portion of the mobile radio equipment payable over 10 years and bears interest of 1.98% per annum. Principal and interest payments of \$61 are due semi-annually beginning on May 30, 2016, until November 30, 2025. The outstanding balance at June 30, 2017 was \$946.

On November 30, 2016, the Agreement provided \$6,840 financing for acquisition of the remaining radio equipment payable over 10 years and bears interest of 1.87% per annum. Principal and interest of \$377 are due semi-annually beginning on May 30, 2017, until November 30, 2026. Amount of this financing allocated to the

governmental activities totaled \$6,235. The outstanding balance at June 30, 2017 was \$6,006.

Loan debt service requirements to maturity are as follows:

<u>Fiscal Year Ending 6/30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 687	\$ 128	\$ 815
2019	700	115	815
2020	714	102	816
2021	727	88	815
2022	741	74	815
2023-2027	3,383	157	3,540
Total notes and loans	<u>\$ 6,952</u>	<u>\$ 664</u>	<u>\$ 7,616</u>

ACCELA Enterprise permit tracking and land management software system loan payable

On September 13, 2016, the City entered into a Technology Lease-Purchase Agreement with Government Capital Corporation to provide \$5,190 financing for the procurement of the Accela, Inc. software, programming, maintenance, support, licenses and project implementation services for the replacement of the Citywide enterprise permit tracking and land management system. The loan bears interest at 2.48% per annum for a term of 5 years. Principal and interest payments of \$1,090 are due annually beginning on September 22, 2016, until September 22, 2020. The outstanding balance at June 30, 2017 was \$4,101. Loan debt service requirements to maturity are as follows:

<u>Fiscal Year Ending 6/30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 989	\$ 100	\$ 1,089
2019	1,012	77	1,089
2020	1,037	52	1,089
2021	1,063	26	1,089
Total notes and loans	<u>\$ 4,101</u>	<u>\$ 255</u>	<u>\$ 4,356</u>

Network Core Equipment loan payable

On January 10, 2017, the City entered into a lease purchase agreement with DeLage Landen Public Finance, LLC to provide \$723 financing for the replacement of the Citywide Network Core system. The loan is payable over 3 years with an annual payment of \$251. At June 30, 2017, the total debt service to maturity of the the loan was \$502.

<u>Fiscal Year Ending 6/30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 241	\$ 10	\$ 251
2019	246	5	251
Total notes and loans	<u>\$ 487</u>	<u>\$ 15</u>	<u>\$ 502</u>

**BUSINESS-TYPE ACTIVITIES:**

**BONDS PAYABLE**

	Date Issued	Maturity	Range of Interest Rates at Issue Date	Authorized and Issued	Outstanding 6/30/2017
<b>Electric Utility</b>					
2009 Revenue Bonds	3/10/2009	10/1/2039	3.0%-5.25%	\$ 70,000	\$ 3,020
2011 Revenue Bonds	5/11/2011	10/1/2036	3.0%-5.375%	90,390	88,565
2012 Revenue Bonds	9/19/2012	10/1/2031	3.125%-5%	92,130	92,130
2014 Revenue Bonds	10/8/2014	10/1/2035	2.0%-5.0%	109,350	94,745
2015A Revenue Bonds	4/21/2015	10/1/2045	Variable <sup>a</sup>	50,000	50,000
2015B Revenue Bonds	7/21/2015	10/1/2035	3.0%-5.0%	92,865	89,020
2016A Revenue Bonds	10/19/2016	10/1/2041	3.0%-5.0%	219,285	219,285
2016B Revenue Bonds	10/19/2016	10/1/2028	0.80%-2.71%	69,780	68,460
Total					705,225
Unamortized bond premiums/discounts, net					65,314
Total Electric Utility					770,539
<b>Water Utility</b>					
2008 Revenue Bonds	7/9/2008	10/1/2038	4.0%-5.0%	48,580	795
2010 Revenue Bonds	10/28/2010	10/1/2040	2.0%-4.75%	34,525	33,475
2015 Revenue Bonds	4/21/2015	10/1/2045	2.0%-5.0%	95,885	93,535
2016-A Revenue Bonds	10/19/2016	10/1/2046	2.0%-5.0%	35,225	34,465
Total					162,270
Unamortized bond premiums/discounts, net					16,530
Total Water Utility					178,800
<b>Sanitation Utility</b>					
2007 Revenue Bonds	5/23/2007	2/1/2039	3.9%-5.0%	47,710	40,490
Unamortized bond premium					815
Total Sanitation					41,305
<b>Convention, Sports &amp; Entertainment Venues</b>					
2008 Lease Revenue					
Refunding Bonds	12/10/2008	8/1/2019	3.0%-5.0%	45,847	15,234
2014 Lease Revenue					
Bonds	11/14/2014	5/1/2046	0.4%-5.0%	230,971	213,626
Total					228,860
Unamortized bond premiums/discounts, net					15,896
Total Convention, Sports & Entertainment Venues					244,756
Total business-type activities bonds				\$1,332,543	\$1,235,400

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

**Bonds Payable - Electric Utility**

The City's Electric Utility has pledged future electric revenues, net of certain costs, to repay a total of \$1,090,518 outstanding long-term obligations, principal and interest. Proceeds from bonds provided financing for various capital improvements, primarily distribution assets. The Electric Utility's bonds are payable solely from electric customer net revenues and are payable through 2047. At June 30, 2017, the annual principal and interest payments on the bonds, excluding early bond retirements, were 46.7% of net revenues. Principal and interest paid for the current fiscal year and total net revenues were \$47,898 and \$102,611 respectively.

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

Fiscal Year Ending 6/30	Principal	Interest	Total
2018	\$ 20,845	\$ 31,441	\$ 52,286
2019	21,660	30,616	52,276
2020	25,585	29,601	55,186
2021	26,755	28,466	55,221
2022	29,445	27,227	56,672
2023-2027	162,235	114,719	276,954
2028-2032	180,740	77,236	257,976
2033-2037	163,685	35,477	199,162
2038-2042	52,145	9,056	61,201
2043-2047	22,130	1,454	23,584
Total	705,225	385,293	1,090,518
Unamortized bond premiums/discounts, net	65,314		65,314
Total bonds	\$ 770,539	\$ 385,293	\$ 1,155,832

**Bonds Payable - Water Utility**

The City's Water Utility has pledged future revenues from the sale of water, net of certain costs, to repay a total of \$286,252 for outstanding long-term obligations, principal and interest. Proceeds from bonds provided financing for various capital improvements, primarily distribution assets. The bonds are payable solely from water net revenues and are payable through 2047. At June 30, 2017, the annual principal and interest payments on the bonds were 62.9% of net revenues. Principal and interest paid for current fiscal year and total net revenues were \$10,195 and \$16,197 respectively.

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



<u>Fiscal Year Ending 6/30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 3,370	\$ 7,638	\$ 11,008
2019	3,490	7,519	11,009
2020	3,640	7,369	11,009
2021	3,810	7,199	11,009
2022	3,985	7,025	11,010
2023-2027	22,790	32,084	54,874
2028-2032	28,815	25,660	54,475
2033-2037	35,785	18,180	53,965
2038-2042	38,145	9,143	47,288
2043-2047	18,440	2,165	20,605
Total	162,270	123,982	286,252
Unamortized bond premiums/discount,	16,530		16,530
Total bonds	\$ 178,800	\$ 123,982	\$ 302,782

**Bonds Payable – Sanitation Utility**

The City's Sanitation Utility has pledged future sanitation system net revenues to pay a total of \$65,935 for revenue bonds issued in May 2007. Proceeds from the bonds provided financing for capital improvements to the sanitation sewer collection system. The bonds are payable solely from system net revenues and are payable through February 2039. At June 30, 2017, total principal and interest payments on the bonds were less than 38.7% of net revenues. Total principal and interest paid and total system net revenues for the current fiscal year were \$2,999 and \$7,742 respectively.

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

<u>Fiscal Year Ending 6/30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 1,095	\$ 1,902	\$ 2,997
2019	1,145	1,853	2,998
2020	1,190	1,805	2,995
2021	1,245	1,750	2,995
2022	1,310	1,688	2,998
2023-2027	7,560	7,424	14,984
2028-2032	9,445	5,544	14,989
2033-2037	11,910	3,078	14,988
2038-2039	5,590	401	5,991
Total	40,490	25,445	65,935
Unamortized bond premium	815		815
Total bonds	\$ 41,305	\$ 25,445	\$ 66,750

**Bonds Payable – Convention, Sports & Entertainment Venues**

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

<u>Fiscal Year Ending 6/30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 4,844	\$ 11,317	\$ 16,161
2019	5,095	11,074	16,169
2020	6,355	10,814	17,169
2021	2,400	10,628	13,028
2022	3,890	10,508	14,398
2023-2027	25,614	49,132	74,746
2028-2032	32,689	42,056	74,745
2033-2037	41,718	33,025	74,743
2038-2042	53,245	21,499	74,744
2043-2046	53,010	6,788	59,798
Total	228,860	206,841	435,701
Unamortized bond premium/discounts, net	15,896		15,896
Total bonds	\$ 244,756	\$ 206,841	\$ 451,597

**NOTES AND LOANS PAYABLE**

**Note Payable – Electric Utility**

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

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

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

During fiscal year 2017, the Electric Utility repaid the entire remaining outstanding principal balance of \$13,200 of the tax-exempt note.

**Note Payable – ARTIC Management**

Anaheim Regional Transportation Intermodal Center (ARTIC) Land Acquisition Loan payable

In July 2012, the City entered into an agreement with the Orange County Transportation Authority (OCTA) for the Purchase and Sale of a 13.58 acres real property located at 1750 South Douglass Road in Anaheim. The purchase price for the site is \$32,500. The City paid \$1,000 at the close of escrow and the remaining \$31,500 will be payable to OCTA over 13 years and bears 2% simple interest per annum. Annual principal payments are due on or before July 10th each year commencing 2012. The payment of accrued interest is deferred until equal payments of \$1,883 are due and payable on or before July 10, 2024 and July 10, 2025. The loan is payable with the Anaheim Tourism Improvement Special District (ATID) special assessments and Measure M2 Local Fair Share funds. OCTA will retain payments from Anaheim’s “Local Fair Share” funds allocated by OCTA under Measure M2 each year until the final payment is made on July 10, 2025. At June 30, 2017, accrued interest payable for the ARTIC loan was \$2,635. The City may elect to provide alternative funding from other City funds for transportation related purposes, such as gas tax funds. At June 30, 2017, the outstanding balance of the ARTIC loan was \$20,000. Loan debt service requirements to maturity are as follows:

<u>Fiscal Year Ending 6/30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 3,500		\$ 3,500
2019	3,500		3,500
2020	3,500		3,500
2021	3,500		3,500
2022	4,000		4,000
2023-2026	2,000	\$ 3,765	5,765
Total notes and loans	<u>\$ 20,000</u>	<u>\$ 3,765</u>	<u>\$ 23,765</u>

**800 Megahertz Communication Equipment loan payable**

Portion of the 800 Megahertz Communication Equipment financing were allocated to The Electric Utility, the Sanitation Utility and the Convention, Sports & Entertainment Venues. Loan debt service requirements to maturity are as follows:

<u>Fiscal Year Ending 6/30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 29	\$ 6	\$ 35
2019	30	5	35
2020	30	4	34
2021	31	4	35
2022	32	3	35
2023-2027	149	7	156
Total notes and loans	<u>\$ 301</u>	<u>\$ 29</u>	<u>\$ 330</u>

<u>Sanitation Utility Fiscal Year Ending 6/30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 19	\$ 4	\$ 23
2019	19	3	22
2020	20	3	23
2021	20	2	22
2022	21	2	23
2023-2027	97	5	102
Total notes and loans	<u>\$ 196</u>	<u>\$ 19</u>	<u>\$ 215</u>

<u>Convention, Sports &amp; Entertainment Venues Fiscal Year Ending 6/30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 2		\$ 2
2019	2		2
2020	3		3
2021	3	\$ 1	4
2022	3	1	4
2023-2027	13	1	14
Total notes and loans	<u>\$ 26</u>	<u>\$ 3</u>	<u>\$ 29</u>

**ARBITRAGE**

The Tax Reform Act of 1986 (Act) substantially revised the treatment to be afforded to earnings on the proceeds of tax-exempt debt, and requires the City to calculate and remit rebatable arbitrage earnings to the Internal Revenue Service. Certain of the City’s debt and interest earned on the proceeds thereof are subject to the requirements of the Act. The City has accrued a liability for estimated rebatable arbitrage earnings and has set aside such earnings as restricted cash. At June 30, 2017, the arbitrage rebate liability for governmental and business-type activities was zero and \$134, respectively.

**COMPLIANCE WITH DEBT COVENANTS**

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

**DEBT ISSUANCES**

**City - Debt Issuance**

On September 13, 2016, the City issued a loan payable of \$5,190 at an interest rate of 2.48% with Government Capital Corporation to provide financing for the acquisition and implementation of the citywide enterprise permit tracking and land management system to replace the existing Tidemark system. Loan debt service to

maturity through fiscal year 2020 will be \$5,448. The City has recorded the loan proceed in the Information and Communication Services Internal Service Fund. The loan will be repaid from unrestricted revenue sources of the Information and Communication Services Internal Service Fund.

On November 30, 2016, the City issued a loan payable of \$6,840 at an interest rate of 1.87% under the Master Equipment Lease/Purchase Agreement with Banc of America Public Capital Corp., The loan provides financing for the acquisition of the 800 Megahertz mobile radio equipment. Total debt service to maturity through fiscal year 2026 will be \$7,531. The City has recorded the loan proceed in the Other Capital Project nonmajor capital project fund (\$6,125), the Internal Service Fund (\$110), the Electric Utility (\$315), the Sanitation Utility (\$205) and the Convention, Sports & Entertainment Enterprise Funds (\$27). The Metro Cities Fire Authority (Joint Venture) was allocated \$58. The loan will be repaid from unrestricted revenue sources from the respective Funds.

On January 10, 2017, the City issued a loan payable of \$723 with DeLage Landen Public Finance LLC, payable over three years, to provide financing for the replacement of the Citywide Network Core system. The City has recorded the loan proceed in the Information and Communication Services Internal Service Fund. The loan will be repaid from unrestricted revenue sources of the Information and Communication Services Internal Service Fund.

**Electric Utility - Debt Issuances**

On October 19, 2016, the Electric Utility issued Anaheim Housing and Public Improvement Bonds Series 2016-A and 2016-B in the principal amount of 289,065 at a premium of \$35,183. The Bonds are being issued to provide \$100,000 financing for the capital improvements related to the Electric Utility distribution system, to refund the outstanding principal balances of the 2007 Electric Revenue Bonds (\$146,720), partially refunded the 2009 Electric Revenue Bonds (\$58,260), and to fund debt service reserve funds and cost of issuance. The true interest costs are 3.71% and 2.38% for the 2016-A and 2016-B respectively. The Electric Utility reduced its total debt service payments over the life of the refunded bonds by \$39,948 and obtained an economic gain of \$29,647. Total debt service to maturity through fiscal year 2047 will be \$484,113.

The bond proceeds, net of premium and along with \$15,288 of the previous debt service reserve and bond funds totaled \$339,536 were deposited as follows:

	2016-A	2016-B	Total
Project Fund	\$ 100,000		\$ 100,000
Debt Service	18,399	\$ 5,855	24,254
Cost of issuance fund	843	263	1,106
Deposited in escrow for the refundings of:			
2007 Electric Revenue Bonds	78,868	70,891	149,759
2009 Electric Revenue Refunding Bonds	64,417		64,417
Total	\$ 262,527	\$ 77,009	\$ 339,536

**Water Utility - Debt Issuances**

On October 19, 2016, the Water Utility issued Anaheim Housing and Public Improvements Authority Revenue Bonds Series 2016-A in the principal amount of \$35,225 at a premium of \$5,230. The true interest cost is 3.82%. The proceeds of \$40,000 will be used for capital improvements related to the transmission, distribution and storage system of the Water Utility and \$450 to pay for cost of issuance. Total debt service to maturity through fiscal year 2047 will be \$65,458.

**DEBT RETIREMENTS**

**City**

On September 28, 2016, the City repaid the total outstanding principal and accrued interest of the General Obligation bond from the collection of ad valorem taxes. Total principal and interest paid was \$714.

**Electric Utility**

On October 28, 2016, the Electric Utility repaid the total outstanding principal balance of the Wells Fargo revolving Line of Credit. Total principal and interest paid during the fiscal year was \$13,448.

**Debt Defeased**

The City defeased the following bonds prior to June 30, 2017:

	<b>Outstanding 6/30/2017</b>
<b>Electric Utility</b>	
2009A Electric Revenue Bonds	\$ 58,260
<b>Water Utility</b>	
Series 2008 Water System Revenue Bonds	\$ 46,595

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

**CONDUIT FINANCINGS**

**City**

The City has entered into two conduit financings on behalf of a community care provider facility and one to facilitate the management agreement for the Honda Center (formerly the Arrowhead Pond) of Anaheim. In accordance with applicable agreements, the City has no obligation for debt service payments and therefore, the debt is not reflected in the accompanying basic financial statements. Bonds payable and certificates of participation related to conduit financings outstanding at June 30, 2016, were as follows:

	Date Issued	Final Maturity	Amount Issued	Outstanding 6/30/2017
1993 Anaheim Memorial Hospital Association	10/15/1993	5/15/2020	\$ 46,690	\$ 8,995
2003 Anaheim Arena Financing Project	12/11/2003	6/1/2023	42,600	22,500
<b>Total</b>			<b>\$ 89,290</b>	<b>\$ 31,495</b>

**Anaheim Housing Authority**

The Anaheim Housing Authority has entered into conduit debt financings on behalf of various developers to assist with the acquisition, construction, equipping, rehabilitation and refinancing of multifamily residential rental projects within the City of Anaheim. In accordance with the bond documents, neither the City nor the Housing Authority has an obligation for debt service payments and therefore, the debt is not reflected in the accompanying basic financial statements. Housing Authority revenue bonds related to conduit financings outstanding at June 30, 2017, were as follows:

	Date Issued	Final Maturity	Amount Issued	Outstanding 6/30/2017
Heritage Village Apartments	11/12/1992	7/15/2033	\$ 8,485	\$ 5,485
Sage Park Project	11/1/1998	11/1/2028	5,500	5,500
Park Vista Apartments	7/24/2000	7/1/1933	27,180	27,180
Solara Court Apartments	11/1/2004	12/1/1934	8,200	4,983
Bel Age Manor Apartments	2/1/2008	2/1/1944	22,350	19,781
Pradera Apartments (Lincoln Anaheim) Phase B	5/15/2009	4/15/1939	23,217	7,740
Anton Monaco Apartments	12/14/2012	1/1/2046	35,460	34,532
Crossings at Cherry Orchard Apartments Tranche A	8/23/2012	12/1/2044	9,365	1,078
Crossings at Cherry Orchard Apartments Tranche B	8/23/2012	12/1/2029	2,985	2,624
Paseo Village Apartments	2/28/2013	9/1/2045	19,750	12,615
Village Center Apartments	8/7/2014	3/1/2047	15,000	15,000
Pebble Cove Apartments Series A	8/19/2015	9/1/2031	13,000	12,844
Pebble Cove Apartments Taxable Subordinate Series 2015A	8/1/2015	8/1/2055	3,550	3,550
Hermosa Village Apartments Phase 1 Series A-1	12/28/2016	7/1/2049	34,169	34,169
Hermosa Village Apartments Phase 1 Series A-2	12/28/2016	7/1/2049	6,859	6,859
Miracle Terrace Apartments Series B-1	1/10/2017	2/1/2050	26,555	26,555
Miracle Terrace Apartments Series B-2	1/10/2017	2/1/2020	11,445	11,445
Cobblestone Apartments Series A-1	3/14/2017	10/1/2054	6,185	6,185
Cobblestone Apartments Series A-2	3/14/2017	10/1/2019	2,435	2,435
Sea Wind Apartments Series B-1	3/14/2017	10/1/2054	11,015	11,015
Sea Wind Apartments Series B-2	3/14/2017	10/1/2019	4,340	4,340
<b>Total</b>			<b>\$ 297,045</b>	<b>\$ 255,915</b>

**FIDUCIARY FUNDS**

Successor Agency

The following is a summary of changes in long-term liabilities for the year ended June 30, 2017:

	Beginning Balance	Additions/ Proceeds	Reductions/ Payments	Ending Balance	Within One Year
Bonds payable	\$ 199,765		\$ (5,805)	\$ 193,960	\$ 8,205
premium/(discount), net	2,275		(243)	2,032	
Notes and loans payable	6,189		(357)	5,832	396
Due to City of Anaheim	16,020		(4,410)	11,610	1,023
Pollution remediation liability	18,462		(574)	17,888	359
Net pension liability	7,845		(7,845)		
	<b>\$ 250,556</b>	<b>\$</b>	<b>\$ (19,234)</b>	<b>\$ 231,322</b>	<b>\$ 9,983</b>

**Bonds Payable**

2007 Tax Allocation Refunding Bonds

The Successor Agency will repay a total of \$278,507, principal and interest, for the outstanding 2007 tax allocation bonds issued in December 2007 from the semi-annual Redevelopment Property Tax Trust Fund (RPTTF) revenue allocations. Proceeds from the bonds provided financing for public improvements related to the merged project areas, for the supply of low-and moderate-income housing within the City, to repay certain Redevelopment Agency loan obligations and to advance refund the 1992, 1997 and 2000 bonds. The bonds bear interest at rates ranging from 4.25% to 6.50% and are payable through February 2031. During the fiscal year ended June 30, 2017, total principal and interest paid was \$15,915.

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

Fiscal Year Ending 6/30	Principal	Interest	Total
2018	\$ 7,955	\$ 10,053	\$ 18,008
2019	8,340	9,662	18,002
2020	8,800	9,204	18,004
2021	9,290	8,720	18,010
2022	9,800	8,208	18,008
2023-2027	63,195	32,671	95,866
2028-2031	81,390	11,219	92,609
<b>Total</b>	<b>188,770</b>	<b>89,737</b>	<b>278,507</b>
Unamortized bond premium/discounts, net	2,032		2,032
<b>Total bonds</b>	<b>\$ 190,802</b>	<b>\$ 89,737</b>	<b>\$ 280,539</b>

2010 Recovery Zone Economic Development Bonds

The Successor Agency will repay a total of \$8,090, principal and interest, outstanding Recovery Zone Economics Development Bonds issued in October 2010 from the semi-annual RPTTF revenue allocations. Proceeds from the bonds provided financing for public improvements related to the merged project areas. The bonds bear interest at rates ranging from 1.44% to 6.22% and are payable through February 2031. During the fiscal year ended June 30, 2017, total principal and interest paid was \$577.

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

<u>Fiscal Year Ending 6/30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 250	\$ 326	\$ 576
2019	265	314	579
2020	280	301	581
2021	290	286	576
2022	310	270	580
2023-2027	1,840	1,049	2,889
2028-2031	1,955	354	2,309
<b>Total bonds</b>	<b>\$ 5,190</b>	<b>\$ 2,900</b>	<b>\$ 8,090</b>

**Notes and Loans Payable**

Savi Ranch Associates note payable

In July 1989, the former Redevelopment Agency executed a note with Savi Ranch Associates, a California general partnership. The amount of the note totaled \$2,707 and bears interest at 9.5% per annum. The note is payable from net property tax increment as defined in the Redevelopment Agency note. If there is insufficient RPTTF revenue to pay for principal and interest at the termination of the River Valley project area plan in November 2031, the note ceases to be an obligation of the Successor Agency. For the fiscal year ended June 30, 2017, total interest paid was \$396.

Contractual obligations

As part of the Redevelopment Agency's economic development program to attract and retain businesses in the City, the former Redevelopment Agency has entered into various contractual obligations to reimburse tenant improvement costs to be paid from property tax increment revenues (thereafter RPTTF). At June 30, 2017, the outstanding balance of these obligations totaled \$60.

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

CALSTRS assigned the agreement to the new owners, Pan Pacific Retail Properties, Inc. (PPRP). In October 2006, Kimco Realty Corporation (KRC) acquired PPRP including the assumption of the assigned plaza project agreement. The KRC participation note bears 7% simple interest rate, and has a maximum term of 25 years. The Successor Agency's obligation to repay the note is entirely contingent on the revenues generated by the project. The note will be forgiven at the end of the term whether or not the entire amount has been repaid. At June 30, 2017, the outstanding balance of the participation note was \$3,065.

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

<u>Fiscal Year Ending 6/30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 396	\$ 614	\$ 1,010
2019	438	600	1,038
2020	483	583	1,066
2021	1,809	456	2,265
2022		459	459
2023-2027	640	1,868	2,508
2028-2032	2,066	579	2,645
<b>Total notes and loans</b>	<b>\$ 5,832</b>	<b>\$ 5,159</b>	<b>\$ 10,991</b>

**Due to the City of Anaheim**

The Successor Agency will repay a total of \$6,845 outstanding long-term obligations, principal and interest, from the semi-annual RPTTF revenue allocations for the \$10,000 Cooperation Agreement dated April 1, 2003, between the former Redevelopment Agency and the City, whereby the City assisted the former Agency with the development of the Anaheim Westgate Center (Westgate project) utilizing \$10,000 of funds from the HUD Section 108 loan. This Cooperation Agreement obligation (HUD Section 108 loan) bears interest ranging from 1.74% to 5.97% and is payable semi-annually through August 2023. At June 30, 2017, outstanding principal due to the City for the Westgate project obligation was \$5,702. Principal and interest paid for the current fiscal year were \$1,012.

The Successor Agency will repay a total of \$6,490 outstanding long-term obligations, principal and interest, from the semi-annual RPTTF revenue allocations for the \$7,000 Cooperation Agreement dated June 2010 between the former Redevelopment Agency and the City, whereby the City assisted the former Redevelopment Agency with the rehabilitation of the historic Packing House site utilizing proceeds from the HUD Section 108 loan. This Cooperation Agreement obligation (HUD 108 Section loan) bears interest ranging from 1.68% to 3.98% and is payable over 20 years beginning on February 1, 2011 through August 1, 2030. As of June 2017, the outstanding principal due to the City for the Packing House site project obligation was \$5,024. Principal and interest paid for the current fiscal year were \$553.

In 2013, the Successor Agency entered into a Cooperative Agreements with the City whereby the City assisted the Successor Agency by providing a loan of \$1,563 to finance various Successor Agency projects. The Successor Agency will repay the City from future RPTTF revenue allocation. At June 30, 2017, the outstanding balance of these loan are \$884.

**Westgate Pollution Remediation Obligation**

In June 2003, the former Redevelopment Agency acquired property located at 2951 West Lincoln Avenue as part of a redevelopment project named the Westgate project. Approximately 11 acres of the property were formerly known as the Sparks and Rains Landfills. The County of Orange was the operator of these landfills until 1960. In November 2008, the County paid the Redevelopment Agency \$5,176 in settlement of claims related to the pollution remediation for the Westgate project site prior to the development of a shopping center. The total costs of the pollution remediation work amounted to \$12,420 based on actual contract received for the project. During the year ended June 30, 2015, management identified potential additional pollution remediation costs including ongoing maintenance responsibilities required for the Westgate project amounting to \$18,576. At June 30, 2017, the pollution remediation liability is estimated to be \$17,888.

**Unfunded net pension liability**

In May 2017, the California Department of Finance (DOF) has denied the Successor Agency's request to make any payment towards its unfunded pension liability. The DOF has taken this position across successor agencies statewide. As a result, the Successor Agency can not pay any of its unfunded pension obligation and this liability was assumed by the City. The Successor Agency has petitioned a lawsuit against the DOF in its decision of denying the unfunded pension obligation and this case is currently under judicial review.

Mello-Roos Community Facilities Districts

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

At June 30, 2017, the City has the following outstanding Mello-Roos special tax bonds:

	<b>Outstanding 6/30/2017</b>
CFD 06-02	\$ 7,540
CFD 08-01	60,000
Total	<u>\$ 67,540</u>

In February 2007, the City issued \$9,060 in special tax bonds to finance a portion of the cost of acquisition and construction of facilities in the Platinum Triangle of Anaheim, Community Facility District 06-2. Stadium Loft. On August 10, 2016, the outstanding balance of \$7,680 of the 2007 special tax bonds were refunded by Special Tax Refunding Bonds, Series 2016, CFD 06-02, in the principal amount of \$7,540 and at a premium of \$91. The City reduced the CFD 06-2 total debt service payments over the life of the refunded bonds by \$1,989 with a present value savings of \$1,352. The true interest cost is 2.89% payable semi-annually commencing from March 1, 2017 through September 1, 2037. Total debt service is \$10,181 to maturity.

In August 2010, the City issued \$28,630 in special tax bonds, Series 2010 to finance a portion of the cost of acquisition and construction of facilities in the Platinum Triangle of Anaheim, Community Facility District 08-1 and to fund a reserve fund for the Series 2010 Bonds. On August 10, 2016 the City issued Special Tax Bonds, Series 2016, CFD 08-1 in the principal amount of \$60,000 and at a premium of \$5,923. The bonds are being used to provide financing for acquisition and construction of certain public facilities necessary for the continued development of the District, and to refund \$22,730 outstanding principal of the CFD 08-1, Special Tax Bonds, Series 2010. The City reduced the CFD 08-1 total debt service payments over the life of the refunded bonds by \$13,325 with a present value savings of \$8,649. The true interest cost is 3.38% payable semiannually commencing from March 1, 2017 through September 1, 2037. Total debt service is \$110,392 to maturity.

**NOTE 9 – SEGMENT INFORMATION:**

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

**Condensed Statement of Net Position**

<b>Assets</b>	
Cash and cash equivalents	\$ 7,368
Investments	21,879
Other current assets	1,781
Restricted cash and cash equivalents	8,629
Restricted investments	5,422
Capital assets, net	104,324
Total assets	<u>149,403</u>
Deferred outflows of resources - deferred pension	<u>1,855</u>
<b>Liabilities</b>	
Current liabilities	1,289
Current liabilities payable from restricted assets	1,650
Noncurrent liabilities	46,603
Total liabilities	<u>49,542</u>
Deferred inflows of resources - deferred pension	<u>675</u>
<b>Net Position</b>	
Net investment in capital assets	62,824
Restricted for debt services	460
Restricted for capital projects	12,357
Unrestricted	25,400
Total net position	<u>\$ 101,041</u>

**Condensed Statement of Revenues, Expenses and Changes in Net Position**

Waste water fees (pledged against bonds)	\$ 12,889
Other revenues	882
Depreciation and amortization	(2,216)
Other operating expenses	(6,252)
Total operating Income	<u>5,303</u>
Nonoperating income(expenses)	
Interest income	223
Interest expense	(1,427)
Loss on disposal of capital assets	(15)
Transfer out	(501)
Total nonoperating expense	<u>(1,720)</u>
Change in net position	3,583
Net position at beginning of year	97,458
Net position at end of year	<u>\$ 101,041</u>

**Condensed Statement of Cash Flows**

<b>Net cash provided by (used for):</b>	
Operating activities	\$ 7,465
Noncapital financing activities	(501)
Capital and related financing activities	(7,304)
Investing activities	(1,598)
Net decrease	<u>(1,938)</u>
Beginning cash and cash equivalents	17,935
Ending cash and cash equivalents	<u>15,997</u>

**Reconciliation of cash and cash equivalents**

Cash and cash equivalent	7,368
Restricted cash and cash equivalent	8,629
Total cash and cash equivalent	<u>\$ 15,997</u>

**NOTE 10 - PENSIONS:**

General information about the Pension Plans

Plan Description

The City provides pension benefits to eligible full-time employees in three separate pension plans: Miscellaneous Plan, Police Safety Plan and Fire Safety Plan. These plans are agent multiple-employer public employee defined benefit plans and are administered through the California Public Employees' Retirement System (CalPERS), which acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by State statute and City ordinance. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website @www.calpers.ca.gov.

Benefits Provided

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

The Plans' provisions and benefits in effect at June 30, 2017 are summarized as follows:

	Miscellaneous	
	Prior to January 1, 2013	On or after January 1, 2013
Hire Date		
Benefit formula	2.7% @ 55	2.0% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50-55	52-65
Monthly benefits, as a % of eligible compensation	2.70%	2.00%
Required employee contribution rates	8.00%	6.75%
Required employer contribution rates	28.415%	28.415%

	Police Safety	
	Prior to January 1, 2013	On or after January 1, 2013
Hire Date		
Benefit formula	3.0% @ 50	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50	52-57
Monthly benefits, as a % of eligible compensation	3.00%	2.70%
Required employee contribution rates	9.00%	12.00%
Required employer contribution rates	39.784%	39.784%

	Fire Safety	
	Prior to January 1, 2013	On or after January 1, 2013
Hire Date		
Benefit formula	3.0% @ 50	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50	50-57
Monthly benefits, as a % of eligible compensation	3.00%	2.0%-2.7%
Required employee contribution rates	9.00%	10.75%
Required employer contribution rates	41.876%	41.876%

Employees Covered

At June 30, 2016, the following employees were covered by the benefit terms for each Plan:

	Miscellaneous	Police Safety	Fire Safety
Inactive employees or beneficiaries currently receiving benefits	1,972	539	297
Inactive employees entitled to but not yet receiving benefits	1,493	65	49
Active employees	1,670	400	199
Total	5,135	1,004	545

Contributions

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



The City pays a certain percentage of the Participant contribution. The following table summarizes the required contribution rates by employee and employer effective for fiscal year 2017. The contribution requirements of plan members and the City are established and may be amended by CalPERS.

Employee Group	CalPERS <sup>1</sup> Membership	Retirement Formula	Employee Rate		Employer Rate		Total Rate
			Employee	City	Employee <sup>2</sup>	City	
<b>Miscellaneous Employees</b>							
Management	Classic	2.7% @ 55	8.000%	0.000%	4.000%	24.415%	36.415%
	New	2.0% @ 62	6.750%	0.000%	0.000%	28.415%	35.165%
AMEA General	Classic	2.7% @ 55	8.000%	0.000%	4.000%	24.415%	36.415%
	New	2.0% @ 62	6.750%	0.000%	0.000%	28.415%	35.165%
I.B.E.W. Confidential	Classic	2.7% @ 55	8.000%	0.000%	4.000%	24.415%	36.415%
	New	2.0% @ 62	6.750%	0.000%	0.000%	28.415%	35.165%
APA Trainees	Classic	2.7% @ 55	8.000%	0.000%	4.000%	24.415%	36.415%
	New	2.0% @ 62	6.750%	0.000%	0.000%	28.415%	35.165%
<b>Safety Employees</b>							
Fire & Rescue Management AFA	Classic	3% @ 50	9.000%	0.000%	3.000%	38.876%	50.876%
	Classic	2% @ 50	9.000%	0.000%	3.000%	38.876%	50.876%
	New	2.7% @ 57	10.750%	0.000%	0.000%	41.876%	52.626%
Police Management APMA, APA	Classic	3% @ 50	9.000%	0.000%	3.000%	36.784%	48.784%
	New	2.7% @ 57	12.000%	0.000%	0.000%	39.784%	51.784%

<sup>1</sup> Definition of a 'New' PERS member

A new hire who is brought in CalPERS membership for the first time on or after January 1, 2013, and who has no prior membership in any California public retirement system.  
 A new hire who is brought into CalPERS membership for the first time on or after January 1, 2013, and who is not eligible for reciprocity with another California public retirement system.  
 A member who first established CalPERS membership prior to January 1, 2013, and who is rehired by a different CALPERS employer after a break in service of greater than six months.

<sup>2</sup> PERS Cost Share Caps at 4% for Miscellaneous Classic Employees.

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

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

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

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

**Net Pension Liability**

The City's net pension liability for each Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of each of the Plan is measured as of June 30, 2016. Liabilities are based on the results of the actuarial calculations performed as of June 30, 2015 and were rolled forward to determine the June 30, 2016 total pension liability. Fiduciary net position is based on fair value of investments as of June 30, 2016.

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

**Actuarial Assumptions:**

Valuation Date (VD)	June 30, 2015
Measurement Date (MD)	June 30, 2016
Measurement Period	July 1, 2015 to June 30, 2016
Reporting Date (RD)	June 30, 2017
Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market Value of Assets
<b>Actuarial Assumptions:</b>	
Discount Rate	7.65%
Inflation	2.75%
Salary Increase	Varies by Entry Age and Service
Payroll Growth	3.00%
Investment Rate of Return	7.50% Net of Pension Plan Investment and Administrative Expenses, includes inflation
Retirement Age	The probabilities of Retirement are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007.
Mortality	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and Post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuary.
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

**Discount Rate**

The discount rate used to measure the total pension liability was 7.65 percent. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing of the plans, the tests revealed the assets would not run out. Therefore, the current 7.65 percent discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long-term expected discount rate of 7.65 percent is applied to all plans in the Public Employees Retirement Fund.

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10

years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent. The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. The target allocation shown was adopted by CalPERS effective July 1, 2015.

<u>Asset Class</u>	<u>Current Target Allocation</u>	<u>Real Return Years 1-10 <sup>1</sup></u>	<u>Real Return Years 11+ <sup>2</sup></u>
Global Equity	47.00%	5.25 %	5.71 %
Global Fixed Income	19.00%	0.99 %	2.43 %
Inflation Sensitive	6.00%	0.45 %	3.36 %
Private Equity	12.00%	6.83 %	6.95 %
Real Estate	11.00%	4.50 %	5.13 %
Infrastructure and Forestland	3.00%	4.50 %	5.09 %
Liquidity	2.00%	(0.55)%	(1.05)%
	<u>100.00%</u>		

<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

In December 2016, the CalPERS Board of Administration voted to lower the discount rate used in its actuarial assumptions from 7.65% to 7.15% (including administrative expenses) effective July 1, 2017 over three year period. As shown on page 80, a similar reduction to the discount rate in accordance with GASB Statement No 68 will increase the net pension liability. This increase will be amortized over the expected remaining service lives of all employees provided by benefits through the pension plans.

**Recognition of Gains and Losses**

Under GASB 68, gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time.

The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense.

Difference between projected and actual earnings on investments	5 year straight-line amortization
All other amounts	Straight-line amortization over the average expected remaining service lives of all members that are provided with benefits (active, inactive, and retired) as of the beginning of the measurement period

**Change in the Net Pension Liability**

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

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

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/ (Asset) (c) = (a) - (b)
<u>Miscellaneous Plan:</u>			
Balance at June 30, 2015 (VD)	\$ 1,224,619	\$ 898,392	\$ 326,227
Changes recognized for the Measurement Period:			
Service Cost	19,841		19,841
Interest on the Total Pension Liability	89,941		89,941
Changes of Assumptions			
Difference between Expected and Actual Experience	(28,822)		(28,822)
Plan to Plan Resource Movement		(34)	34
Contribution from the Employer		31,595	(31,595)
Contributions from Employees		9,812	(9,812)
Net Investment Income		4,556	(4,556)
Benefit Payments, including Refunds of Employee Contributions	(60,039)	(60,039)	
Administrative Expenses		(548)	548
Net Changes during 2015-2016	20,921	(14,658)	35,579
Balance at 6/30/2016 (MD)	\$ 1,245,540	\$ 883,734	\$ 361,806

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/ (Asset) (c) = (a) - (b)
<u>Police Safety Plan:</u>			
Balance at June 30, 2015 (VD)	\$ 647,408	\$ 499,012	\$ 148,396
Changes recognized for the Measurement Period:			
Service Cost	13,551		13,551
Interest on the Total Pension Liability	49,349		49,349
Changes of Assumptions			
Difference between Expected and Actual Experience	6,919		6,919
Plan to Plan Resource Movement			
Contribution from the Employer		17,527	(17,527)
Contributions from Employees		4,726	(4,726)
Net Investment Income		2,607	(2,607)
Benefit Payments, including Refunds of Employee Contributions	(32,039)	(32,039)	
Administrative Expenses		(304)	304
Net Changes during 2015-2016	37,780	(7,483)	45,263
Balance at 6/30/2016 (MD)	\$ 685,188	\$ 491,529	\$ 193,659

Fire Safety Plan:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/ (Asset) (c) = (a) - (b)
Balance at June 30, 2015 (VD)	\$ 383,379	\$ 289,566	\$ 93,813
Changes recognized for the Measurement Period:			
Service Cost	5,572		5,572
Interest on the Total Pension Liability	28,550		28,550
Changes of Assumptions			
Difference between Expected and Actual Experience	(2,504)		(2,504)
Plan to Plan Resource Movement			
Contribution from the Employer		9,483	(9,483)
Contributions from Employees		2,328	(2,328)
Net Investment Income		1,449	(1,449)
Benefit Payments, including Refunds of Employee Contributions	(20,907)	(20,907)	
Administrative Expenses		(177)	177
Net Changes during 2015-2016	10,711	(7,824)	18,535
Balance at 6/30/2016 (MD)	\$ 394,090	\$ 281,742	\$ 112,348

Combined Total:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/ (Asset) (c) = (a) - (b)
Balance at June 30, 2015 (VD)	\$ 2,255,406	\$ 1,686,970	\$ 568,436
Changes recognized for the Measurement Period:			
Service Cost	38,964		38,964
Interest on the Total Pension Liability	167,840		167,840
Changes of Assumptions			
Difference between Expected and Actual Experience	(24,407)		(24,407)
Plan to Plan Resource Movement		(34)	34
Contribution from the Employer		58,605	(58,605)
Contributions from Employees		16,866	(16,866)
Net Investment Income		8,612	(8,612)
Benefit Payments, including Refunds of Employee Contributions	(112,985)	(112,985)	
Administrative Expenses		(1,029)	1,029
Net Changes during 2015-2016	69,412	(29,965)	99,377
Balance at 6/30/2016 (MD)	\$ 2,324,818	\$ 1,657,005	\$ 667,813

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

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

Plans' Net Pension Liability	Discount Rate - 1% (6.65%)	Discount Rate (7.65%)	Discount Rate + 1% (8.65%)
Miscellaneous	\$ 522,604	\$ 361,806	\$ 228,641
Police Safety	285,989	193,659	117,694
Fire Safety	162,529	112,348	70,818
Combine total	<u>\$ 971,122</u>	<u>\$ 667,813</u>	<u>\$ 417,153</u>

Pension Plan Fiduciary Net Position

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

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

Pension expense is the change in net pension liability from the previous fiscal year to the current fiscal year less adjustments. For the fiscal year ended June 30, 2017, the City recognized pension expense of \$44,920. At June 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 63,272	
Changes of Assumptions		\$ 16,227
Difference between Expected and Actual Experiences	5,231	38,583
Net difference between projected and actual earnings on plan investments	90,566	
Change in proportions	5,495	5,495
Total	<u>\$ 164,564</u>	<u>\$ 60,305</u>

\$63,272 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the measurement year ended June 30, 2017. Amount reported in Deferred inflows of resources related to pensions will be recognized as a component in pension expense as follows:

Measurement DateEnded June 30

2017	\$ (18,891)
2018	(6,376)
2019	42,545
2020	23,709
Total	<u>\$ 40,987</u>

**Payable to the Pension Plans**

At June 30, 2017, the City reported a payable of \$2,254 for the outstanding amount of contributions to the pension plan required for the fiscal year ended June 30, 2017.

**NOTE 11 - Other Post-employment Benefits**

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

Funding Policy

The contribution requirements of plan members and the City are established in accordance with City Personnel Resolutions and various Memoranda of Understanding. The retired plan members receiving benefits make varying contributions toward the cost of these benefits depending on the retiree's Medicare eligibility, year of hire, age and employee group. Retiree contributions for the fiscal year ended June 30, 2017 were 2.90% of total payroll.

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

The City contributes an amount not less than the annual required contribution (ARC) of the employer. The ARC is an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The ARC rate for the fiscal year ended June 30, 2017, was 8.8% of covered payroll.

Annual OPEB Cost and Net OPEB Asset

The City's annual OPEB cost, amount actually contributed to the plan, and changes in the City's net OPEB asset for the fiscal year ended June 30, 2017, are as follows:

ARC	\$ 15,937
Interest on net OPEB asset	(819)
Adjustment to ARC	838
Annual OPEB cost	<u>\$ 15,956</u>
Contributions made	\$ 16,016
Annual OPEB cost	<u>(15,956)</u>
Change in OPEB asset	60
Net OPEB asset - beginning of year	11,244
Net OPEB asset - end of year	<u>\$ 11,304</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB asset for the fiscal year ended June 30, 2017 are as follows:

Fiscal Year Ending	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	OPEB Asset
6/30/2015	\$ 13,192	100.40%	\$ 11,209
6/30/2016	13,686	100.26%	11,244
6/30/2017	15,956	100.38%	11,304

Funded Status and Funding Progress

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

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

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

Actuarial Methods and Assumptions

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

In the July 1, 2015, actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumption included a 7.28% investment rate of return, an annual healthcare cost trend rate ranging from 7.50% initially and declining to 5.00% by 2022, payroll growth rate of 3.00% per year, and an inflation factor of 2.75%. The OPEB unfunded actuarial accrued liability is being amortized as a level percentage of payroll over a closed 30-year period. The remaining amortization period as of July 1, 2017, is 21 years.

**NOTE 12 – JOINT VENTURES AND JOINTLY-OWNED PROPERTIES**

**Authority for Orange County - City Hazardous Materials Emergency Response**

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

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

Public entities in Orange County may receive hazardous materials response services from the Hazmat by executing an agreement and paying a fair share contribution. Audited financial information for the joint powers authority as of and for the year ended June 30, 2017, was as follows:

Total assets	\$ 250
Total liability	15
Members' equity	235
Total revenues	85
Total expenses	56
Change in net position	29

Hazmat does not have any debt outstanding at June 30, 2017.

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

**Metro Cities Fire Authority**

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

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

Public entities in Orange County may receive services from the Fire Authority by executing an agreement and paying a fair share contribution. Audited financial information for the Fire Authority as of and for the year ended June 30, 2017, was as follows:

Total assets	\$ 1,749
Total liabilities	233
Members' equity	1,516
Total revenues	6,090
Total expenses	6,111
Change in net position	(21)

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

**North Net Joint Training Authority**

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

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

Public entities in Orange County may receive training services from the Authority by executing a "subscription agreement" and by paying the annual fee and other costs.

Audited financial information for the Authority as of and for the year ended June 30, 2016, was as follows:

Total assets	\$ 1,546
Total liabilities	56
Members' equity	1,490
Total revenues	781
Total expenses	896
Change in net position	(115)

**Jointly-owned utility plants**

The City's Electric Utility owns a 10.04% ownership interest in the coal-fire San Juan Generating Station, Unit 4 (SJ), located near Waterflow, New Mexico. The other participants in SJ and their respective ownership include: Public Service of New Mexico, 45.48%; City of Farmington, New Mexico, 8.48%; County of Los Alamos, New Mexico, 7.20%; and M-S-R Public Power Agency, 28.80%. There are no separate financial statements for this venture, as each participant's interest in the utility plant is included in their respective financial statements. The City's cumulative share of construction costs included in the utility plant at June 30, 2017, amounted to \$84,616.

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

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

responsible for spent fuel storage charges until the federal government takes possession. The Decommissioning Trust Fund will pay for spent fuel storage charges after June 7, 2013.

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

**NOTE 13 – COMMITMENTS AND CONTINGENCIES:**

**Intermountain Power Agency**

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

	Entitlement	Expiration
Generation:		
Intermountain Power Project	13.225%	2027

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

**Southern California Public Power Authority**

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

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

Take or pay commitments

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

Fiscal Year Ending 6/30	Natural								
	IPA	STS	MAP	MPP	Hoover	Magnolia	Gas	Canyon	Total
2018	\$ 21,125	\$ 13,746	\$ 2,909	\$ 1,562	\$ 932	\$ 6,595	\$ 5,984	\$ 17,109	\$ 69,962
2019	28,011	13,704	2,881	1,555		6,593	5,360	17,521	75,625
2020	30,798	12,003	2,859	1,538		6,593	4,895	17,491	76,177
2021	31,725	13,761	2,136	1,142		6,589	4,514	19,527	79,394
2022	12,788	16,403				6,591	4,169	19,531	59,482
2023-2027	10,038	41,980				35,641	16,601	96,924	201,184
2028-2032		5,650				38,087	11,345	96,458	151,540
2033-2037						57,293	1,781	96,500	155,574
2038-2042								76,933	76,933
Total	\$134,485	\$117,247	\$10,785	\$ 5,797	\$ 932	\$163,982	\$ 54,649	\$ 457,994	\$ 945,871

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

Fiscal Year	IPA	STS	MAP	MPP	Hoover	Magnolia	Natural Gas	Canyon	Total
2017	\$41,090	\$4,968	\$680	\$349	\$1,034	\$22,931	\$637	\$8,823	\$80,512

Cap-and-Trade Program

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

The Cap-and-Trade program (Program) was implemented beginning January 1, 2013. This Program requires Electric Utilities to have GHG allowances on an annual

basis to offset GHG emissions associated with generating electricity. CARB will provide a free allocation of GHG allowance to each electric utility to mitigate retail rate impacts. This free allocation of GHG allowance is expected to be sufficient to meet Electric Utility's GHG compliance obligations for retail sales. During this fiscal year, an unused portion of retail allowance was sold for \$16,208 to reduce future renewable energy costs for retail customers. The compliance obligation for the wholesale sales requires allowance to be obtained through the auction or in the secondary market quarterly. At June 30, 2017, the value of prepaid Cap and Trade allowance is \$18,903, and the value of the Cap and Trade obligation is \$13,324.

Operating Leases

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

Fiscal Year Ending June 30

2018	\$ 59
2019	59
2020	62
2021	65
2022	65
2023-2027	342
2028-2032	376
2033-2037	414
2038-2042	455
2043-2045	239
Total minimum future rentals	<u>\$ 2,136</u>

**The Honda Center**

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

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

Effective December 16, 2003, the City and Anaheim Arena Management LLC (AAM) entered into a Facility Management Agreement (FMA) whereby AAM has the exclusive right and license to manage, maintain and operate all aspects of the Honda Center in accordance with the FMA through June 30, 2023, with an option to extend the term for an additional period not to exceed 10 years. Annual distributions to the City, AAM and the County of Orange are required for their respective share of adjusted net revenues, as defined in the FMA. In the event that cash on hand is insufficient to pay operating expenses, debt service, distributions to the City, the County of Orange, or other amounts payable, AAM shall make or cause an affiliate or third-party lending institution to make loans for such purposes, as defined in the FMA. Such funds will be repaid from gross revenues or adjusted net revenues, if any, as defined in and in accordance with disbursement priorities established in the FMA. At June 30, 2017, the outstanding conduit debt on the Honda Center totaled \$22,500. The debt is non-recourse, payable from revenues generated by the facility. Neither the faith and credit nor the taxing power of the City is pledged to the payment of the debt. The debt is not a general or special obligation of the City, nor does it contain any credit enhancements that secondarily pledge existing or future resources of the City (other than revenues generated by the facility), and accordingly it is not reflected in the accompanying basic financial statements.

**Angel Stadium of Anaheim**

On May 14, 1996, the City and the California Angels, LP (Team), which was then managed by Disney Sports Enterprises, Inc. (subsequently known as Anaheim Sports, Inc.), entered into an agreement to provide for the operation and refurbishment of the Stadium. Pursuant to the agreement, the Team assumed responsibility for the operation of the Stadium on October 1, 1996. The agreement runs for 33 years (subject to a limited Team option to cancel at 20 years and the Team's right to extend the term). In September 2013, the agreement was modified extending the Team's right to terminate the agreement by three years to October 16, 2019.

Under the terms of the agreement, the Team assumed full responsibility for all Stadium operations and maintenance, including capital maintenance. The Team



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

The Agreement also provided that the City had the right to develop approximately 42 acres of the parking lot development site. In 1998 a land sale of \$1,000 for a 1.25 acre site was approved for the construction of a 1,100-seat theatre called "Tinseltown Studios" (now known as "City National Grove of Anaheim"). In November 2002, the City purchased the facility and the land for \$6,700 from its then owner, SMG. Concurrent with the purchase, the City granted to Nederlander-Grove LLC (Nederlander) a license to operate the facility for three years with the right to extend another five years. In May 2009, the management agreement was amended extending the term to December 31, 2015 with the right to extend another five year period. In June 2015, the option to extend was exercised, which extends the term to December 31, 2020. Additionally, under the amended management agreement, effective January 1, 2009, Nederlander no longer receives a management fee of \$150 and the City's share in the annual net profits and losses from operations increased from 50% to 60%. Nederlander is responsible for 100% of losses in excess of \$400, thereby limiting the City's share of net losses to a maximum of \$240 in any given year. The City may elect to terminate the agreement prior to expiration of the term under certain conditions, and pay the unamortized balance of capital assets purchased during the term to Nederlander. Concurrent with the amendment to the management agreement, the parking license fee agreement was amended, wherein the parking license fees from Nederlander were reduced to \$176 and is subject to adjustment annually based on CPI increases. Nederlander paid the City \$198 for the year ended June 30, 2017, for parking and common area maintenance.

### **Muzeo**

In October 2007, the City and the former Redevelopment Agency entered into a property operating agreement (Agreement) with the Muzeo Foundation to operate and provide programming for the Muzeo, the downtown museum. The Agreement is for a term of 30 years and provides for a line of credit for the first 3 years from the City to the Muzeo Foundation in an amount not to exceed \$1,000 or 95% of pledges at an annual interest rate of 5%. The Agreement was amended on August 1, 2010, to extend the maturity date to June 30, 2015. It also amended the aggregate amount of the line of credit to \$500 during fiscal year 2011 and \$200 during each fiscal year thereafter with amounts being converted to grants upon achieving fund raising thresholds. On June 30, 2014, the agreement was amended to extend the

maturity date to the June 30, 2019 and increased the line of credit amount from \$200 to \$250 annually. At June 30, 2017, there was no amount due to the City.

### **Participation Agreement – Construction of Regional Animal Care Shelter**

On April 12, 2016 the City Council approved a Participation Agreement between the County of Orange and City of Anaheim for the construction of a new regional animal shelter at the former Tustin Air Base. Participants of this Participation Agreement is among the County of Orange and fourteen Orange County Cities. The Shelter will be a County public works project with a maximum construction amount of \$35 million of which the County will fund \$7.2 million and contribute the land at no cost. The remaining \$27.3 million of the maximum construction amount will be divided proportionately among the contract cities based on the percentage of actual shelter usage over the last five years. The City's proportionate share is 28.28% or \$7.7 million for an estimate annual payment of \$798 payable quarterly over 10 years starting with fiscal year 2017.

During fiscal year 2017, the City has paid \$798 with an estimated unpaid balance of \$6,949.

### **Litigation**

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

### **Grants**

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

**Construction and other significant commitments**

At June 30, 2017, the City had the following commitments with respect to unfinished capital projects, disposition and development agreements, reimbursement agreements and cooperation agreements:

<u>Capital Projects</u>	<u>Remaining Construction Commitment</u>	<u>Expected Completion Date</u>
Alderdale Avenue Water Transmission Main Replacement	\$ 1,917	2018
Anaheim Hills Road Water Main Replacement Project	678	2017
Anaheim Resort Electric Line Extension	5,321	2018
Brookhurst Street Improvement	3,893	2017
Cable	1,528	2017
Citywide Sanitary Sewer Improvement - Cerritos Avenue	2,121	2017
Citywide Sanitary Sewer Improvement - Crescent Avenue	1,914	2017
Convention Center Expansion Betterment VII	6,124	2017
Direct Buried Cable Replacement Phase XII	2,967	2018
Equipping of Well No. 59	1,950	2018
Fire Station No. 5 Design Build Project	4,737	2018
Harbor 69 12Kv Substation Design/Build	25,189	2019
Katella Substation to Central Anaheim 12kv Line Extension	2,130	2017
Katella Water Main Replacement Project-Disneyland Drive	6,149	2018
La Palma Complex Reservoir and Pump Station	7,276	2018
Parks play equipment, restroom facility and LED lighting	1,092	2017
Permit Tracking and Land Management Software System	2,013	2018
Ponderosa Park Family Resource Center & Park Upgrade	6,863	2018
Switch Gear	1,309	2017
Transformer	1,007	2017
Underground District #62 Phase 2, Miraloma Avenue	2,514	2017
Underground District #63 - Lincoln and Rio Vista	7,393	2018
Underground District #64 Orangewood	9,428	2018
Vehicle acquisitions	2,204	2017
Yorba Substation 12Kv Upgrade	3,194	2018
<b>Total</b>	<b><u>\$ 110,911</u></b>	

**NOTE 14 – SUBSEQUENT EVENTS:**

On December 6, 2017, Standard and Poor's (S&P) raised the City's Treasurer Investment Pool Fund credit quality rating to 'AA+' from 'AAf' and reaffirmed its 'S1' fund volatility rating.

On December 18, 2017, the Electric Utility remarketed the variable rate 2015-A California Municipal Finance Authority Revenue Bonds in the principal amount of \$50,000. The remarketing provides a three year extension of the call protection date as well as a reduction in the interest rate of 15 basis point or 0.15%.

On December 12, 2017, the Electric Utility entered into a bond purchase Agreement with Underwriters for the negotiated sale of Anaheim Housing and Public Improvements Authority Revenue (AHPIA) Refunding Bonds Series 2017 A & B (Electric Utility Distribution System Refunding), \$42,995 and \$194,790 principal, respectively, to refund a portion of certain outstanding Qualified Obligations of the Electric System. The proceeds of these issues will be used, together with certain other available moneys, to refund a portion of the outstanding AHPIA Revenue Refunding Bonds Series 2016 A & B (Electric Utility Distribution System Refunding and Improvements), Anaheim Public Financing Authority (APFA) Series 2011-A (City of Anaheim Electric System Distribution Facilities) bonds, APFA Series 2012-A (Electric Distribution System Refunding) bonds and are scheduled to close on December 21, 2017.

# Required Supplementary Information



**Required  
Supplementary Information**



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

Measurement Period	Miscella- neous	Police Safety	Fire Safety	Total	Miscellaneous	Police Safety	Fire Safety	Total
	2015-2016	2015-2016	2015-2016	2015-2016	2014-2015	2014-2015	2014-2015	2014-2015
<b>TOTAL PENSION LIABILITY</b>								
Service cost	\$ 19,841	\$ 13,551	\$ 5,572	\$ 38,964	\$ 20,334	\$ 12,193	\$ 5,419	\$ 37,946
Interest on the Total Pension Liability	89,941	49,349	28,550	167,840	88,334	46,658	27,760	162,752
Changes of Assumptions					(21,249)	(11,546)	(6,582)	(39,377)
Difference Between Expected and Actual Experience	(28,822)	6,919	(2,504)	(24,407)	(16,296)	(19,370)	(4,549)	(40,215)
Benefit Payments, including Refunds of Employee Contributions	(60,039)	(32,039)	(20,907)	(112,985)	(57,158)	(30,517)	(19,944)	(107,619)
<b>Net Change in Total Pension Liability</b>	<u>20,921</u>	<u>37,780</u>	<u>10,711</u>	<u>69,412</u>	<u>13,965</u>	<u>(2,582)</u>	<u>2,104</u>	<u>13,487</u>
<b>Total Pension Liability - Beginning</b>	<u>1,224,619</u>	<u>647,408</u>	<u>383,379</u>	<u>2,255,406</u>	<u>1,210,654</u>	<u>649,990</u>	<u>381,275</u>	<u>2,241,919</u>
<b>Total Pension Liability - Ending (a)</b>	<u>1,245,540</u>	<u>685,188</u>	<u>394,090</u>	<u>2,324,818</u>	<u>1,224,619</u>	<u>647,408</u>	<u>383,379</u>	<u>2,255,406</u>
<b>PLAN FIDUCIARY NET POSITION</b>								
Contributions - Employer	31,595	17,527	9,483	58,605	25,375	14,663	7,622	47,660
Contributions - Employees	9,812	4,726	2,328	16,866	8,877	4,192	2,075	15,144
Net Investment Income <sup>2</sup>	4,556	2,607	1,449	8,612	20,081	10,967	6,515	37,563
Benefit Payments, including Refunds of Employee Contributions	(60,039)	(32,039)	(20,907)	(112,985)	(57,158)	(30,517)	(19,944)	(107,619)
Plan to Plan Resource Movement	(34)			(34)	(5)	5		
Administrative Expense	(548)	(304)	(177)	(1,029)	(1,011)	(562)	(326)	(1,899)
<b>Net Change in Fiduciary Net Position</b>	<u>(14,658)</u>	<u>(7,483)</u>	<u>(7,824)</u>	<u>(29,965)</u>	<u>(3,841)</u>	<u>(1,252)</u>	<u>(4,058)</u>	<u>(9,151)</u>
<b>Plan Fiduciary Net Position - Beginning</b>	<u>898,393</u>	<u>499,011</u>	<u>289,566</u>	<u>1,686,970</u>	<u>902,234</u>	<u>500,263</u>	<u>293,624</u>	<u>1,696,121</u>
<b>Plan Fiduciary Net Position - Ending (b)</b>	<u>883,735</u>	<u>491,528</u>	<u>281,742</u>	<u>1,657,005</u>	<u>898,393</u>	<u>499,011</u>	<u>289,566</u>	<u>1,686,970</u>
<b>Plan Net Pension Liability (Asset) - Ending (a) - (b)</b>	<u>\$ 361,805</u>	<u>\$ 193,660</u>	<u>\$ 112,348</u>	<u>\$ 667,813</u>	<u>\$ 326,226</u>	<u>\$ 148,397</u>	<u>\$ 93,813</u>	<u>\$ 568,436</u>
<b>Plan Fiduciary Net Position as a percentage of the Total Pension Liability</b>	70.95%	71.74%	71.49%	71.27%	73.36%	77.08%	75.53%	74.80%
<b>Covered Payroll</b>	\$ 111,398	\$ 46,479	\$ 21,600	\$ 179,477	\$ 112,039	\$ 41,800	\$ 20,935	\$ 174,774
<b>Plan Net Pension Liability (Asset) as a Percentage of Covered Payroll</b>	324.79%	416.66%	520.13%	372.09%	291.17%	355.02%	448.12%	325.24%

See accompanied Independent auditors' report

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

(continued)

Measurement Period	Miscellaneous	Police Safety	Fire Safety	Total
	2013-2014	2013-2014	2013-2014	2013-2014
<b>TOTAL PENSION LIABILITY</b>				
Service cost	\$ 21,254	\$ 13,088	\$ ,961	\$ 40,303
Interest on the Total Pension Liability	85,591	45,898	27,044	158,533
Changes of Assumptions				
Difference Between Expected and Actual Experience				
Benefit Payments, including Refunds of Employee Contributions	(53,552)	(28,845)	(18,657)	(101,054)
<b>Net Change in Total Pension Liability</b>	53,293	30,141	14,348	97,782
<b>Total Pension Liability - Beginning</b>	1,157,361	619,849	366,927	2,144,137
<b>Total Pension Liability - Ending (a)</b>	<u>\$ 1,210,654</u>	<u>\$ 649,990</u>	<u>\$ 381,275</u>	<u>\$2,241,919</u>
<b>PLAN FIDUCIARY NET POSITION</b>				
Contributions - Employer	\$23,841	\$13,505	\$7,723	\$45,069
Contributions - Employees	8,893	4,064	2,337	15,294
Net Investment Income <sup>2</sup>	135,468	75,115	44,305	254,888
Benefit Payments, including Refunds of Employee Contributions	(53,552)	(28,845)	(18,657)	(101,054)
Plan to Plan Resource Movement				
Administrative Expense				
<b>Net Change in Fiduciary Net Position</b>	114,650	63,839	35,708	214,197
<b>Plan Fiduciary Net Position - Beginning</b>	787,584	436,424	257,916	1,481,924
<b>Plan Fiduciary Net Position - Ending (b)</b>	902,234	500,263	293,624	1,696,121
<b>Plan Net Pension Liability (Asset) - Ending (a) - (b)</b>	<u>\$ 308,420</u>	<u>\$ 149,727</u>	<u>\$ 87,651</u>	<u>\$ 545,798</u>
<b>Plan Fiduciary Net Position as a percentage of the Total Pension Liability</b>	74.52%	76.96%	77.01%	75.65%
<b>Covered Payroll</b>	\$ 110,815	\$ 43,204	\$ 22,107	\$ 176,126
<b>Plan Net Pension Liability (Asset) as a Percentage of Covered Payroll</b>	278.32%	346.56%	396.49%	309.89%

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

<sup>2</sup> Net of administrative expenses

### Notes:

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

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

## Schedule of Pension Plan Contributions Last Ten Fiscal Years<sup>1</sup> (In thousands)

	Miscellaneous 2016-2017	Police Safety 2016-2017	Fire Safety 2016-2017	Total 2016-2017	Miscellaneous 2015-2016	Police Safety 2015-2016	Fire Safety 2015-2016	Total 2015-2016
Actuarially Determined Contribution	\$ 33,277	\$ 19,595	\$ 10,356	\$ 63,228	\$ 31,141	\$ 17,527	\$ 9,483	\$ 58,151
Contributions in Relation to the Actuarially Determined Contribution	(33,277)	(19,595)	(10,356)	(63,228)	(31,595)	(17,527)	(9,483)	(58,605)
Contribution Deficiency (Excess)					(454)			(454)
Covered Payroll	\$ 117,111	\$ 49,255	\$ 24,732	\$ 191,098	\$ 111,398	\$ 46,479	\$ 21,600	\$ 179,477
Contributions as a Percentage of Covered Payroll	28.41%	39.78%	41.87%	33.09%	28.36%	37.71%	43.90%	32.65%

	Miscellaneous 2014-2015	Police Safety 2014-2015	Fire Safety 2014-2015	Total 2014-2015	Miscellaneous 2013-2014	Police Safety 2013-2014	Fire Safety 2013-2014	Total 2013-2014
Actuarially Determined Contribution	\$ 25,375	\$ 14,663	\$ 7,622	\$ 47,660	\$ 23,841	\$ 13,505	\$ 7,723	\$ 45,069
Contributions in Relation to the Actuarially Determined Contribution	(25,375)	(14,663)	(7,622)	(47,660)	(23,841)	(13,505)	(7,723)	(45,069)
Contribution Deficiency (Excess)								
Covered Payroll	\$ 112,039	\$ 41,800	\$ 20,935	\$ 174,774	\$ 110,815	\$ 43,204	\$ 22,107	\$ 176,126
Contributions as a Percentage of Covered Payroll	22.65%	35.08%	36.41%	27.27%	21.51%	31.26%	34.93%	25.59%

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

**Notes to Schedule:**

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2013-2014, 2014-2015, and 2015-16 were from the June 30, 2011, June 30, 2012, and June 30, 2013 funding valuation reports respectively. valuations.

Actuarial Cost Method	Entry Age Normal
Amortization Method/Period	Level Percent of Payroll
Asset Valuation Method	Market Value of Assets
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Payroll Growth	3.00%
Investment Rate of Return, for Measurement Date June 30, 2014, and June 30, 2016	7.50% Net of Pension Plan Investment and Administrative Expenses; includes Inflation
Investment Rate of Return, for Measurement Date June 30, 2015	7.65% Net of Pension Plan Investment Expenses; includes Inflation
Retirement Age	

Mortality

The probabilities of Retirement are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and Post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.

## Schedule of Funding Progress for Other Post - Employment Benefits

(Amounts in Thousands)

Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Accrued Liability	Unfunded Liability AVA	Funded Ratios AVA	Annual Covered Payroll	UL as a % of Payroll
July 1, 2015	\$ 79,787	\$ 271,243	\$ 191,456	29.4%	\$ 166,522	115.0%
July 1, 2013	74,013	237,202	163,189	31.2%	155,317	105.1%
July 1, 2011	67,747	201,108	133,361	33.7%	169,331	78.8%
July 1, 2010	63,920	211,914	147,994	30.2%	177,229	83.5%



# Nonmajor Governmental Funds



# Nonmajor Governmental Funds

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

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

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

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

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

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

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

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

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

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

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

**MUNICIPAL FACILITIES FUND** - Established to accumulate resources for payment of the principal and interest on the lease revenue bonds for the Fire Facilities and other various acquisitions and capital improvements.

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

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

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

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

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

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

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

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

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

**Combining Balance Sheet  
Nonmajor Governmental Funds by Fund Type  
June 30, 2017** (In thousands)

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 10,298	\$ 331	\$ 11,611	\$ 22,240
Investments	35,796	1,152	40,367	77,315
Accounts receivable, net	1,712		3,428	5,140
Accrued interest receivable	136	14	138	288
Due from other funds			12,948	12,948
Due from other governments	6,513		14,668	21,181
Land held for resale	22,178			22,178
Prepaid and other assets	34		8,713	8,747
Restricted cash and cash equivalents	2,297	27,797	45,469	75,563
Restricted investments		98,291	7,815	106,106
Notes receivable, net	26,888			26,888
Due from Successor Agency	5,024		5,702	10,726
Total assets	<u>\$ 110,876</u>	<u>\$ 127,585</u>	<u>\$ 150,859</u>	<u>\$ 389,320</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 5,999	\$ 4	\$ 6,460	\$ 12,463
Wages payable	189		41	230
Deposits	6		1,194	1,200
Due to other funds	210		12,948	13,158
Due to other governments	1,500			1,500
Total liabilities	<u>7,904</u>	<u>4</u>	<u>20,643</u>	<u>28,551</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenues	1,879		12,117	13,996
Unavailable resources - long-term notes receivable	26,888			26,888
Unavailable resources - due from Successor Agency	5,024		5,702	10,726
Total deferred inflows of resources	<u>33,791</u>		<u>17,819</u>	<u>51,610</u>
<b>FUND BALANCES</b>				
Nonspendable:				
Prepaid and other assets			8,713	8,713
Restricted:				
Anaheim Resort maintenance and improvement	5,900			5,900
Capital projects			13,173	13,173
Community & Economic Development projects	24,490			24,490
Debt service		126,098		126,098
Development impact projects			94,152	94,152
Grant purposes	7,059			7,059
Homebuyer assistance program	5,190			5,190
Streets, roads and transportation improvement projects	26,974			26,974
Assigned				
Debt service		1,483		1,483
Capital projects			8,129	8,129
Unassigned	(432)		(11,770)	(12,202)
Total fund balances	<u>69,181</u>	<u>127,581</u>	<u>112,397</u>	<u>309,159</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 110,876</u>	<u>\$ 127,585</u>	<u>\$ 150,859</u>	<u>\$ 389,320</u>

See accompanied Independent auditors' report

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
 Nonmajor Governmental Funds by Fund Type  
 Year Ended June 30, 2017** (In thousands)

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues:				
Property taxes		\$ 36		\$ 36
Licenses, fees and permits	\$ 30		\$ 11,374	11,404
Intergovernmental revenues	27,539		15,885	43,424
Charges for services	22,470		48	22,518
Use of money and property	2,790	210	11,385	14,385
Contribution from property owners			36,864	36,864
Other	3,442		1,142	4,584
Total revenues	56,271	246	76,698	133,215
Expenditures:				
Current:				
City Attorney	120			120
Finance		22		22
Police	4,040		842	4,882
Fire & Rescue	471		336	807
Community & Economic Development	9,389		18	9,407
Planning & Building	1,421		45	1,466
Public Works	11,200		1,140	12,340
Community Services	335		1,702	2,037
Convention, Sports & Entertainment	13,315			13,315
Capital outlay	6,955		32,085	39,040
Debt service:				
Principal retirement	1,064	24,063	996	26,123
Interest charges	481	14,670	420	15,571
Total expenditures	48,791	38,755	37,584	125,130
Excess (deficiency) of revenues over (under) expenditures	7,480	(38,509)	39,114	8,085
Other financing sources (uses):				
Transfers in	310	57,797	13,017	71,124
Transfers out	(7,300)	(189)	(500)	(7,989)
Issuance of loan payable			6,125	6,125
Total other financing sources	(6,990)	57,608	18,642	69,260
Net change in fund balances	490	19,099	57,756	77,345
Fund balances at beginning of year	68,691	108,482	54,641	231,814
Fund balances at end of year	\$ 69,181	\$ 127,581	\$ 112,397	\$ 309,159

See accompanied Independent auditors' report

**Combining Balance Sheet  
Nonmajor Special Revenue Funds  
June 30, 2017** (In thousands)

	Gas Tax	Workforce Development	Community Development Block Grant	Grants	Anaheim Resort Maintenance District	Anaheim Tourism Improvement District	Narcotic Asset Forfeiture	Long Range Property Management Plan	Total
<b>ASSETS</b>									
Cash and cash equivalents	\$ 3,563	\$ 2	\$ 241	\$ 960	\$ 1,418	\$ 2,440	\$ 707	\$ 967	\$ 10,298
Investments	12,386	6	838	3,336	4,931	8,481	2,457	3,361	35,796
Accounts receivable, net			2		1	1,618		91	1,712
Accrued interest receivable	49			12	19	30	11	15	136
Notes receivable, net			4,798	22,090					26,888
Due from other governments	1,751	614	195	3,953					6,513
Land for resale								22,178	22,178
Prepaid and other assets				1				33	34
Restricted cash and cash equivalents							2,297		2,297
Due from Successor Agency			5,024						5,024
<b>Total assets</b>	<b>\$ 17,749</b>	<b>\$ 622</b>	<b>\$ 11,098</b>	<b>\$ 30,352</b>	<b>\$ 6,369</b>	<b>\$ 12,569</b>	<b>\$ 5,472</b>	<b>\$ 26,645</b>	<b>\$ 110,876</b>
<b>LIABILITIES</b>									
Accounts payable	\$ 1,173	\$ 384	\$ 276	\$ 944	\$ 457	\$ 2,113	\$ 64	\$ 588	\$ 5,999
Wages payable	57	20	31	36	12	1	30	2	189
Deposits								6	6
Due to other funds		210							210
Due to other governments								1,500	1,500
<b>Total liabilities</b>	<b>1,230</b>	<b>614</b>	<b>307</b>	<b>980</b>	<b>469</b>	<b>2,114</b>	<b>94</b>	<b>2,096</b>	<b>7,904</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>									
Unavailable revenues		81	2	1,737				59	1,879
Unavailable resources - long-term notes receivable			4,798	22,090					26,888
Unavailable resources - due from Successor Agency			5,024						5,024
<b>Total deferred inflows of resources</b>		<b>81</b>	<b>9,824</b>	<b>23,827</b>				<b>59</b>	<b>33,791</b>
<b>FUND BALANCES</b>									
Restricted:									
Anaheim Resort maintenance and improvement					5,900				5,900
Community & Economic Development projects								24,490	24,490
Grant purposes			967	714			5,378		7,059
Homebuyer assistance program				5,190					5,190
Streets, roads and transportation improvement projects	16,519					10,455			26,974
Unassigned		(73)		(359)					(432)
<b>Total fund balances (deficit)</b>	<b>16,519</b>	<b>(73)</b>	<b>967</b>	<b>5,545</b>	<b>5,900</b>	<b>10,455</b>	<b>5,378</b>	<b>24,490</b>	<b>69,181</b>
Total liabilities, deferred inflows of resources, and fund balance	\$ 17,749	\$ 622	\$ 11,098	\$ 30,352	\$ 6,369	\$ 12,569	\$ 5,472	\$ 26,645	\$ 110,876

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficit)  
Nonmajor Special Revenue Funds  
June 30, 2017** (In thousands)

	<b>Gas Tax</b>	<b>Workforce Development</b>	<b>Community Development Block Grant</b>	<b>Grants</b>	<b>Anaheim Resort Maintenance District</b>	<b>Anaheim Tourism Improvement District</b>	<b>Narcotic Asset Forfeiture</b>	<b>Long Range Property Management Plan</b>	<b>Total</b>
<b>Revenues:</b>									
Licenses, fees and permits				\$ 29	\$ 1				\$ 30
Intergovernmental revenues	\$ 13,210	\$ 3,192	\$ 3,998	5,403			\$ 1,736		27,539
Charges for services	173				4,335	\$ 17,962			22,470
Use of money and property	58		319	464	17	98	42	\$ 1,792	2,790
Other	11	14	879	2,472	3		36	27	3,442
<b>Total revenues</b>	<b>13,452</b>	<b>3,206</b>	<b>5,196</b>	<b>8,368</b>	<b>4,356</b>	<b>18,060</b>	<b>1,814</b>	<b>1,819</b>	<b>56,271</b>
<b>Expenditures:</b>									
<b>Current:</b>									
City Attorney			120						120
Police				2,607			1,433		4,040
Fire & Rescue				471					471
Community & Economic Development		3,271	1,377	2,319				2,422	9,389
Planning & Building			1,421						1,421
Public Works	5,785				4,828	587			11,200
Community Services			308	27					335
Convention, Sports & Entertainment						13,315			13,315
Capital outlay	4,578		19	1,206	120	167	271	594	6,955
<b>Debt service:</b>									
Principal retirement	250		655				159		1,064
Interest charges			433				48		481
<b>Total expenditures</b>	<b>10,613</b>	<b>3,271</b>	<b>4,333</b>	<b>6,630</b>	<b>4,948</b>	<b>14,069</b>	<b>1,911</b>	<b>3,016</b>	<b>48,791</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>2,839</b>	<b>(65)</b>	<b>863</b>	<b>1,738</b>	<b>(592)</b>	<b>3,991</b>	<b>(97)</b>	<b>(1,197)</b>	<b>7,480</b>
<b>Other financing sources (uses):</b>									
Transfers in	110				200				310
Transfers out	(5,091)		(638)	(391)		(1,180)			(7,300)
<b>Total other financing sources (uses)</b>	<b>(4,981)</b>		<b>(638)</b>	<b>(391)</b>	<b>200</b>	<b>(1,180)</b>			<b>(6,990)</b>
<b>Net change in fund balances</b>	<b>(2,142)</b>	<b>(65)</b>	<b>225</b>	<b>1,347</b>	<b>(392)</b>	<b>2,811</b>	<b>(97)</b>	<b>(1,197)</b>	<b>490</b>
Fund balances at beginning of year	18,661	(8)	742	4,198	6,292	7,644	5,475	25,687	68,691
<b>Fund balances at end of year</b>	<b>\$ 16,519</b>	<b>\$ (73)</b>	<b>\$ 967</b>	<b>\$ 5,545</b>	<b>\$ 5,900</b>	<b>\$ 10,455</b>	<b>\$ 5,378</b>	<b>\$ 24,490</b>	<b>\$ 69,181</b>

**Schedule of Revenues, Expenditures and Changes in Fund Balances (Deficits)**  
**Budget and Actual - All Nonmajor Special Revenue Funds**  
**Year Ended June 30, 2017** (In thousands)

	Gas Tax			Workforce Development		
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:						
Licenses, fees and permits						
Intergovernmental revenues	\$ 13,486	\$ 13,210	\$ (276)	\$ 3,780	\$ 3,192	\$ (588)
Charges for services	215	173	(42)			
Use of money and property		58	58			
Other	9	11	2		14	14
Total revenues	<u>13,710</u>	<u>13,452</u>	<u>(258)</u>	<u>3,780</u>	<u>3,206</u>	<u>(574)</u>
Expenditures:						
City Attorney						
Police						
Fire & Rescue						
Community & Economic Development				3,813	3,271	(542)
Planning & Building						
Public Works	23,294	10,613	(12,681)			
Community Services						
Convention, Sports & Entertainment						
Total expenditures	<u>23,294</u>	<u>10,613</u>	<u>(12,681)</u>	<u>3,813</u>	<u>3,271</u>	<u>(542)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(9,584)</u>	<u>2,839</u>	<u>12,423</u>	<u>(33)</u>	<u>(65)</u>	<u>(32)</u>
Other financing sources (uses):						
Transfers in	66	110	44			
Transfers out	(2,000)	(5,091)	(3,091)			
Total other financing sources (uses)	<u>(1,934)</u>	<u>(4,981)</u>	<u>(3,047)</u>			
Net change in fund balances	(11,518)	(2,142)	9,376	(33)	(65)	(32)
Fund balances at beginning of year	18,661	18,661		(8)	(8)	
Fund balance at end of year	<u>\$ 7,143</u>	<u>\$ 16,519</u>	<u>\$ 9,376</u>	<u>\$ (41)</u>	<u>\$ (73)</u>	<u>\$ (32)</u>

(continued)

**Schedule of Revenues, Expenditures and Changes in Fund Balances (Deficits)**  
**Budget and Actual - All Nonmajor Special Revenue Funds**  
**Year Ended June 30, 2017** (In thousands) (continued)

	Community Development Block Grant			Grants		
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:						
Licenses, fees and permits				\$ 30	\$ 29	\$ (1)
Intergovernmental revenues	\$ 4,559	\$ 3,998	\$ (561)	16,966	5,403	(11,563)
Charges for services						
Use of money and property	219	319	100	86	464	378
Other	474	879	405	480	2,472	1,992
Total revenues	5,252	5,196	(56)	17,562	8,368	(9,194)
Expenditures:						
City Attorney	120	120				
Police				7,018	2,607	(4,411)
Fire & Rescue	16		(16)	2,026	1,556	(470)
Community & Economic Development	7,094	2,484	(4,610)	7,597	2,319	(5,278)
Planning & Building	1,489	1,421	(68)			
Public Works				229	121	(108)
Community Services	643	308	(335)	234	27	(207)
Convention, Sports & Entertainment						
Total expenditures	9,362	4,333	(5,029)	17,104	6,630	(10,474)
Excess (deficiency) of revenues over (under) expenditures	(4,110)	863	4,973	458	1,738	1,280
Other financing sources (uses):						
Transfers in						
Transfers out		(638)	(638)		(391)	(391)
Total other financing sources (uses)		(638)	(638)		(391)	(391)
Net change in fund balances	(4,110)	225	4,335	458	1,347	889
Fund balances at beginning of year	742	742		4,198	4,198	
Fund balance at end of year	\$ (3,368)	\$ 967	\$ 4,335	\$ 4,656	\$ 5,545	\$ 889



**Schedule of Revenues, Expenditures and Changes in Fund Balances (Deficits)**  
**Budget and Actual - All Nonmajor Special Revenue Funds**  
**Year Ended June 30, 2017** (In thousands) (continued)

	Anaheim Resort Maintenance District			Anaheim Tourism Improvement District		
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:						
Licenses, fees and permits		\$ 1	\$ 1			
Intergovernmental revenues						
Charges for services	\$ 4,472	4,335	(137)	\$ 17,848	\$ 17,962	\$ 114
Use of money and property	50	17	(33)	57	98	41
Other	4	3	(1)			
Total revenues	<u>4,526</u>	<u>4,356</u>	<u>(170)</u>	<u>17,905</u>	<u>18,060</u>	<u>155</u>
Expenditures:						
City Attorney						
Police						
Fire & Rescue						
Community & Economic Development						
Planning & Building						
Public Works	7,035	4,948	(2,087)	3,390	754	(2,636)
Community Services						
Convention, Sports & Entertainment				13,491	13,315	(176)
Total expenditures	<u>7,035</u>	<u>4,948</u>	<u>(2,087)</u>	<u>16,881</u>	<u>14,069</u>	<u>(2,812)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,509)</u>	<u>(592)</u>	<u>1,917</u>	<u>1,024</u>	<u>3,991</u>	<u>2,967</u>
Other financing sources (uses):						
Transfers in	200	200				
Transfers out				(1,178)	(1,180)	(2)
Total other financing sources (uses)	<u>200</u>	<u>200</u>		<u>(1,178)</u>	<u>(1,180)</u>	<u>(2)</u>
Net change in fund balances	(2,309)	(392)	1,917	(154)	2,811	2,965
Fund balances at beginning of year	6,292	6,292		7,644	7,644	
Fund balance at end of year	<u>\$ 3,983</u>	<u>\$ 5,900</u>	<u>\$ 1,917</u>	<u>\$ 7,490</u>	<u>\$ 10,455</u>	<u>\$ 2,965</u>

(continued)

**Schedule of Revenues, Expenditures and Changes in Fund Balances (Deficits)**  
**Budget and Actual - All Nonmajor Special Revenue Funds**  
**Year Ended June 30, 2017** (In thousands) (continued)

	Narcotic Asset Forfeiture			Long Range Property Management Plan		
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:						
Licenses, fees and permits						
Intergovernmental revenues	\$ 2,478	\$ 1,736	\$ (742)			
Charges for services						
Use of money and property	22	42	20	\$ 1,936	\$ 1,792	\$ (144)
Other		36	36	63	27	(36)
Total revenues	<u>2,500</u>	<u>1,814</u>	<u>(686)</u>	<u>1,999</u>	<u>1,819</u>	<u>(180)</u>
Expenditures:						
City Attorney						
Police	3,539	1,911	(1,628)			
Fire & Rescue						
Community & Economic Development				3,016	3,016	
Planning & Building						
Public Works						
Community Services						
Convention, Sports & Entertainment						
Total expenditures	<u>3,539</u>	<u>1,911</u>	<u>(1,628)</u>	<u>3,016</u>	<u>3,016</u>	
Excess (deficiency) of revenues over (under) expenditures	<u>(1,039)</u>	<u>(97)</u>	<u>942</u>	<u>(1,017)</u>	<u>(1,197)</u>	<u>(180)</u>
Other financing sources (uses):						
Transfers in						
Transfers out						
Total other financing sources (uses)						
Net change in fund balance (deficits)	(1,039)	(97)	942	(1,017)	(1,197)	(180)
Fund balances (deficits) at beginning of year	5,475	5,475		25,687	25,687	
Fund balances at end of year	<u>\$ 4,436</u>	<u>\$ 5,378</u>	<u>\$ 942</u>	<u>\$ 24,670</u>	<u>\$ 24,490</u>	<u>\$ (180)</u>

## Combining Balance Sheet Nonmajor Debt Service Funds June 30, 2017 (In thousands)

	General Obligation Bonds	Municipal Facilities	Anaheim Resort Improvements	Total
<b>ASSETS</b>				
Cash and cash equivalents	\$	\$ 331		\$ 331
Investments		1,152		1,152
Accrued interest receivable		14		14
Restricted cash and cash equivalents		9	\$ 27,788	27,797
Restricted investments		1,160	97,131	98,291
Total assets	<u>\$</u>	<u>\$ 2,666</u>	<u>\$ 124,919</u>	<u>\$ 127,585</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable			\$ 4	\$ 4
Total liabilities			<u>4</u>	<u>4</u>
Fund balances:				
Restricted for debt service	\$	\$ 1,183	\$ 124,915	126,098
Assigned for debt service		1,483		1,483
Total fund balances		<u>2,666</u>	<u>124,915</u>	<u>127,581</u>
Total liabilities and fund balances	<u>\$</u>	<u>\$ 2,666</u>	<u>\$ 124,919</u>	<u>\$ 127,585</u>

## Combining Statement of Revenues, Expenditures and Changes in Fund Balances Nonmajor Debt Service Funds Year Ended June 30, 2017 (In thousands)

	General Obligation Bonds	Municipal Facilities	Anaheim Resort Improvements	Total
Revenues:				
Property taxes	\$ 36			\$ 36
Use of money and property	3	\$ 156	\$ 51	210
Total revenues	<u>39</u>	<u>156</u>	<u>51</u>	<u>246</u>
Expenditures:				
Current:				
Finance			22	22
Debt service:				
Principal retirement	700	463	22,900	24,063
Interest charges	14	1,177	13,479	14,670
Total expenditures	<u>714</u>	<u>1,640</u>	<u>36,401</u>	<u>38,755</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(675)</u>	<u>(1,484)</u>	<u>(36,350)</u>	<u>(38,509)</u>
Other financing sources:				
Transfers in		623	57,174	57,797
Transfers out	(189)			(189)
Total other financing sources	<u>(189)</u>	<u>623</u>	<u>57,174</u>	<u>57,608</u>
Net change in fund balances	(864)	(861)	20,824	19,099
Fund balances at beginning of year	864	3,527	104,091	108,482
Fund balances at end of year	<u>\$</u>	<u>\$ 2,666</u>	<u>\$ 124,915</u>	<u>\$ 127,581</u>

**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - All Debt Service Funds**  
**Year Ended June 30, 2017** (In thousands)

	General Obligation Bonds			Municipal Facilities		
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:						
Property taxes		\$ 36	\$ 36			
Intergovernmental revenues	\$ 8		(8)			
Use of money and property	6	3	(3)		\$ 156	\$ 156
Total revenues	14	39	25		156	156
Expenditures:						
Finance				\$ 1,088	1,088	
Public Works	715	714	(1)	552	552	
Total expenditures	715	714	(1)	1,640	1,640	
Excess (deficiency) of revenues over (under) expenditures	(701)	(675)	26	(1,640)	(1,484)	156
Other financing sources:						
Transfers in				628	623	(5)
Transfers out		(189)	(189)			
Total other financing sources		(189)	(189)	628	623	(5)
Net change in fund balances	(701)	(864)	(163)	(1,012)	(861)	151
Fund balances at beginning of year	864	864		3,527	3,527	
Fund balances at end of year	\$ 163	\$	\$ (163)	\$ 2,515	\$ 2,666	\$ 151

(continued)

**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - All Debt Service Funds**  
**Year Ended June 30, 2017** (In thousands) (continued)

	Anaheim Resort Improvements		
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:			
Property taxes			
Intergovernmental revenues			
Use of money and property	\$ 1	\$ 51	\$ 50
Total revenues	<u>1</u>	<u>51</u>	<u>50</u>
Expenditures:			
Finance	36,460	36,401	(59)
Public Works			
Total expenditures	<u>36,460</u>	<u>36,401</u>	<u>(59)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(36,459)</u>	<u>(36,350)</u>	<u>109</u>
Other financing sources:			
Transfers in	60,853	57,174	(3,679)
Transfers out			
Total other financing sources	<u>60,853</u>	<u>57,174</u>	<u>(3,679)</u>
Net change in fund balances	24,394	20,824	(3,570)
Fund balances at beginning of year	104,091	104,091	
Fund balances at end of year	<u>\$ 128,485</u>	<u>\$ 124,915</u>	<u>\$ (3,570)</u>

# Combining Balance Sheet

## Nonmajor Capital Projects Funds

### June 30, 2017 (In thousands)

	Street Construction	Transportation Improvement Projects	Development Impact Projects	Community Services Facilities	Storm Drain Construction	Other Capital Improvements	Mello-Roos Projects	Total
<b>ASSETS</b>								
Cash and cash equivalents	\$ 72	\$ 18	\$ 7,417	\$ 1,263	\$ 1,069	\$ 1,203	\$ 569	\$ 11,611
Investments	250	61	25,786	4,390	3,717	4,184	1,979	40,367
Accounts receivable, net			3,390	38				3,428
Accrued interest receivable			74	16	14	21	13	138
Due from other funds			26			7,910	5,012	12,948
Due from other governments	10,666	3,407	212	381		1	1	14,668
Prepaid and other assets	7,344			1			1,368	8,713
Restricted cash and cash equivalents						228	45,241	45,469
Restricted investment						7,815		7,815
Due from the Successor Agency						5,702		5,702
Total assets	<u>\$ 18,332</u>	<u>\$ 3,486</u>	<u>\$ 36,905</u>	<u>\$ 6,089</u>	<u>\$ 4,800</u>	<u>\$ 27,064</u>	<u>\$ 54,183</u>	<u>\$ 150,859</u>
<b>LIABILITIES</b>								
Accounts payable	\$ 1,615	\$ 120	\$ 1,470	\$ 569	\$ 1,963	\$ 336	\$ 387	\$ 6,460
Wages payable	18		7	2	1	4	9	41
Deposits					1,194			1,194
Due to other funds	10,025	2,923						12,948
Total liabilities	<u>11,658</u>	<u>3,043</u>	<u>1,477</u>	<u>571</u>	<u>3,158</u>	<u>340</u>	<u>396</u>	<u>20,643</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>								
Unavailable revenues	9,039	2,504	193	381				12,117
Unavailable resources - due from Successor Agency						5,702		5,702
Total deferred inflows of resources	<u>9,039</u>	<u>2,504</u>	<u>193</u>	<u>381</u>	<u></u>	<u>5,702</u>	<u></u>	<u>17,819</u>
<b>FUND BALANCES</b>								
Nonspendable:								
Prepaid and other assets	7,344			1			1,368	8,713
Restricted:								
Capital projects						13,173		13,173
Development impact projects			35,235	4,856	1,642		52,419	94,152
Assigned:								
Capital projects				280		7,849		8,129
Unassigned	(9,709)	(2,061)						(11,770)
Total fund balances (deficits)	<u>(2,365)</u>	<u>(2,061)</u>	<u>35,235</u>	<u>5,137</u>	<u>1,642</u>	<u>21,022</u>	<u>53,787</u>	<u>112,397</u>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 18,332</u>	<u>\$ 3,486</u>	<u>\$ 36,905</u>	<u>\$ 6,089</u>	<u>\$ 4,800</u>	<u>\$ 27,064</u>	<u>\$ 54,183</u>	<u>\$ 150,859</u>

## Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits) Nonmajor Capital Projects Funds June 30, 2017 (In thousands)

	Street Construction	Transportation Improvement Projects	Development Impact Projects	Community Services Facilities	Storm Drain Construction	Other Capital Improvement	Mello-Roos Projects	Total
Revenues:								
Licenses, fees and permits			\$ 8,869	\$ 2,470	\$ 35			\$ 11,374
Intergovernmental revenues	\$ 9,595	\$ 1,192		1,988		\$ 3,110		15,885
Charges for services							\$ 48	48
Use of money and property	368	(16)	10,435	71	44	362	121	11,385
Contribution from property owners							36,864	36,864
Other		5	69	398		670		1,142
Total revenues	<u>9,963</u>	<u>1,181</u>	<u>19,373</u>	<u>4,927</u>	<u>79</u>	<u>4,142</u>	<u>37,033</u>	<u>76,698</u>
Expenditures:								
Current:								
Police			67			775		842
Fire & Rescue						336		336
Community & Economic Development						18		18
Planning & Building						45		45
Public Works	701	383	11			3	42	1,140
Community Services			233	509		960		1,702
Capital outlay	7,574	64	8,831	2,737	164	11,360	1,355	32,085
Debt service:								
Principal retirement						996		996
Interest charges						420		420
Total expenditures	<u>8,275</u>	<u>447</u>	<u>9,142</u>	<u>3,246</u>	<u>164</u>	<u>14,913</u>	<u>1,397</u>	<u>37,584</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,688</u>	<u>734</u>	<u>10,231</u>	<u>1,681</u>	<u>(85)</u>	<u>(10,771)</u>	<u>35,636</u>	<u>39,114</u>
Other financing sources (uses):								
Transfers in	1,136	4,863	48			6,970		13,017
Transfers out	(93)		(407)					(500)
Issuance of loan payable						6,125		6,125
Total other financing sources (uses)	<u>1,043</u>	<u>4,863</u>	<u>(359)</u>			<u>13,095</u>		<u>18,642</u>
Net change in fund balances	2,731	5,597	9,872	1,681	(85)	2,324	35,636	57,756
Fund balances (deficits) at beginning of year	(5,096)	(7,658)	25,363	3,456	1,727	18,698	18,151	54,641
Fund balances (deficits) at end of year	<u>\$ (2,365)</u>	<u>\$ (2,061)</u>	<u>\$ 35,235</u>	<u>\$ 5,137</u>	<u>\$ 1,642</u>	<u>\$ 21,022</u>	<u>\$ 53,787</u>	<u>\$ 112,397</u>



**Schedule of Revenues, Expenditures and Changes in Fund Balances (Deficits)**  
**Budget and Budgetary Basis Actual - All Capital Projects Funds**  
**Year Ended June 30, 2017** (In thousands)

	Street Construction			Transportation Improvement Projects		
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:						
Licenses, fees and permits						
Intergovernmental revenues	\$ 68,393	\$ 9,595	\$ (58,798)	\$ 956	\$ 1,192	\$ 236
Charges for services						
Use of money and property		368	368		(16)	(16)
Contribution from property owners						
Other					5	5
Total revenues	<u>68,393</u>	<u>9,963</u>	<u>(58,430)</u>	<u>956</u>	<u>1,181</u>	<u>225</u>
Expenditures:						
Police						
Fire & Rescue						
Community & Economic Development						
Planning & Building						
Public Works	62,142	8,275	(53,867)	447	447	
Community Services						
Total expenditures	<u>62,142</u>	<u>8,275</u>	<u>(53,867)</u>	<u>447</u>	<u>447</u>	
Excess (deficiency) of revenues over (under) expenditures	<u>6,251</u>	<u>1,688</u>	<u>(4,563)</u>	<u>509</u>	<u>734</u>	<u>225</u>
Other financing sources (uses):						
Transfers in		1,136	1,136		4,863	4,863
Transfers out		(93)	(93)			
Total other financing sources		<u>1,043</u>	<u>1,043</u>		<u>4,863</u>	<u>4,863</u>
Net change in fund balances	6,251	2,731	(3,520)	509	5,597	5,088
Fund balances at beginning of year	(5,096)	(5,096)		(7,658)	(7,658)	
Fund balances at end of year	<u>\$ 1,155</u>	<u>\$ (2,365)</u>	<u>\$ (3,520)</u>	<u>\$ (7,149)</u>	<u>\$ (2,061)</u>	<u>\$ 5,088</u>

(continued)

**Schedule of Revenues, Expenditures and Changes in Fund Balances (Deficits)**  
**Budget and Budgetary Basis Actual - All Capital Projects Funds**  
**Year Ended June 30, 2017** (In thousands) (continued)

	Development Impact Projects			Community Services Facilities		
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:						
Licenses, fees and permits	\$ 1,363	\$ 8,869	\$ 7,506		\$ 2,470	\$ 2,470
Intergovernmental revenues	902		(902)	\$ 2,361	1,988	(373)
Charges for services						
Use of money and property	10,209	10,435	226	32	71	39
Contribution from property owners						
Other		69	69	283	398	115
Total revenues	<u>12,474</u>	<u>19,373</u>	<u>6,899</u>	<u>2,676</u>	<u>4,927</u>	<u>2,251</u>
Expenditures:						
Police	1,159	808	(351)			
Fire & Rescue						
Community & Economic Development						
Planning & Building						
Public Works	1,740	262	(1,478)			
Community Services	17,478	8,072	(9,406)	4,005	3,246	(759)
Total expenditures	<u>20,377</u>	<u>9,142</u>	<u>(11,235)</u>	<u>4,005</u>	<u>3,246</u>	<u>(759)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(7,903)</u>	<u>10,231</u>	<u>18,134</u>	<u>(1,329)</u>	<u>1,681</u>	<u>3,010</u>
Other financing sources (uses):						
Transfers in		48	48			
Transfers out		(407)	(407)			
Total other financing sources		<u>(359)</u>	<u>(359)</u>			
Net change in fund balances	(7,903)	9,872	17,775	(1,329)	1,681	3,010
Fund balances at beginning of year	<u>25,363</u>	<u>25,363</u>		<u>3,456</u>	<u>3,456</u>	
Fund balances at end of year	<u>\$ 17,460</u>	<u>\$ 35,235</u>	<u>\$ 17,775</u>	<u>\$ 2,127</u>	<u>\$ 5,137</u>	<u>\$ 3,010</u>

**Schedule of Revenues, Expenditures and Changes in Fund Balances (Deficits)**  
**Budget and Budgetary Basis Actual - All Capital Projects Funds**  
**Year Ended June 30, 2017** (In thousands) (continued)

	Storm Drain Construction			Other Capital Improvements		
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:						
Licenses, fees and permits	\$ 50	\$ 35	\$ (15)			
Intergovernmental revenues				\$ 2,174	\$ 3,110	\$ 936
Charges for services						
Use of money and property		44	44	342	362	20
Contribution from property owners						
Other				670	670	
Total revenues	<u>50</u>	<u>79</u>	<u>29</u>	<u>3,186</u>	<u>4,142</u>	<u>956</u>
Expenditures:						
Police				1,314	1,094	(220)
Fire & Rescue				6,959	1,150	(5,809)
Community & Economic Development				3,912	1,455	(2,457)
Planning & Building				397	230	(167)
Public Works	164	164		10,894	3,992	(6,902)
Community Services				2,004	967	(1,037)
Total expenditures	<u>164</u>	<u>164</u>		<u>25,480</u>	<u>8,888</u>	<u>(16,592)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(114)</u>	<u>(85)</u>	<u>29</u>	<u>(22,294)</u>	<u>(4,746)</u>	<u>17,548</u>
Other financing sources (uses):						
Transfers in				4,235	6,970	2,735
Transfers out						
Total other financing sources				<u>4,235</u>	<u>6,970</u>	<u>2,735</u>
Net change in fund balances	(114)	(85)	29	(18,059)	2,224	20,283
Fund balances at beginning of year	1,727	1,727		18,698	18,698	
Fund balances at end of year	<u>\$ 1,613</u>	<u>\$ 1,642</u>	<u>\$ 29</u>	<u>\$ 639</u>	<u>20,922</u>	<u>\$ 20,283</u>
Adjustment to reconcile to GAAP:						
Equipment acquisition from loan proceeds					6,125	
Ending fund balance - GAAP basis					<u>(6,025)</u>	
					<u>\$ 21,022</u>	

(continued)

**Schedule of Revenues, Expenditures and Changes in Fund Balances (Deficits)**  
**Budget and Budgetary Basis Actual - All Capital Projects Funds**  
**Year Ended June 30, 2017** (In thousands) (continued)

	Mello-Roos Projects		
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:			
Licenses, fees and permits		\$ 48	\$ 48
Intergovernmental revenues		121	121
Charges for services			
Use of money and property			
Contribution from property owners	\$ 36,772	36,864	92
Other			
Total revenues	<u>36,772</u>	<u>37,033</u>	<u>261</u>
Expenditures:			
Police			
Fire & Rescue			
Community & Economic Development			
Planning & Building			
Public Works	19,463	1,397	(18,066)
Community Services			
Total expenditures	<u>19,463</u>	<u>1,397</u>	<u>(18,066)</u>
Excess of revenues over expenditures	<u>17,309</u>	<u>35,636</u>	<u>18,327</u>
Other financing sources (uses):			
Transfers in			
Transfers out			
Total other financing sources			
Net change in fund balances	17,309	35,636	18,327
Fund balances at beginning of year	18,151	18,151	
Fund balances at end of year	<u>\$ 35,460</u>	<u>\$ 53,787</u>	<u>\$ 18,327</u>

# Internal Service Funds



# Internal Service Funds

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

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

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

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

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

**Combining Statement of Net Position  
Internal Service Funds  
June 30, 2017** (In thousands)

	General Benefits and Insurance	Motorized Equipment	Information and Communication Services	Municipal Facilities Maintenance	Total
<b>ASSETS</b>					
Current assets:					
Cash and cash equivalents	\$ 17,436	\$ 925	\$ 617	\$ 516	\$ 19,494
Investments	60,615	3,215	2,144	1,794	67,768
Accounts receivable, net	1,868	385			2,253
Accrued interest receivable	211	9			220
Interfund receivable	8	825			833
Inventories		910			910
Prepaid and other assets	105	942	1,628		2,675
Total current assets	<u>80,243</u>	<u>7,211</u>	<u>4,389</u>	<u>2,310</u>	<u>94,153</u>
Noncurrent assets:					
Restricted cash and cash equivalent			2,013		2,013
Accounts receivable, less current portion	3,632				3,632
Interfund receivable, less current portion	27				27
Net other post-employment benefits (OPEB) asset	11,304				11,304
Capital assets:					
Buildings, structures and improvements		3,230		5,748	8,978
Machinery and equipment	93	42,703	26,833	3,083	72,712
Construction in progress		163	1,610		1,773
Less accumulated depreciation	(77)	(30,793)	(19,331)	(4,861)	(55,062)
Capital assets, net	<u>16</u>	<u>15,303</u>	<u>9,112</u>	<u>3,970</u>	<u>28,401</u>
Total noncurrent assets	<u>14,979</u>	<u>15,303</u>	<u>11,125</u>	<u>3,970</u>	<u>45,377</u>
Total assets	<u>95,222</u>	<u>22,514</u>	<u>15,514</u>	<u>6,280</u>	<u>139,530</u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>					
Deferred pension related items	1,644	2,267	921	1,386	6,218
Total deferred outflow of resources	<u>1,644</u>	<u>2,267</u>	<u>921</u>	<u>1,386</u>	<u>6,218</u>
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable	3,217	1,170	1,292	1,663	7,342
Wages payable	4,494	56	50	54	4,654
Interest payable			94		94
Due to other Funds			103	722	825
Compensated absences	12,069				12,069
Self-insurance liability	10,717				10,717
Long-term liabilities		10	2,324		2,334
Unearned revenues	2,280				2,280
Total current liabilities	<u>32,777</u>	<u>1,236</u>	<u>3,863</u>	<u>2,439</u>	<u>40,315</u>
Noncurrent liabilities:					
Compensated absences, less current portion	8,302				8,302
Self-insurance liability, less current portion	41,148				41,148
Long-term liabilities, less current portion		95	4,001		4,096
Net pension liabilities	7,305	7,779	1,411	5,926	22,421
Total noncurrent liabilities	<u>56,755</u>	<u>7,874</u>	<u>5,412</u>	<u>5,926</u>	<u>75,967</u>
Total liabilities	<u>89,532</u>	<u>9,110</u>	<u>9,275</u>	<u>8,365</u>	<u>116,282</u>
<b>DEFERRED INFLOW OF RESOURCES</b>					
Deferred pension related items	1,038	921	339	723	3,021
Total deferred inflow of resources	<u>1,038</u>	<u>921</u>	<u>339</u>	<u>723</u>	<u>3,021</u>
<b>NET POSITION</b>					
Net investment in capital assets	16	15,198	4,800	3,970	23,984
Unrestricted	6,280	(448)	2,021	(5,392)	2,461
Total net position	<u>\$ 6,296</u>	<u>\$ 14,750</u>	<u>\$ 6,821</u>	<u>\$ (1,422)</u>	<u>\$ 26,445</u>

See accompanied Independent auditors' report

## Combining Statement of Revenues, Expenses and Changes in Net Position Internal Service Funds Year Ended June 30, 2017 (In thousands)

	General Benefits and Insurance	Motorized Equipment	Information and Communication Services	Municipal Facilities Maintenance	Total
Operating revenues:					
Charges for services	\$ 105,831	\$ 11,904	\$ 20,545	\$ 10,275	\$ 148,555
Other	30	41		9	80
Total operating revenues	<u>105,861</u>	<u>11,945</u>	<u>20,545</u>	<u>10,284</u>	<u>148,635</u>
Operating expenses:					
Salaries and wages	3,467	4,068	2,497	3,227	13,259
Maintenance and operations	2,676	5,069	16,612	9,534	33,891
Insurance premiums and claims	15,767				15,767
Compensated absences and other benefits	82,738				82,738
Depreciation	2	2,286	2,705	328	5,321
Total operating expenses	<u>104,650</u>	<u>11,423</u>	<u>21,814</u>	<u>13,089</u>	<u>150,976</u>
Operating income (loss)	<u>1,211</u>	<u>522</u>	<u>(1,269)</u>	<u>(2,805)</u>	<u>(2,341)</u>
Nonoperating income (expenses):					
Intergovernmental revenues		380			380
Investment income	235	16		(16)	235
Interest expense		(1)	(201)		(202)
Gain from disposal of capital assets		215			215
Total nonoperating income (loss)	<u>235</u>	<u>610</u>	<u>(201)</u>	<u>(16)</u>	<u>628</u>
Income (Loss) before transfer	<u>1,446</u>	<u>1,132</u>	<u>(1,470)</u>	<u>(2,821)</u>	<u>(1,713)</u>
Transfer in					
Change in net position	<u>1,446</u>	<u>1,132</u>	<u>1,270</u>	<u>(521)</u>	<u>3,327</u>
Net position at beginning of year	4,850	13,618	5,551	(901)	23,118
Net position at end of year	<u>\$ 6,296</u>	<u>\$ 14,750</u>	<u>\$ 6,821</u>	<u>\$ (1,422)</u>	<u>\$ 26,445</u>



**Combining Statement of Cash Flows  
Internal Service Funds  
Year Ended June 30, 2017** (In thousands)

	General Benefits and Insurance	Motorized Equipment	Information and Communication Services	Municipal Facilities Maintenance	Total
Cash flows from operating activities:					
Receipts from interfund services provided	\$ 105,831	\$ 11,904	\$ 20,545	\$ 10,275	\$ 148,555
Payments to suppliers	(879)	(3,735)	(17,777)	(8,863)	(31,254)
Payments for salaries and wages to employees	(3,753)	(4,308)	(2,984)	(3,694)	(14,739)
Payments for interfund services used	(1,682)	(606)	(1,099)	(939)	(4,326)
Payments for insurance premiums and claims	(14,782)				(14,782)
Payments for compensated absences and other benefits	(79,547)				(79,547)
Other receipts	70	46		9	125
Net cash provided by (used for) operating activities	<u>5,258</u>	<u>3,301</u>	<u>(1,315)</u>	<u>(3,212)</u>	<u>4,032</u>
Cash flows from noncapital financing activities:					
Receipt of interfund balances	9		101	722	832
Payment of interfund balances	(20)	(825)			(845)
Transfer in			2,740	2,300	5,040
Net cash provided by (used for) noncapital financing activities	<u>(11)</u>	<u>(825)</u>	<u>2,841</u>	<u>3,022</u>	<u>5,027</u>
Cash flows from capital and related financing activities:					
Proceeds from sale of capital assets		359			359
Proceeds from issuances of loan payable		110	5,913		6,023
Capital purchases		(4,245)	(3,586)	(183)	(8,014)
Capital grant receipts					
Principal payments on long-term debt		(5)	(2,645)		(2,650)
Interest payments		(1)	(98)		(99)
Net cash used for capital and related financing activities		<u>(3,782)</u>	<u>(416)</u>	<u>(183)</u>	<u>(4,381)</u>
Cash flows from investing activities:					
Purchase of investment securities	(28,473)	(1,511)	(1,006)	(841)	(31,831)
Proceeds from sale and maturity of investment securities	25,669	2,616	1,799	1,188	31,272
Interest received	679	56		12	747
Net cash provided by (used for) investing activities	<u>(2,125)</u>	<u>1,161</u>	<u>793</u>	<u>359</u>	<u>188</u>
Increase (decrease) in cash and cash equivalents	3,122	(145)	1,903	(14)	4,866
Cash and cash equivalents at beginning of the year	14,314	1,070	727	530	16,641
Cash and cash equivalents at end of the year	<u>\$ 17,436</u>	<u>\$ 925</u>	<u>\$ 2,630</u>	<u>\$ 516</u>	<u>\$ 21,507</u>

**Combining Statement of Cash Flows  
Internal Service Funds  
Year Ended June 30, 2017** (In thousands) (continued)

	<u>General Benefits and Insurance</u>	<u>Motorized Equipment</u>	<u>Information and Communication Services</u>	<u>Municipal Facilities Maintenance</u>	<u>Total</u>
Reconciliation of operating income to net cash provided by operating activities:					
Operating income	\$ 1,211	\$ 522	\$ (1,269)	\$ (2,805)	\$ (2,341)
Adjustment to reconcile operating income to net cash provided by operating activities:					
Depreciation	2	2,286	2,705	328	5,321
Changes in assets, deferred outflows of resources, liabilities and deferred inflows of resources:					
Accounts receivable	332	5			337
Inventories		(120)			(120)
Prepaid and other assets	1,590		(1,426)		164
Other post retirement employment benefits (OPEB) assets	(60)				(60)
Accounts payable	777	848	(838)	(268)	519
Wages and benefit payable	(239)	(240)	(487)	(467)	(1,433)
Unearned revenues	77				77
Compensated absences	319				319
Self-insurance liability	1,249				1,249
Total adjustments	<u>4,047</u>	<u>2,779</u>	<u>(46)</u>	<u>(407)</u>	<u>6,373</u>
Net cash provided by (used for) operating activities	<u>\$ 5,258</u>	<u>\$ 3,301</u>	<u>\$ (1,315)</u>	<u>\$ (3,212)</u>	<u>\$ 4,032</u>
Schedule of noncash financing and investing activities:					
Capital assets financed through capital leases			\$ 969		\$ 969
Increase (decrease) in fair value of investments	\$ (487)	\$ (36)	(25)	\$ (20)	(568)
Reconciliation of cash and cash equivalents:					
Cash and cash equivalents	\$ 17,436	\$ 925	\$ 617	\$ 516	\$ 19,494
Restricted cash and cash equivalents, noncurrent portion			2,013		2,013
Total cash and cash equivalents	<u>\$ 17,436</u>	<u>\$ 925</u>	<u>\$ 2,630</u>	<u>\$ 516</u>	<u>\$ 21,507</u>

# Fiduciary Funds





**Statement of Changes in Fiduciary Assets and Liabilities**  
**Agency Fund - Mello-Roos**  
**Year Ended June 30, 2017** (In thousands)

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
<b>ASSETS</b>				
Restricted cash and cash equivalents	\$ 4,573	\$ 76,396	\$ (73,866)	\$ 7,103
Restricted investments	31		(2)	29
Due from other governments	94	2,739	(2,826)	7
Total assets	<u>\$ 4,698</u>	<u>\$ 79,135</u>	<u>\$ (76,694)</u>	<u>\$ 7,139</u>
<b>LIABILITIES</b>				
Due to bond holders	<u>\$ 4,698</u>	<u>\$ 76,307</u>	<u>\$ (73,866)</u>	<u>\$ 7,139</u>



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# Statistical Section



# Statistical Section

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



# STATISTICAL INFORMATION

(Unaudited)

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

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

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

	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>Governmental Activities</b>										
Net investment in capital assets	\$ 974,071	\$ 968,473	\$ 894,651	\$ 1,016,259	\$ 894,625	\$ 831,430	\$ 832,951	\$ 794,164	\$ 751,910	\$ 731,726
Restricted	274,830	211,338	210,934	205,998	196,853	190,868	182,011	150,750	154,306	87,566
Unrestricted <sup>1</sup>	(410,613)	(417,976)	(447,817)	(455,863)	30,341	16,760	(124,422)	(121,283)	(92,773)	(70,621)
Total Governmental Activities	838,288	\$761,835	\$657,768	\$766,394	1,121,819	1,039,058	890,540	823,631	813,443	748,671
<b>Business-type Activities</b>										
Net investment in capital assets	1,016,113	997,292	993,075	823,505	787,459	780,093	779,224	756,020	747,379	746,450
Restricted	83,811	76,749	83,448	77,311	71,131	61,235	54,626	49,325	45,493	47,406
Unrestricted	20,708	36,644	(1,725)	(37,696)	121,083	112,159	115,445	130,812	145,269	165,196
Total Business-type Activities	1,120,632	1,110,685	1,074,798	863,120	979,673	953,487	949,295	936,157	938,141	959,052
<b>Total Government</b>										
Net investment in capital assets	1,990,184	1,965,765	1,887,726	1,839,764	1,682,084	1,611,523	1,612,175	1,550,184	1,499,289	1,478,176
Restricted	358,641	288,087	294,382	283,309	267,984	252,103	236,637	200,075	199,799	134,972
Unrestricted	(389,905)	(381,332)	(449,542)	(493,559)	151,424	128,919	(8,977)	9,529	52,496	94,575
Total Government	\$ 1,958,920	\$ 1,872,520	\$ 1,732,566	\$ 1,629,514	\$ 2,101,492	\$ 1,992,545	\$ 1,839,835	\$ 1,759,788	\$ 1,751,584	\$ 1,707,723

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

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

Source: Finance Department, City of Anaheim

## Changes in Net Position

### Last Ten Fiscal Years (In thousands)

(Accrual basis of accounting)

	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>Program Revenues</b>										
Governmental activities:										
Charges for services										
General government	\$ 1,742	\$ 1,892	\$ 2,253	\$ 1,779	\$ 1,670	\$ 1,872	\$ 1,872	\$ 1,708	\$ 1,890	\$ 2,088
Police	15,441	11,775	10,001	9,927	9,859	10,122	10,435	10,127	10,089	10,235
Fire & Rescue	10,582	9,814	9,024	10,166	9,912	9,431	9,518	9,369	9,122	9,850
Community & Economic Development	19,046	10,210	14,023	17,305	9,151	7,281	8,143	7,306	5,459	6,212
Planning & Building	11,357	11,515	9,800	7,746	6,404	5,327	6,263	6,453	7,724	9,084
Public Works	16,140	15,817	13,309	13,037	14,012	11,401	9,837	7,619	7,421	8,619
Community Services	11,190	3,430	3,408	3,479	3,556	3,386	4,024	4,561	4,833	4,855
Convention, Sports & Entertainment	13,672	12,528	11,124	10,236	9,574	9,142	4,356	202	200	218
Total charges for services	99,170	76,981	72,942	73,675	64,138	57,962	54,448	47,345	46,738	51,161
Operating grants and contributions	109,989	108,131	109,968	114,584	112,507	108,620	124,358	121,731	110,200	100,393
Capital grants and contributions	65,937	85,782	67,014	110,295	71,472	44,184	70,080	31,828	66,347	30,361
Governmental activities program revenues	275,096	270,894	249,924	298,554	248,117	210,766	248,886	200,904	223,285	181,915
Business-type activities:										
Charges for services										
Electric Utility	433,561	430,485	453,697	426,051	451,958	397,931	381,496	377,387	365,526	351,160
Water Utility	70,777	60,509	63,495	65,946	60,785	57,748	55,598	56,368	50,807	49,125
Sanitation Utility	63,893	61,006	60,076	57,843	57,230	56,630	56,359	56,023	55,424	54,017
Golf Courses	4,062	4,114	4,435	4,667	4,759	4,802	4,711	5,168	5,634	5,947
Convention, Sports & Entertainment Venues	37,015	35,363	34,742	32,084	29,656	29,389	27,981	30,797	26,987	31,197
ARTIC Management	1,050	878	448							
Total charges for services	610,358	592,355	616,893	586,591	604,388	546,500	526,145	525,743	504,378	491,446
Operating grants and contributions	425	776	287	452	952	1,101	746	1,990	965	1,194
Capital grants and contributions	4,381	11,743	8,734	8,441	6,698	8,954	12,667	5,622	6,620	12,332
Business-type activities program revenues	615,164	604,874	625,914	595,484	612,038	556,555	539,558	533,355	511,963	504,972
Total government program revenues	890,260	875,768	875,838	894,038	860,155	767,321	788,444	734,259	735,248	686,887
<b>Expenses</b>										
Governmental activities:										
General government	11,825	10,331	12,370	15,790	13,275	11,617	10,911	10,917	12,144	12,610
Police	151,559	132,889	135,161	127,037	124,556	117,840	119,504	125,121	121,162	122,883
Fire & Rescue	70,365	62,520	61,794	59,510	58,508	58,027	56,393	58,229	57,768	56,434
Community & Economic Development	100,720	110,618	80,976	80,043	82,769	95,683	105,937	117,621	109,523	105,651
Planning & Building	21,944	19,862	18,303	17,030	16,917	15,648	15,627	16,822	17,057	17,199
Public Works	61,806	48,719	66,023	60,262	44,740	41,228	44,109	39,017	47,226	43,680
Community Services	34,799	34,212	31,587	34,130	28,925	28,282	30,958	35,372	37,704	39,033
Public Utilities	2,530	2,687	2,599	2,514	2,405	2,315	2,218	1,952	1,515	2,128
Convention, Sports & Entertainment Venues	19,238	18,503	17,026	15,586	13,935	13,584	13,633	9,931	10,069	10,781
Interest on long-term debt	34,876	35,185	35,340	35,514	35,880	42,824	47,985	47,610	47,779	45,502
Governmental Activities Expenses	509,662	475,526	461,179	447,416	421,910	427,048	447,275	462,592	461,947	455,901

(continued)

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

	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>Expenses</b>										
Business-type Activities:										
Electric Utility	412,424	390,732	401,243	411,246	417,008	386,358	372,129	375,173	359,320	353,204
Water Utility	72,715	61,620	68,011	62,996	57,056	58,319	56,608	55,478	49,309	49,219
Sanitation	58,218	56,564	55,979	53,508	52,813	55,939	49,845	50,521	52,702	49,693
Golf Courses	4,465	4,405	4,418	4,399	4,473	4,114	4,256	4,436	4,495	4,810
Convention, Sports & Entertainment Venues	47,321	44,285	56,715	46,385	45,001	45,278	44,662	45,954	45,487	48,292
ARTIC Management	6,374	6,235	5,075							
Business-type activities expense	601,517	563,841	591,441	578,534	576,351	550,008	527,500	531,562	511,313	505,218
Total government expenses	1,111,179	1,039,367	1,052,620	1,025,950	998,261	977,056	974,775	994,154	973,260	961,119
<b>Net (Expense)/Revenue</b>										
Governmental activities	(234,566)	(204,632)	(211,255)	(148,862)	(173,793)	(216,282)	(198,389)	(261,688)	(238,662)	(273,986)
Business-type activities	13,647	41,033	34,473	16,950	35,687	6,547	12,058	1,793	650	(246)
Total government, net (expense) revenue	(220,919)	(163,599)	(176,782)	(131,912)	(138,106)	(209,735)	(186,331)	(259,895)	(238,012)	(274,232)
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Taxes:										
Property taxes	72,909	70,646	68,405	66,282	64,311	58,896	59,053	59,689	60,806	59,592
Property tax increments						28,678	47,040	47,731	47,115	45,719
Sales tax and use tax	77,732	76,975	72,356	67,505	65,445	59,654	54,711	51,214	56,035	62,510
Transient occupancy taxes	149,566	137,570	119,744	110,134	102,936	90,376	82,605	77,139	80,055	87,183
Motor vehicle license fees	161	142	145		331		1,783	1,026	1,180	1,532
Other taxes	8,946	8,731	8,318	7,780	7,756	7,272	7,288	7,288	8,041	9,529
Unrestricted investment earnings	2,116	3,692	2,725	2,930	1,094	3,598	3,667	7,012	8,667	15,337
Other	106	87	55	49	1,857	873	614	1,175	394	2,670
Transfers	7,701	10,856	(169,119)	7,288	12,824	12,571	8,537	19,602	41,141	15,573
Special Item	(8,218)									
Extraordinary gain						102,882				
Governmental activities	311,019	308,699	102,629	261,968	256,554	364,800	265,298	271,876	303,434	299,645
Business-type activities:										
Unrestricted investment earnings	4,001	5,710	8,086	6,986	3,323	10,216	9,617	15,825	19,580	31,244
Transfers	(7,701)	(10,856)	169,119	(7,288)	(12,824)	(12,571)	(8,537)	(19,602)	(41,141)	(15,573)
Business-type activities	(3,700)	(5,146)	177,205	(302)	(9,501)	(2,355)	1,080	(3,777)	(21,561)	15,671
Total government	307,319	303,553	279,834	261,666	247,053	362,445	266,378	268,099	281,873	315,316
<b>Change in Net Position</b>										
Governmental activities	76,453	104,067	(108,626)	113,106	82,761	148,518	66,909	10,188	64,772	25,659
Business-type activities	9,947	35,887	211,678	16,648	26,186	4,192	13,138	(1,984)	(20,911)	15,425
Total government change in net position	\$ 86,400	\$ 139,954	\$ 103,052	\$ 129,754	\$ 108,947	\$ 152,710	\$ 80,047	\$ 8,204	\$ 43,861	\$ 41,084

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

Source: Finance Department, City of Anaheim

See accompanied Independent auditors' report

**Governmental Activities Tax Revenues By Source**

**Last Ten Fiscal Years** (In thousands)

(Accrual basis of accounting)

Fiscal Year	Amounts						Total
	Property Taxes	Property Tax Increments	Sales and Use Taxes	Transient Occupancy Taxes	Motor Vehicle License Fees <sup>1</sup>	Other Taxes	
2017	\$ 72,909		\$ 77,732	\$ 149,566	\$ 161	\$ 8,946	\$ 309,314
2016	70,646		76,975	137,570	142	8,731	294,064
2015	68,405		72,356	119,744	145	8,318	268,968
2014	66,282		67,505	110,134		7,780	251,701
2013	64,311		65,445	102,936	331	7,756	240,779
2012	58,896	\$ 28,678 <sup>2</sup>	59,654	90,376	<sup>3</sup>	7,272	244,876
2011	59,053	47,040	54,711	82,605	1,783	7,288	252,480
2010	59,689	47,731	51,214	77,139	1,026	7,288	244,087
2009	60,806	47,115	56,035	80,055	1,180	8,041	253,232
2008	59,592	45,719	62,510	87,183	1,532	9,529	266,065

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

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

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

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

Source: Finance Department, City of Anaheim

## Fund Balances of Governmental Funds

Last Ten Fiscal Years (In thousands)

(Modified accrual basis of accounting)

	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>General Fund</b>										
Nonspendable	\$ 819	\$ 958	\$ 1,538	\$ 2,099	\$ 2,531	\$ 3,082	\$ 3,626			
Restricted	6,238	7,730	6,124	6,449	1,766	982	582			
Committed					788					
Assigned	2,056	7,442	513	4,073	6,879	320	141			
Unassigned	42,336	39,850	39,615	30,394	26,920	22,636	22,139			
Reserved								\$ 4,092	\$ 4,530	\$ 5,001
Unreserved - undesignated								29,490	47,729	37,347
Total General fund	51,449	55,980	47,790	43,015	38,884	27,020	26,488	33,582	52,259	42,348
<b>Housing Authority Fund</b>										
Nonspendable		2	4	7	38		42			
Restricted	62,338	48,974	43,703	41,134	32,234	29,935	7,778			
Assigned	22,904	16,129	14,283	11,664	11,823	11,237	9,922			
Reserved								1,373	1,830	830
Unreserved - undesignated								11,603	5,669	6,474
Total Housing Authority Fund	85,242	65,105	57,990	52,805	44,095	41,172	17,742	12,976	7,499	7,304
<b>Nonmajor Governmental Funds</b>										
Nonspendable	8,713	6,000	6,270	3,542	4,619	1	631			
Restricted	303,036	237,930	197,360	170,950	164,870	158,933	241,674			
Assigned	9,612	5,875	3,040	3,291	8,055	7,400	7,761			
Unassigned	(12,202)	(17,991)	(20,071)	(19,005)	(11,231)	(32,448)	(34,293)			
Reserved								130,313	142,760	138,402
Unreserved - designated, reported in:										
Special revenue funds								7,349	7,211	6,809
Debt service funds								156	4,433	1,656
Capital projects funds								31,899	41,544	32,809
Unreserved - undesignated, reported in:										
Special revenue funds								14,350	5,342	4,199
Capital projects funds								(3,376)	(7,037)	(15,551)
Total nonmajor governmental funds	309,159	231,814	186,599	158,778	166,313	133,886	215,773	180,691	194,253	168,324
Total governmental funds <sup>1</sup>	\$ 445,850	\$ 352,899	\$ 292,379	\$ 254,598	\$ 249,292	\$ 202,078	\$ 260,003	\$ 227,249	\$ 254,011	\$ 217,976

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

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

Source: Finance Department, City of Anaheim

# Changes in Fund Balances of Governmental Funds

## Last Ten Fiscal Years (In thousands)

(Modified accrual basis of accounting)

	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>Revenues</b>										
Property taxes	\$ 72,909	\$ 70,646	\$ 68,405	\$ 66,282	\$ 64,311	\$ 58,896	\$ 59,053	\$ 59,689	\$ 60,806	\$ 59,592
Property tax increments						28,678	47,040	47,731	47,115	45,719
Sales and use taxes	80,500	81,844	71,977	68,581	62,793	58,589	55,034	48,210	56,493	64,296
Transient occupancy taxes	149,566	137,570	119,744	110,134	102,936	90,376	82,605	77,139	80,055	87,183
Other taxes	8,287	8,024	7,478	7,012	7,078	6,401	6,486	6,303	6,451	6,753
Licenses, fees, and permits	36,504	30,653	28,573	21,353	22,305	17,067	18,772	21,580	21,062	24,705
Intergovernmental revenues	123,797	121,055 <sup>2</sup>	155,314	215,755	186,018	143,348	150,394	141,418	158,729	135,072
Charges for services	42,047	36,147	33,295	32,569	30,883	29,672	24,408	18,351	17,874	17,730
Fines, forfeits, and penalties	2,756	2,875	2,823	2,656	2,907	3,515	3,304	3,255	3,409	3,767
Use of money and property	31,207	55,052	13,233	16,681	8,058	7,657	10,159	10,236	9,293	16,923
Contribution from property owners	36,864 <sup>4</sup>						41,007 <sup>1</sup>			
Other	18,425	13,520	16,573	6,555	8,926	6,617	2,638	4,009	10,137	3,755
Total revenues	602,862	557,386	517,415	547,578	496,215	450,816	500,900	437,921	471,424	465,495
<b>Expenditures</b>										
General government	19,447	18,679	19,052	21,070	18,270	16,502	16,055	15,822	16,953	16,325
Police	148,801	139,775	127,226	120,962	117,702	112,656	114,678	115,379	112,057	115,195
Fire & Rescue	70,164	66,399	61,483	57,529	56,127	55,886	55,802	55,713	55,966	54,685
Community & Economic Development	92,089	107,544 <sup>3</sup>	89,446	83,658	86,282	95,352	110,138	126,590	112,406	104,991
Planning & Building	21,997	19,935	17,667	16,086	15,785	14,408	14,560	15,173	15,489	15,949
Public Works	30,886	30,388	29,814	29,737	25,387	22,861	27,087	19,957	29,321	25,810
Community Services	32,258	31,980	28,394	30,602	25,268	24,618	27,813	31,311	33,572	35,203
Public Utilities	2,496	2,727	2,622	2,510	2,398	2,313	2,220	1,939	1,507	2,120
Convention, Sports & Entertainment	14,023	13,089	11,608	10,714	10,002	9,725	9,917	6,369	6,699	7,390
Capital outlay	44,532	32,589	79,710	136,597	98,601	55,505	70,918	62,422	52,229	60,906
Debt service:										
Principal	26,123	28,448	25,289	24,220	18,948	16,294	12,219	12,777	16,085	27,472
Interest charges	15,571	16,930	18,085	18,797	19,808	26,927	33,032	33,509	34,830	28,324
Debt issuance costs			127				227		70	5,182
Total expenditures	518,387	508,483	510,523	552,482	494,578	453,047	494,666	496,961	487,184	499,552
Revenues over (under) expenditures	84,475	48,903	6,892	(4,904)	1,637	(2,231)	6,234	(59,040)	(15,760)	(34,057)
<b>Other Financing Sources (Uses)</b>										
Transfers in	103,797	95,920	85,818	84,813	73,470	131,093	99,571	83,498	121,987	299,410
Transfers out	(101,446)	(85,403)	(79,373)	(75,953)	(59,393)	(119,552)	(86,621)	(59,970)	(76,304)	(288,985)
Issuance of refunding bonds			6,200						5,084	201,680
Payments to refunded bond escrow agent			(6,200)						(5,683)	(171,222)
Premium on long term debt			1,790						94	4,641
Discount on long term debt										(199)
Issuance of long-term debt	6,125	1,100	22,654	1,350	31,500		13,570	8,000	2,769	175
Claims settlement proceeds								750	3,848	
Extraordinary loss						(67,235)				
Total other financing sources	8,476	11,617	30,889	10,210	45,577	(55,694)	26,520	32,278	51,795	45,500
Net change in fund balances	\$ 92,951	\$ 60,520	\$ 37,781	\$ 5,306	\$ 47,214	\$ (57,925)	\$ 32,754	\$ (26,762)	\$ 36,035	\$ 11,443
Debt service as a percentage of non-capital expenditures	8.80%	9.54%	10.07%	10.34%	9.79%	10.87%	10.68%	10.65% <sup>0</sup>	11.71%	12.72%

<sup>1</sup> Contribution from property owners pursuant to the issuance of Community Facility District 08-1 Platinum Triangle Series 2010 Special Tax Bond.

<sup>2</sup> Increase in Use of money and property is due to one-time land held for resale transferred from the Successor Agency.

<sup>3</sup> Increase in Community and Economic Development expenditures is due to a one-time loss on sale of land held for resale.

<sup>4</sup> Contribution from property owners pursuant to the issuance of Community Facility District 08-1 Platinum Triangle Series 2016 Special Tax Bond.

Source: Finance Department, City of Anaheim

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

(Modified accrual basis of accounting)

Fiscal Year	Amounts in Dollars											
	Property Taxes				Property Tax Increments			Property Taxes in-lieu of VLF <sup>1</sup>	Sales and Use Taxes	Transient Occupancy Taxes	Other Taxes	Total
	Secured Property Taxes	Unsecured Property Taxes	Supplemental Property Taxes	Residual	Secured Property Taxes	Unsecured Property Taxes	Supplemental Property Taxes					
2017	\$ 37,771	\$ 1,214	\$ 1,108	\$ 2,484				\$ 30,332	\$ 80,500	\$ 149,566	\$ 8,287	\$ 311,262
2016	37,000	1,256	991	2,203				29,196	81,844 <sup>3</sup>	137,570	8,024	298,084
2015	35,624	1,358	1,001	2,262				28,160	71,977	119,744	7,478	267,604
2014	33,976	1,243	832	2,873				27,358	68,581	110,134	7,012	252,009
2013	33,114	1,194	806	2,834				26,363	62,793	102,936	7,078	237,118
2012	31,770	1,289	207		\$ 21,576 <sup>2</sup>	\$ 6,884 <sup>2</sup>	\$ 218 <sup>2</sup>	25,630	58,589	90,376	6,401	242,940
2011	31,848	1,300	373		36,824	8,859	1,357	25,532	55,034	82,605	6,486	250,218
2010	32,267	1,341	385		38,809	8,221	701	25,696	48,210	77,139	6,303	239,072
2009	32,496	1,351	712		37,710	7,986	1,419	26,247	56,493	80,055	6,451	250,920
2008	31,073	1,343	1,326		34,772	9,105	1,842	25,850	64,296	87,183	6,753	263,543

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

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

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

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

Source: Finance Department, City of Anaheim



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

	Fiscal Year				
	2017	2016	2015	2014	2013
<b>City of Anaheim</b>					
Secured property	\$ 34,732,460	\$ 33,338,748	\$ 32,023,757	\$ 30,548,214	\$ 29,608,967
Unsecured property	1,172,650	1,243,307	1,515,905	1,266,403	1,265,519
Total City of Anaheim	35,905,110	34,582,055	33,539,662	31,814,617	30,874,486
<b>Dissolved Anaheim Redevelopment Agency<sup>1</sup></b>					
Secured property	4,773,715	4,479,386	4,102,931	3,916,169	4,338,935
Unsecured property	684,544	753,736	759,729	654,982	683,237
Total Anaheim Redevelopment Agency	5,458,259	5,233,122	4,862,660	4,571,151	5,022,172
<b>Total Taxable Assessed Value</b>	<b>\$ 41,363,369</b>	<b>\$ 39,815,177</b>	<b>\$ 38,402,322</b>	<b>\$ 36,385,768</b>	<b>\$ 35,896,658</b>
<b>Total Direct Tax Rate</b>	0.10851%	0.11024%	0.11049%	0.11062%	0.11078%
	Fiscal Year				
	2012	2011	2010	2009	2008
<b>City of Anaheim</b>					
Secured property	\$ 28,808,849	\$ 28,600,152	\$ 28,775,989	\$ 29,329,062	\$ 28,473,221
Unsecured property	1,232,825	1,278,062	1,283,263	1,226,209	1,198,812
Total City of Anaheim	30,041,674	29,878,214	30,059,252	30,555,271	29,672,033
<b>Dissolved Anaheim Redevelopment Agency<sup>1</sup></b>					
Secured property	3,977,843	3,751,227	3,762,168	3,644,931	3,360,645
Unsecured property	656,505	743,403	762,903	789,618	818,255
Total Anaheim Redevelopment Agency	4,634,348	4,494,630	4,525,071	4,434,549	4,178,900
<b>Total Taxable Assessed Value</b>	<b>\$ 34,676,022</b>	<b>\$ 34,372,844</b>	<b>\$ 34,584,323</b>	<b>\$ 34,989,820</b>	<b>\$ 33,850,933</b>
<b>Total Direct Tax Rate</b>	0.11075%	0.11075%	0.11031%	0.11024%	0.11041%

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

<sup>1</sup> The Anaheim Redevelopment Agency was resolved on February 1, 2012

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

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

	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
City Direct Rate <sup>(1)</sup>										
City Basic Rate <sup>(2)</sup>	0.10851	0.10851	0.10851	0.10851	0.10851	0.10851	0.10851	0.10816	0.10816	0.10816
Anaheim General Obligation Bond Fund	0.00000	0.00173	0.00198	0.00211	0.00227	0.00224	0.00224	0.00215	0.00208	0.00225
	0.10851	0.11024	0.11049	0.11062	0.11078	0.11075	0.11075	0.11031	0.11024	0.11041
Overlapping Rates:										
Anaheim Elementary General Fund	0.29873	0.29873	0.29873	0.29873	0.29873	0.29873	0.29873	0.29778	0.29778	0.29778
Anaheim High General Fund	0.19043	0.19043	0.19043	0.19043	0.19043	0.19043	0.19043	0.18982	0.18982	0.18982
Educational Revenue Augmentation Fund	0.15592	0.15592	0.15592	0.15592	0.15592	0.15592	0.15592	0.15543	0.15543	0.15543
North Orange Co. Community College General Fund	0.07755	0.07755	0.07755	0.07755	0.07755	0.07755	0.07755	0.07730	0.07730	0.07730
Orange County Cemetery District	0.00057	0.00057	0.00057	0.00057	0.00057	0.00057	0.00057	0.00057	0.00057	0.00057
Orange County Department Of Education	0.01579	0.01579	0.01579	0.01579	0.01579	0.01579	0.01579	0.01574	0.01574	0.01574
Orange County Flood Control District General	0.02197	0.02197	0.02197	0.02197	0.02197	0.02197	0.02197	0.02190	0.02190	0.02190
Orange County General Fund	0.06849	0.06849	0.06849	0.06849	0.06849	0.06849	0.06849	0.06827	0.06827	0.06827
Orange County Harbors Beaches & Parks CSA	0.01698	0.01698	0.01698	0.01698	0.01698	0.01698	0.01698	0.01693	0.01693	0.01693
Orange County Sanitation District #2 Operating	0.03227	0.03227	0.03227	0.03227	0.03227	0.03227	0.03227	0.03469	0.03469	0.03469
Orange County Transportation Authority	0.00312	0.00312	0.00312	0.00312	0.00312	0.00312	0.00312	0.00311	0.00311	0.00311
Orange County Vector Control	0.00124	0.00124	0.00124	0.00124	0.00124	0.00124	0.00124	0.00124	0.00124	0.00124
Orange County Water District	0.00831	0.00831	0.00831	0.00831	0.00831	0.00831	0.00831	0.00893	0.00893	0.00893
Orange County Water District Water Reserve	0.00012	0.00012	0.00012	0.00012	0.00012	0.00012	0.00012	0.00013	0.00013	0.00013
Anaheim Elementary School Districts	0.04461	0.04227	0.02867	0.05848	0.05382	0.05371	0.03363	0.03193	0.02248	0.03544
Anaheim High School Districts	0.04259	0.04948	0.02412	0.02620	0.02858	0.02678	0.02745	0.02617	0.02363	0.02516
North Orange County Community College	0.02885	0.03043	0.01704	0.01704	0.01902	0.01742	0.01758	0.01662	0.01493	0.01502
Water District Rate	0.00350	0.00350	0.00350	0.00350	0.00350	0.00370	0.00370	0.00430	0.00430	0.00450
<b>Total Direct and Overlapping Rate</b>	<b>1.11955</b>	<b>1.12741</b>	<b>1.07531</b>	<b>1.10733</b>	<b>1.10719</b>	<b>1.10385</b>	<b>1.08460</b>	<b>1.08117</b>	<b>1.06742</b>	<b>1.08237</b>

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

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

Source: Auditor Controller, Orange County

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

Tax Payer	Fiscal Year					
	2017			2008		
	Rank	Percentage of Total Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Assessed Value	Taxable Assessed Value
Walt Disney World Company	1	11.30%	\$ 4,464,753	1	10.58%	\$ 3,469,918
HHC HA Investment II Inc.	2	0.52%	203,517			
US REIF MG Madison Park CA LLC	3	0.31%	123,861			
Irvine Company LLC	4	0.29%	114,281			
Teachers Insurance & Annuity Association	5	0.26%	104,666			
Prologis California I LLC	6	0.24%	96,782			
Angeli LLC	7	0.23%	92,104			
OTR	8	0.23%	91,033			
Mary Susan Samia Trust	9	0.23%	90,365			
Essex Anavia LP	10	0.22%	86,793			
Kaiser Foundation Health				2	0.50%	159,638
Kiltoy Realty Finance Partnership				3	0.39%	125,239
Taormina Industries				4	0.28%	90,006
Catellus Development Corporation				5	0.27%	85,613
Maguire Properties Syadium Gateway				6	0.26%	81,607
Boeing North America				7	0.25%	80,307
Pacific Sunwear California, Inc				8	0.20%	64,625
PK II Anaheim Plaza Limited Partnership				9	0.19%	60,338
Amlap Venture Limited Partnership				10	0.11%	34,550
<b>Total</b>		<u>13.84%</u>	<u>\$ 5,468,155</u>		<u>13.36%</u>	<u>\$ 4,251,841</u>

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

# Property Tax Levies and Collections

## Last Ten Fiscal Years (In thousands)

Fiscal Year	Total Taxes Levy	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date		Total Tax Increments Levy <sup>2</sup>	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount <sup>1</sup>	Percentage of Levy		Amount	Percentage of Levy		Amount <sup>2</sup>	Percentage of Levy		Amount	Percentage of Levy
2017	\$ 40,787	\$ 39,710	97.36%	\$ 152	\$ 39,862	97.73%						
2016	40,026	38,832	97.02%	382	39,214	97.97%						
2015	38,365	37,456	97.63%	414	37,870	98.71%						
2014	36,293	35,558	97.97%	460	36,018	99.24%						
2013	34,813	34,116	98.00%	384	34,500	99.10%						
2012	33,598	32,560	96.91%	512	33,072	98.43%	\$ 49,004	\$ 28,327	57.81%		\$ 28,327	57.81%
2011	33,512	32,517	97.03%	558	33,075	98.70%	49,294	45,906	93.13%	\$ 282	46,188	93.70%
2010	33,627	32,490	96.62%	796	33,286	98.99%	49,119	46,584	94.84%	524	47,108	95.91%
2009	34,579	33,068	95.63%	1,231	34,299	99.19%	48,432	46,057	95.10%	622	46,679	96.38%
2008	34,283	32,798	95.67%	1,237	34,035	99.28%	46,785	44,793	95.74%	552	45,345	96.92%

<sup>1</sup> Excludes property taxes in-lieu of vehicle license fees

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

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

Source: Auditor-Controller, County of Orange

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

	2017	2016	Fiscal Year 2015	2014	2013
<b>Governmental Activities</b>					
Bonds	\$ 627,589	\$ 632,321	\$ 640,891	\$ 614,757	\$ 616,086
Certificates of participation				8,880	10,020
Notes and loans	29,577	20,820	21,372	50,757	54,877
Capital leases	1,738	2,088	2,346	1,325	1,369
Total governmental activities	658,904	655,229	664,609	675,719	682,352
<b>Business-Type Activities</b>					
Bonds	1,235,400	1,124,159	1,116,443	780,553	863,987
Certificates of participation				38,000	38,000
Notes and loans	20,523	36,200	57,399	48,271	62,722
Total business-type activities	1,255,923	1,160,359	1,173,842	866,824	964,709
<b>Total Government</b>	<b>\$ 1,914,827</b>	<b>\$ 1,815,588</b>	<b>\$ 1,838,451</b>	<b>\$ 1,542,543</b>	<b>\$ 1,647,061</b>
<b>Percentage of Personal Income</b>	20.84%	20.19%	21.26%	18.88%	19.74%
<b>Per Capita</b>	\$5,341	\$5,070	\$5,231	\$4,429	\$4,758
	2012	2011	Fiscal Year 2010	2009	2008
<b>Governmental Activities</b>					
Bonds	\$ 616,444	\$ 821,587	\$ 810,504	\$ 805,068	\$ 793,343
Certificates of participation	11,085	12,070	12,990	13,840	23,333
Notes and loans	25,546	34,566	29,094	24,621	27,538
Capital leases	1,694	2,341	2,605	1,235	2,353
Total governmental activities	654,769	870,564	855,193	844,764	846,567
<b>Business-Type Activities</b>					
Bonds	889,581	908,683	805,925	829,707	689,791
Certificates of participation	38,000	38,000	38,000	38,000	88,185
Notes and loans	24,652	30,519	11,379	12,299	13,189
Total business-type activities	952,233	977,202	855,304	880,006	791,165
<b>Total Government</b>	<b>\$ 1,607,002</b>	<b>\$ 1,847,766</b>	<b>\$ 1,710,497</b>	<b>\$ 1,724,770</b>	<b>\$ 1,637,732</b>
<b>Percentage of Personal Income</b>	20.95%	24.57%	23.32%	23.96%	21.93%
<b>Per Capita</b>	\$ 4,674	\$ 5,418	\$ 5,088	\$ 5,193	\$ 4,953

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

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

## Ratios of Net General Bonded Debt Outstanding Last Ten Fiscal Years (In thousands, except per capita amount)

	Fiscal Year				
	2017	2016	2015	2014	2013
<b>Bonds</b>					
General Obligation		\$ 700	\$ 1,360	\$ 1,995	\$ 2,605
Lease Revenue	\$ 627,589	631,621	639,531	612,762	613,481
Tax Allocation					
	<u>627,589</u>	<u>632,321</u>	<u>640,891</u>	<u>614,757</u>	<u>616,086</u>
Less amounts available in debt service fund	<u>127,581</u>	<u>108,482</u>	<u>88,174</u>	<u>73,500</u>	<u>61,625</u>
Total net obligation bonds outstanding	<u>\$ 500,008</u>	<u>\$ 523,839</u>	<u>\$ 552,717</u>	<u>\$ 541,257</u>	<u>\$ 554,461</u>
Percentage of Assessed Value of Property	1.21%	1.32%	1.44%	1.49%	1.54%
Per capita	\$ 1,395	\$ 1,463	\$ 1,573	\$ 1,554	\$ 1,602
	Fiscal Year				
	2012	2011	2010	2009	2008
<b>Bonds</b>					
General Obligation	\$ 3,185	\$ 3,735	\$ 4,255	\$ 4,750	\$ 5,220
Lease Revenue	616,444	609,683	605,252	600,064	588,692
Tax Allocation		208,169	200,997	200,254	199,431
	<u>619,629</u>	<u>821,587</u>	<u>810,504</u>	<u>805,068</u>	<u>793,343</u>
Less amounts available in debt service fund	<u>53,398</u>	<u>67,363</u>	<u>69,043</u>	<u>63,560</u>	<u>57,995</u>
Total net obligation bonds outstanding	<u>\$ 566,231</u>	<u>\$ 754,224</u>	<u>\$ 741,461</u>	<u>\$ 741,508</u>	<u>\$ 735,348</u>
Percentage of Assessed Value of Property	1.63%	2.19%	2.14%	2.12%	2.17%
Per capita	\$ 1,647	\$ 2,212	\$ 2,205	\$ 2,233	\$ 2,224

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

Source: Finance Department, City of Anaheim

**Direct and Overlapping Governmental Activities Debt  
As of June 30, 2017 (In thousands)**

2016-17 Assessed Valuation	<u>\$41,363,369</u>		
<u>DIRECT TAX AND ASSESSMENT DEBT:</u>			
City of Anaheim			Outstanding \$ 0
<u>DIRECT GENERAL FUND DEBT:</u>			
City of Anaheim General Fund Obligations			658,904
TOTAL GROSS DIRECT DEBT			658,904
Less: City of Anaheim Public Financing Authority (100% self-supporting)			627,589
City of Anaheim various revenue funds (100% self-supporting)			31,315
TOTAL NET DIRECT DEBT			0
			<b>City's Share of Debt 6/30/2017</b>
	<b>Total Debt 6/30/2017</b>	<b>% Applicable (1)</b>	
<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>			
Metropolitan Water District	\$ 74,905	1.599 %	\$ 1,198
North Orange Joint Community College District	240,284	27.539	66,172
Rancho Santiago Community College District	258,097	12.646	32,639
Rancho Santiago Community College District School Facilities Improvement District No 1	57,025	0.391	223
Anaheim Union High School District	130,664	67.629	88,367
Fullerton Joint Union High School District	126,838	0.242	307
Garden Grove Unified School District	329,640	0.584	1,925
Placentia - Yorba Linda Unified School District	242,284	18.988	46,005
Anaheim School District	175,742	99.127	174,208
Magnolia School District	22,288	67.155	14,968
Other School Districts	130,782	Various	21,578
City of Anaheim Community Facilities Districts	67,540	100.000	67,540
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT	<u>1,856,089</u>		<u>515,130</u>
<u>OVERLAPPING GENERAL FUND DEBT:</u>			
Orange County General Fund Obligations	227,516	7.878	17,924
Orange County Pension Obligation Bonds	386,763	7.878	30,469
Orange County Board of Education Certificates of Participation	14,440	7.878	1,138
North Orange County Regional Occupation Program Certificates of Participation	9,910	28.353	2,810
Orange Unified School District Certificates of Participation	24,848	26.285	6,531
Orange Unified School District Benefit Obligations	80,865	26.285	21,255
Placentia-Yorba Linda Unified School District Certificates of Participation	95,540	18.988	18,141
Anaheim Union High School District Certificates of Participation	39,595	67.629	26,778
Fullerton Joint Union High School District Certificates of Participation	19,920	0.242	48
Fullerton School District Certificates of Participation	5,165	0.170	9
TOTAL GROSS OVERLAPPING GENERAL FUND OBLIGATION DEBT	<u>904,562</u>		<u>125,103</u>
<u>OVERLAPPING TAX INCREMENT DEBT (Successor Agency):</u>			
City of Anaheim Tax Allocation Bonds	203,855	0.093-100%	193,969
TOTAL OVERLAPPING TAX INCREMENT DEBT			193,969
TOTAL GROSS OVERLAPPING DEBT			834,202
TOTAL NET OVERLAPPING DEBT			834,202
GROSS COMBINED TOTAL DEBT			<u>\$ 1,493,106</u> <sup>(2)</sup>
NET COMBINED TOTAL DEBT			<u>\$ 834,202</u>

(continued)

## Direct and Overlapping Governmental Activities Debt As of June 30, 2017 (In thousands) (continued)

(1) Percentage of overlapping agency's assessed valuation located within boundaries of the city.

(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue, and tax allocation bonds and non-bonded capital lease obligations.

### Ratios to 2016-17 Assessed Valuation:

Direct Debt (\$0)	0.000%
Total Direct and Overlapping Tax and Assessment Debt	1.25%

### Ratios to Adjusted Assessed Valuation:

Gross Combined Direct Debt (\$)	1.59%
Net Combined Direct Debt (\$)	0.000%
Gross Combined Total Debt	3.61%
Net Combined Total Debt	2.02%

### Ratios to Redevelopment Increment Valuation (\$5,461,774)

Total Overlapping Tax Increment Debt	3.55%
--------------------------------------	-------

Source: California Municipal Statistics, Inc.

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



## Legal Debt Margin Last Ten Fiscal Years (In thousands)

	Fiscal Year				
	2017	2016	2015	2014	2013
Debt limit	\$ 1,551,126	\$ 1,493,069	\$ 1,440,087	\$ 1,364,466	\$ 1,346,125
Total net debt applicable to limit		(700)	(1,360)	(1,995)	(2,605)
Legal debt margin	<u>\$ 1,551,126</u>	<u>\$ 1,492,369</u>	<u>\$ 1,438,727</u>	<u>\$ 1,362,471</u>	<u>\$ 1,343,520</u>
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.05%	0.09%	0.15%	0.19%
<u>Legal Debt Margin</u>					
Assessed value	\$ 41,363,369	\$ 39,815,177	\$ 38,402,322	\$ 36,385,768	\$ 35,896,658
Debt limit (3.75% of total assessed value)	1,551,126	1,493,069	1,440,087	1,364,466	1,346,125
	Fiscal Year				
	2012	2011	2010	2009	2008
Debt limit	\$ 1,300,351	\$ 1,288,982	\$ 1,296,912	\$ 1,312,118	\$ 1,269,410
Total net debt applicable to limit	(3,185)	(3,735)	(4,255)	(4,750)	(5,220)
Legal debt margin	<u>\$ 1,297,166</u>	<u>\$ 1,285,247</u>	<u>\$ 1,292,657</u>	<u>\$ 1,307,368</u>	<u>\$ 1,264,190</u>
Total net debt applicable to the limit as a percentage of debt limit	0.24%	0.29%	0.33%	0.36%	0.41%
<u>Legal Debt Margin</u>					
Assessed value	\$ 34,676,022	\$ 34,372,844	\$ 34,584,323	\$ 34,989,820	\$ 33,850,933
Debt limit (3.75% of total assessed value)	1,300,351	1,288,982	1,296,912	1,312,118	1,269,410

**Note:**

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

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

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

**Electric Utility Revenue Bonds**

Fiscal Year	Electric Revenue	Less Operating Expenses <sup>3</sup>	Net Available Revenue	Debt Service			Coverage
				Principal	Interest	Total	
2017	\$ 435,805	\$ 338,888	\$ 96,917	\$ 18,950	\$ 28,948	\$ 47,898	2.0234
2016	433,744	319,169	114,575	14,040	27,995	42,035	2.7257
2015	458,211	341,206	117,005	12,950	27,878	40,828	2.8658
2014	430,782	347,290	83,492	11,590	30,039	41,629	2.0056
2013	453,949	349,835	104,114	18,995	33,335	52,330	1.9896
2012	407,787	314,231	93,556	18,175	34,104	52,279	1.7896
2011	391,218	309,274	81,944	17,825	30,825	48,650	1.6844
2010	390,364	309,112	81,252	15,995	31,788	47,783	1.7004
2009	378,916	300,269	78,647	15,370	28,798	44,168	1.7806
2008	373,842	299,534	74,308	14,690	29,450	44,140	1.6835

<sup>3</sup> Operating expenses includes transfer for right of way and excludes amortization and depreciation.

**Water Utility Revenue Bonds**

Fiscal Year	Water Revenue	Less Operating Expenses <sup>4</sup>	Net Available Revenue	Debt Service			Coverage
				Principal	Interest	Total	
2017	\$ 71,790	\$ 56,487	\$ 15,303	\$ 3,380	\$ 6,815	\$ 10,195	1.5010
2016	61,721	46,383	15,338	5,885	1,775	7,660	2.0023
2015	65,518	52,883	12,635	960	4,178	5,138	2.4591
2014	66,979	50,046	16,933	920	4,217	5,137	3.2963
2013	61,849	44,838	17,011	950	4,255	5,205	3.2682
2012	59,330	44,615	14,715	915	4,292	5,207	2.8260
2001	56,935	45,293	11,642	880	3,275	4,155	2.8019
2010	57,787	45,231	12,556	1,490	2,544	4,034	3.1125
2009	53,039	40,123	12,916	1,435	1,967	3,402	3.7966
2008	51,052	41,190	9,862	1,375	325	1,700	5.8012

<sup>4</sup> Operating expenses includes transfer for right of way and excludes amortization and depreciation.

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

Source: Finance Department, City of Anaheim

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

(continued)

Fiscal Year	Wastewater Revenue <sup>5</sup>	Less Operating Expenses <sup>6</sup>	Net Available Revenue	Debt Service			Coverage
				Principal	Interest	Total	
2017	\$ 13,771	\$ 6,252	\$ 7,519	\$ 1,045	\$ 1,954	\$ 2,999	2.5072
2016	13,291	5,733	7,558	1,005	1,994	2,999	2.5202
2015	13,373	6,103	7,270	955	2,042	2,997	2.4258
2014	12,572	5,594	6,978	920	2,079	2,999	2.3268
2013	12,106	5,477	6,629	880	2,118	2,998	2.2111
2012	11,933	4,832	7,101	835	2,161	2,996	2.3702
2011	11,813	4,030	7,783	805	2,193	2,998	2.5961
2010	11,773	5,452	6,321	775	2,224	2,999	2.1077
2009	10,913	5,176	5,737		2,224	2,224	2.5796
2008	10,299	5,167	5,132		1,532	1,532	3.3499

<sup>5</sup> Amounts based on the notes to the basic financial statement, segment reporting

<sup>6</sup> Operating expenses excludes amortization and depreciation.

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

Source: Finance Department, City of Anaheim

## Demographic and Economic Statistics Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Population <sup>(1)</sup></u>	<u>Personal Income (thousands of dollars)</u>	<u>Per Capita Personal Income</u>	<u>Median Age <sup>(1)</sup></u>	<u>Education Level in Years of Schooling</u>	<u>School Enrollment</u>	<u>Orange County Unemployment Rate</u>
2017	358,546	\$ 9,189,369	\$ 25,630 <sup>(2)</sup>	33.6	12.2	64,870	3.80%
2016	358,136	8,998,883	25,127	33.6	12.2	65,692	4.40%
2015	351,433	8,649,469	24,612	33.6	12.2	66,439	4.10%
2014	348,305	8,955,966	25,713	33.8	12.2	66,982	6.20%
2013	346,161	8,344,211	24,105	32.8	12.2	67,014	6.10%
2012	343,793	7,669,678	22,309	32.4	12.2	67,760	7.90%
2011	341,034	7,519,459	22,049	32.1	12.2	67,884	9.20%
2010	336,208	7,333,705	21,813	32.1	12.2	68,331	9.50%
2009	332,120	7,198,701	21,675	31.5	12.2	68,890	9.30%
2008	330,659	7,467,272	22,583	32.4	12.2	68,663	5.30%

(1) Population and Median Age were updated to reflect 2011-2015 American Community Survey Five-Year Estimate.

(2) Per capita income for FY 2017 is estimated. Data not readily available.

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

## Principal Employers Current Year and Nine Years Ago

Employer	Fiscal Year					
	2017			2008		
	Rank	Employees	Percentage of Total City Employment	Rank	Employees	Percentage of Total City Employment
Disneyland Resort	1	31,000	18.3%	1	20,050	11.4%
Kaiser Foundation Hospital	2	6,000	3.6%	2	3,660	2.1%
Northgate Gonzalez Supermarkets	3	2,000	1.2%	4	2,000	1.1%
Hilton Anaheim	4	1,575	0.9%	7	920	0.5%
Angels Baseball	5	1,484	0.9%			
Anaheim Regional Medical Center	6	1,262	0.7%	5	1,185	0.7%
Anaheim Marriott Hotel	7	1,030	0.6%			
L-3 Communications	8	1,000	0.6%			
St. Joseph Heritage Healthcare	9	900	0.5%			
Time Warner Cable Business Class	10	900	0.5%			
Carrington Mortgage Services LLC (CMS)			0.0%			
West Anaheim Medical Center				10	774	0.4%
Honda Center				6	1,000	0.6%
AT & T				3	2,659	1.5%
Long Beach Mortgage				8	800	0.5%
Alstyle Apparel				9	750	0.4%
Total		47,151	27.9%		33,798	19.2%

Source: Inside Prospects Database

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

Function/Program	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
City Council	9	6	7	7	7	7	7	7	7	7
City Administration	19	19	20	20	20	21	21	24	24	24
City Attorney	33	33	33	31	30	30	30	35	35	35
City Clerk	8	8	7	7	7	6	6	7	7	7
Human Resources	40	39	37	37	38	36	36	40	40	40
Finance	55	54 <sup>1</sup>	44	44	44	46	47	52	53	54
Police	576	569	561	549	536	530	554	610	610	604
Fire & Rescue	276	274	267	262	262	275	277	289	289	290
Community & Economic Development	73	73	71	68	78	102	105	106	109	108
Planning & Building	76	76	75	71	69	73	75	93	94	97
Public Works	236	235	237	236	234	235	252	252	252	252
Community Services	92	92	91	87	87	115	123	180	183	184
Public Utilities	352	352	354	353	352	355	377	377	377	367
Convention, Sports & Entertainment	85	85	85	84	83	91	91	91	91	88
<b>Total</b>	<u>1,930</u>	<u>1,915</u>	<u>1,889</u>	<u>1,856</u>	<u>1,847</u>	<u>1,922</u>	<u>2,001</u>	<u>2,163</u>	<u>2,171</u>	<u>2,157</u>

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

Source: City of Anaheim

# Operating Indicators by Function Last Ten Fiscal Years

Function/Program	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>Police Department</b>										
Number of calls for service	200,695	208,710	195,305	186,042	186,461	189,751	195,587	185,934	191,037	196,241
Number of 911 calls received	150,555	155,371	158,447	145,813	182,856	179,313	165,698	140,529	129,998	125,174
Number of Part I Crimes per 100,000 population	2,917	3,279	2,950	2,883	3,326	3,057	2,886	2,857	2,764	2,899
Number of Arrest	11,010	11,604	11,405	11,846	11,617	11,494	13,345	17,650	15,951	16,212
Number of Field Reports processed by Records Bureau	41,208	41,655	39,191	38,362	39,066	33,050	35,807	35,256	37,999	40,232
Number of traffic collisions	4,817	5,179	4,833	4,686	4,414	4,044	4,046	4,027	4,251	4,626
Number of Hours of Volunteer service	21,132	21,647	22,885	24,124	23,470	25,309	20,335	18,038	16,201	16,820
<b>Fire &amp; Rescue Department</b>										
Fire responses	1,035	1,082	952	885	902	923	983	1,275	1,016	1,082
False alarm responses	1,903	1,848	3,910	1,735	1,424	1,390	1,487	1,467	1,503	1,398
Mutual aid responses	5,450	5,506	4,322	3,001	2,860	2,744	2,707	2,560	2,532	2,662
Medical responses	28,437	28,858	27,158	24,912	24,735	23,061	22,202	24,045	21,553	21,301
Hazardous condition responses	222	211	213	211	207	201	199	207	224	203
<b>Public Works</b>										
Centerline miles of arterial highway pavement improved	1.22	4.7	3.55	7.13	5.9	8.7	5.8	9.0	8.1	9.1
Square feet of deteriorated pavement replaced	4,017,828	2,487,188	2,101,231	4,345,480	4,029,806	2,977,482	4,274,463	820,000	780,500	890,500
Square feet of deteriorated pavement slurry sealed	5,519,982	1,941,187	7,253,633	4,422,148	2,850,939	4,208,194	4,167,569	1,975,000	2,532,000	3,483,000
Number of traffic intersections maintained	335	333	321	327	318	318	319	318	318	316
Number of traffic control hubs maintained	18	18	18	19	18	18	18	18	17	16
Square feet of deteriorated sidewalk replaced	102,305	232,922	153,531	96,399	77,590	74,780	62,940	60,000	50,500	50,200
Linear feet of damaged curb/gutter replaced	6,797	33,373	30,152	29,996	25,187	27,661	24,755	11,500	12,500	11,500
Square feet of medians/parkways maintained	6,063,299	6,063,299	5,721,764	5,644,799	5,644,818	5,511,065	5,460,655	5,400,000	5,350,000	5,350,000
Square feet of landscape maintained in the Anaheim Resort	1,554,886	1,554,886	1,542,442	1,542,442	1,430,486	1,430,486	1,430,486	1,430,486	1,419,286	1,419,286
Square feet of hardscape maintained in the Anaheim Resort	991,360	991,360	991,370	991,360	858,828	858,828	1,001,743	858,828	858,828	858,828
Number of vehicles maintained	1,036	1,025	1,097	1,144	1,106	1,152	1,162	1,331	1,331	1,351
Number of vehicles per mechanic	49	49	57	58	58	50	47	50	55	59
Square feet of interior space maintained	2,379,100	2,379,100	2,379,100	2,700,000	2,362,992	2,176,265	2,176,265	2,176,265	2,176,265	2,176,265
Square feet of exterior space maintained	37,662,184	37,662,184	37,662,184	37,655,278	37,645,278	39,138,187	39,138,187	39,138,187	39,138,187	39,138,187
Number of facility square feet (interior) per worker	125,215	1,459,000	1,459,000	150,000	139,000	120,904	114,540	103,631	103,631	103,631
Number of construction projects	80	120	100	165	120	100	136	130	130	132
Number of permit inspections	650	510	429	486	380	404	355	800	800	802
<b>Parks</b>										
Number of park acres maintained per full-time equivalent employee	77	77	76	75	75	75	75.00	12.00	12.00	10.52
Number of sports fields prepared	66	66	66	66	66	66	66	66	66	66
Cost per acre of parks maintained.	\$9,221	\$8,952	\$8,691	\$8,438	\$8,192	\$8,031	\$8,333	\$9,651	\$9,950	\$10,699
Cost per sports field maintained.	\$4,791	\$4,655	\$4,519	\$4,387	\$4,260	\$4,133	\$4,261	\$5,134	\$5,134	\$4,937
<b>Golf Courses</b>										
Cost per acre of golf course maintained	\$10,434	\$10,076	\$9,455	\$9,931	\$9,595	\$9,010	\$9,569	\$11,327	\$10,674	\$10,617
Number of rounds played	102,542	102,234	110,855	117,652	118,879	120,675	116,287	124,404	137,948	153,661
Number of acres maintained	200	200	200	200	200	200	200	200	200	200

(continued)

# Operating Indicators by Function Last Ten Fiscal Years

(continued)

Function/Program	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>City Libraries</b>										
Hours open	16,023	15,461	16,929	16,820	16,243	15,530	15,364	18,944	19,290	20,292
Total circulation of materials, including eBooks	1,117,096	1,169,829	1,257,127	1,397,239	1,520,841	1,635,627	1,700,104	1,655,922	1,721,779	1,658,731
Patron assistance (reference, information, computer)	226,429	185,436	207,305	240,287	291,960	347,085	397,287	530,364	537,807	461,819
Patron visits	981,637	1,098,146	1,221,982	1,264,972	1,317,689	1,321,309	1,403,995	1,572,138	1,752,838	1,615,640
Library cardholders	230,951	217,661	201,194	186,891	158,396	157,278	156,444	149,501	138,826	147,638
Programs offered	4,507	3,900	3,800	3,397	3,097	3,235	3,927	3,991	4,777	4,410
Program attendance	142,098	125,609	117,226	111,380	102,728	101,696	124,401	146,357	158,669	152,532
Hours of public internet usage	144,364	150,712	184,851	209,953	237,340	220,930	209,673	246,676	277,097	242,734
<b>Community Services Programs</b>										
Number of youth program participants	181,697	183,967	177,746	126,429	136,345	129,215	110,013	134,611	146,381	455,725
Number of youth program participants in recreation classes	8,500	13,026	10,136	13,897	10,906	9,213	10,231	10,125	16,332	16,006
Number of adult program sports teams	679	725	750	791	841	845	908	885	875	840
Number of park ranger contacts	382,310	278,599	327,893	263,765	233,308	275,014	232,132	187,000	208,176	161,038
<b>Public Utilities Department</b>										
Electric Utility:										
Number of meters	118,248	117,593	115,682	115,474	115,418	115,113	114,662	113,434	112,548	111,784
Megawatt-hours - sales	3,298,340	3,229,569	3,725,386	4,065,552	3,312,018	2,966,119	2,976,014	3,344,188	3,208,123	2,979,396
Megawatt-hours - purchased power	2,990,931	3,050,657	3,417,459	3,751,220	3,029,766	2,707,466	2,737,174	3,085,358	2,836,962	2,978,800
Megawatt-hours - owned generation	398,068	318,921	371,657	467,348	410,601	430,323	431,027	410,784	435,835	301,021
Water Utility:										
Number of meters	63,489	63,775	63,145	63,002	62,917	62,793	62,717	62,607	62,456	62,436
Millions of gallons sold	17,422	16,607	19,804	20,743	20,464	19,672	19,526	20,492	22,238	23,154
Millions of gallons purchased from Metropolitan Water	4,170	4,373	4,717	5,286	6,878	7,023	7,398	8,054	6,614	4,978
Millions of gallons pumped from water system wells	14,217	13,213	15,180	16,749	14,659	14,100	13,399	14,669	17,034	18,961
<b>Anaheim Convention Center</b>										
Number of events serviced	179	181	197	221	263	222	200	232	310	339
Number of attendees	925,000	954,000	986,000	1,020,000	1,070,000	1,059,000	935,000	944,000	917,000	1,008,000
Percentage of occupancy	72.0%	59.0%	63.0%	63.0%	58.0%	62.0%	56.0%	68.0%	56.0%	61.0%

Sources: Various City departments



## Capital Assets Statistics by Function Last Ten Fiscal Years

Function/Program	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>Police Department</b>										
Police Facilities	10	10	10	10	10	10	10	10	10	9
Motorized Equipment	260	260	250	247	247	242	242	250	266	255
Police Helicopters	3	2	2	2	3	3	3	4	4	3
Shooting Range	1	1	1	1	1	1	1	1	1	1
Communication/Radio Tower	1	1	1	1	1	1	1	1	1	1
Fixed Wing	1	1	1	1	1	1				
<b>Fire &amp; Rescue Department</b>										
Fire stations	11	11	11	11	11	11	11	11	11	11
Training center	1	1	1	1	1	1	1	1	1	1
Fire trucks, engines, and other vehicles	75	75	74	74	79	74	69	74	74	79
<b>Public Works</b>										
Streets (center lane miles)	585	584	584	578	578	578	578	588	633	633
Traffic signals	335	321	321	321	318	318	318	306	318	314
Sewers (miles)	578.17	578.13	577.60	575.52	575.52	573.63	570.44	569.60	568.30	565.70
Storm Drains (miles)	151.82	151.30	151.30	151.30	151.30	151.24	151.24	151.24	148.00	148.00
<b>Parks</b>										
Community parks	11	11	11	11	11	11	11	11	11	11
Mini parks	15	15	9	7	7	7	7	7	7	6
Neighborhood parks	23	23	21	21	21	21	21	21	21	20
Special use parks	8	8	7	7	7	7	7	6	6	6
<b>Golf Courses</b>										
	2	2	2	2	2	2	2	2	2	2
<b>City Libraries</b>										
Branch libraries	8	8	8	7	7	7	7	7	7	7
Book mobiles	1	1	1	1	1	1	1	2	2	2
Museums/Historic properties	5	5	5	5	5	5	5	5	3	3

## Capital Assets Statistics by Function Last Ten Fiscal Years

(continued)

Function/Program	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>Public Utilities Department</b>										
Electric Utility:										
Transmission, 69 kV, circuit miles	90	88	87	86	87	86	90	80	80	80
Distribution, 12 kV and lower, circuit miles										
Overhead	402	408	414	420	426	428	440	446	446	453
Underground	708	693	680	666	662	656	658	617	625	615
Water Utility:										
Active Wells	18	17	18	17	18	18	18	18	18	21
Reservoirs	14	14	14	14	14	14	14	13	13	13
Water Mains (miles)	753	753	753	753	753	753	752	753	750	750
Fire Hydrants	7,842	7,832	7,840	7,832	7,816	7,812	7,802	7,805	7,751	7,749
<b>Anaheim Convention Center</b>										
Square footage available	1,130,000	1,130,000	1,130,000	1,130,000	1,130,000	1,130,000	1,130,000	1,130,000	1,130,000	1,130,000
Number of exhibit halls	5	5	5	5	5	5	5	5	5	5

Source: Various City Departments

# Other Information





## Summary of Pension Obligation Funding Progress

(in thousands)

June 30, 2016 Actuarial Valuation Date	Market Value of Assets (MVA)	Accrued Liability	Unfunded Liability	Funded Ratio	Annual Covered Payroll	UL as a % of Payroll
Miscellaneous	\$ 881,703	\$ 1,295,862	\$ 414,159	68.0%	\$ 117,138	353.6%
Police Safety	490,402	708,804	218,402	69.2%	46,888	465.8%
Fire Safety	281,087	403,743	122,656	69.6%	22,027	556.8%
Total	<u>\$ 1,653,192</u>	<u>\$ 2,408,409</u>	<u>\$ 755,217</u>	68.6%	<u>\$ 186,053</u>	405.9%

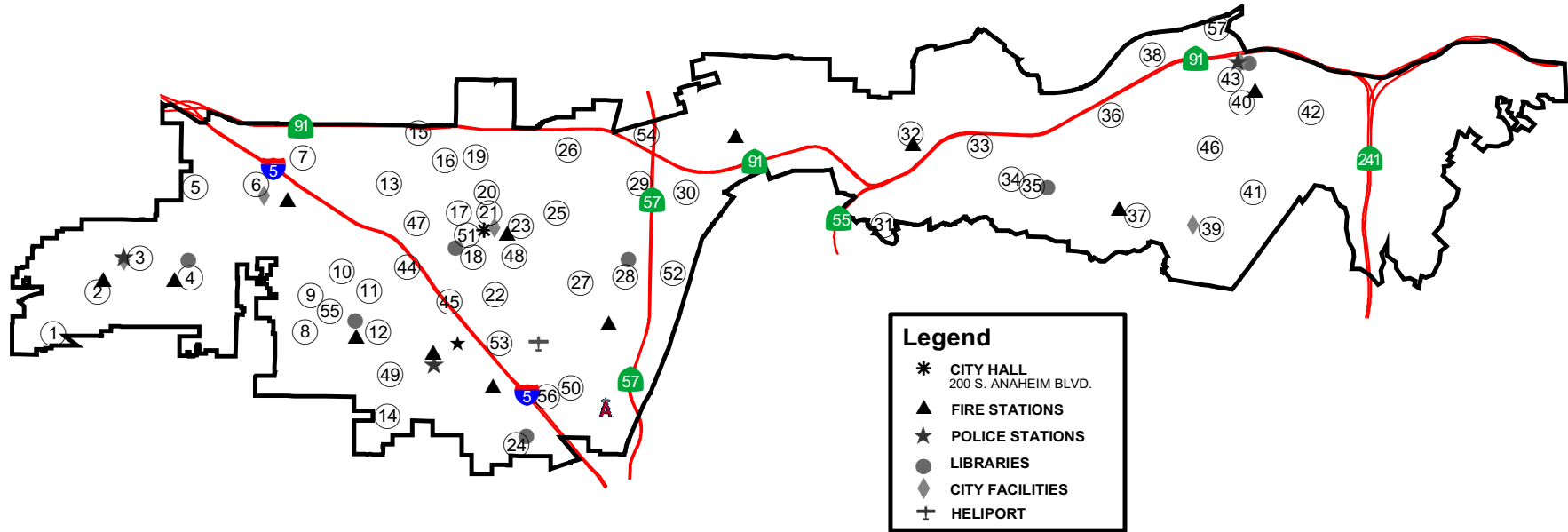
  

June 30, 2015 Actuarial Valuation Date	Market Value of Assets (MVA)	Accrued Liability	Unfunded Liability	Funded Ratio	Annual Covered Payroll	UL as a % of Payroll
Miscellaneous	\$ 896,992	\$ 1,217,106	\$ 320,114	73.7%	\$ 108,154	296.0%
Police Safety	498,226	666,459	168,233	74.8%	45,125	372.8%
Fire Safety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

June 30, 2014 Actuarial Valuation Date	Market Value of Assets (MVA)	Accrued Liability	Unfunded Liability	Funded Ratio	Annual Covered Payroll	UL as a % of Payroll
Miscellaneous	\$ 900,750	\$ 1,194,359	\$ 293,609	75.4%	\$ 108,776	269.9%
Police Safety	499,432	630,621	131,189	79.2%	40,583	323.3%
Fire Safety	293,153	376,725	83,572	77.8%	20,326	441.2%
Total	<u>\$ 1,693,335</u>	<u>\$ 2,201,705</u>	<u>\$ 508,370</u>	76.9%	<u>\$ 169,685</u>	299.6%

# CITY OF ANAHEIM



## PARKS

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



# ANAHEIM

The seal of the City of Anaheim, California, is circular with a blue border. The text "CITY OF ANAHEIM CALIFORNIA" is written along the top inner edge, and "FOUNDED 1857" is written along the bottom inner edge. The central illustration depicts a landscape with a green field, a small white house, and mountains in the background under a blue sky.