ANAHEIM

CITY OF ANAHEIM CALIFORNIA

FOUNDED 1857

COMPREHENSIVE ANNUAL FINANCIAL REPORT

ANAHEIM, CALIFORNIA • YEAR ENDED JUNE 30, 2018

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Prepared by the Finance Department

ANAHEIM

City Council

Tom Tait
Mayor

Jose F. Moreno
Mayor Pro Tem
(District 3)

Kris Murray
Council Member
(At Large)

James Vanderbilt
Council Member
(At Large)

Denise Barnes
Council Member
(District 1)

Lucille Kring
Council Member
(District 4)

Stephen Faessel
Council Member
(District 5)

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City of Anaheim, California Finance Department

December 19, 2018

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, 2018. 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 the 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 manufacturing businesses focused on defense and aerospace, biomedical, electronics, machinery, and computer products. The City has over 24,000 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 2018 was 3.5%, while the national average was at 4.0% and the state average at 4.5%.

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 2018/19, 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 Administration 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.

<u>ENSURING PUBLIC SAFETY</u>

Public Safety remains a top priority for the City of Anaheim with the commitment of our Anaheim Police Department (APD) and Anaheim Fire & Rescue. Both APD and Anaheim Fire & Rescue continue to strive for excellence by constantly evaluating their practices and evolving in order to meet the needs and ensure the safety of our residents, visitors, businesses and schools.

The Anaheim Police Department is committed to delivering prompt, high-quality emergency response, crime prevention and investigation, and community engagement. The City of Anaheim currently ranks nationally as the 3rd safest City for violent crime and the 11th in lowest property crime for cities with more than 300,000 in population. The City remains focused on crime prevention and criminal investigation and as a result, the City of Anaheim has seen a 21% decrease in violent crime over a 10 year period, far eclipsing the 13% decline in Orange County. With the support of the City Council, APD has been working diligently to fill vacancies to support officers in patrol and has hired more than 50 officers over 18 months. The department is also committed to ensuring the efficient use of these resources and in early 2018, the Annual Planning Review (APR) meeting was conducted to discuss department goals, priorities and strategies. The APR plan outlines the department's commitment to getting back to basics, including reducing response times, preparing officers for leadership roles and ongoing training. Hiring officers further supports the organization's plan to absorb anticipated vacancies, allowing more training and knowledge to be shared before retirements occur. A priority of APD is to train and develop officers so they are well poised to lead the organization in the coming years, guaranteeing our community continues to receive the highest level of public safety and police service.

APD's core service commitment of providing timely response and excellent customer service continues to be a priority. During fiscal year 2017/18, APD streamlined and changed the manner in which calls were dispatched and assigned additional officers to patrol. Since committing to this purposeful, two-pronged effort, APD has seen a 15% reduction in Priority 1 response times, equating to an average reduction of 1 minute, 14 seconds. Priority 1 calls are emergency calls with a high expectation of rapid police response to preserve and protect life, and with a reasonable likelihood of suspect apprehension. For the next fiscal year, APD plans to review patrol districts and assignments more closely to ensure the daily deployment of officers aligns with the calls for service levels. This examination is part of the department's ongoing efforts to enhance the quality of service and the time it takes for an officer to respond to priority calls.

In direct response to community feedback, the Anaheim Police Department worked with the community to add cameras at high traffic parks to allow APD to observe footage, aid in investigative follow-up and to assist with real-time illegal activity when a call is received. The cameras are currently installed at Maxwell Park, Twila Reid Park, and Brookhurst Park and as the program evolves, the City is exploring additional parks to expand and leverage this technology.

Working with our community continues to be a core value for the City and APD recognizes that regular and meaningful engagement with our residents builds strong, lasting and mutually beneficial relationships. In fiscal year 2018/19, APD will begin working with a new and enhanced Police Review Board which was expanded by the City Manager. The new board will receive briefings on critical incidents, access to important information and engage with APD and the districts the members serve to provide transparency and foster relationship building. In addition, in fiscal year 2018/19, APD plans to review the Chief's Neighborhood Advisory Committee (CNAC) to determine methods to enhance the department's relationship with key neighborhood leaders who are instrumental in crime prevention strategies and quality of life improvement. Furthermore, working with our youth is key to ensure future leaders in the department and our community. Many in our City have expressed interest that more of our public safety professionals come from their local neighborhoods. Toward this end, the Police Department and Anaheim Fire & Rescue developed an innovative class at a junior high school with curriculum that includes not only public safety material, but the importance of hard work, ethics and decision-making skills. Building on the success of the Public Safety Pathway at Sycamore Junior High School, the City is working to connect this program to the high school level. It is a City priority to develop programs that encourage our youth to explore careers in public safety and APD is committed to providing a new and innovative program through our schools to give students a roadmap to college and public safety careers after high school.

As the City continues to address those who are homeless, our APD's Homeless Outreach Team (HOT) remains a vital role in addressing the complexity of this issue. HOT continues to work collaboratively with other agencies and community based organizations in a multi-pronged approach to mitigate the impacts of homelessness and promote solutions to finding long-term, supportive housing for the homeless population in Anaheim.

Along with addressing the needs of our homeless residents in the City, Drug Free Anaheim continues to provide a space for those who are struggling with substance abuse. APD launched this effort in 2017 as an avenue for those who seek the assistance and an alternative to arrest and prosecution for drug offenses. Drug Free Anaheim has proven successful, with 316 individuals who have sought care through this innovative program.

Finally, as the lead agency of the innovative Orange County Human Trafficking Task Force (OCHTFF), APD played a pivotal role in addressing these horrific crimes in 2017. 37 adult victims were rescued along with 19 juveniles, with victim services and resources brought to bear to provide the tools and support needed for these survivors to return to healthy, safe and productive lives. With resources focused on the identification and apprehension of traffickers, dozens of dangerous criminals were removed from the streets, including 47 for human trafficking and pimping. All cases were successfully filed by the District Attorney, a critical and equally committed partner in this effort.

In unison with the efforts made by APD, Anaheim Fire & Rescue continues to play an integral role in ensuring the safety of our city and residents.

Anaheim Fire & Rescue works to prevent or reduce the effects of an emergency through proactive steps in various programs at community events, station tours, and working with school partners. The Home Safety Visit Program delivers fire safety education directly to Anaheim residents, particularly those households most vulnerable to fire and fire injuries by installing new smoke alarms in households free of charge. During fiscal year 2017/18, Fire & Rescue visited 173 homes and installed over 600 smoke alarms in rooms where there were not previously any smoke alarms or the units previously installed were not working correctly.

Preventative measures that address the high risk for fire in certain areas remains a priority for Anaheim Fire & Rescue. Through the clearing of brush and vegetation in high risk areas, these efforts help prevent wildfires by reducing fire hazards in open spaces. In September and October of 2017, the City experienced the Canyon Fire and Canyon Fire 2, which each brought over 1,500 fire personnel from across California. Since then, Anaheim Fire & Rescue has been working to take steps to improve safety in our community, including making changes to the types of trees and plants allowed in certain high-risk areas in an effort to reduce a wildfire threat and incorporate plants that are more fire resistant.

Anaheim Fire & Rescue continues to integrate the Community Care Response Unit (CCRU) into the normal emergency response in the City. The CCRU consists of an ambulance staffed with a certified nurse practitioner and an Anaheim Fire Captain/ Paramedic. This unit is able to respond to low-level 911 medical calls, where the Nurse Practitioner can address the medical needs onsite. Onsite service allows for patients to be cared for and treated in their own home. This innovative program allows for fewer trips to the hospital and helps to free up Anaheim firefighters to respond to high-level emergencies in the City. This past year an agreement was reached with APD to allow the CCRU to respond and treat those incarcerated in the City jail. This has helped to reduce the number of inmates having to be transferred to a local hospital for treatment, which often removes an officer from patrol or other duties. The CCRU program continues to receive national attention and has set a new standard for best practices in Mobile Integrated Healthcare.

In 2016, the department began working on the relocation and replacement of Fire Station 5 from Kraemer Boulevard to La Palma Avenue and Sunkist Street. The new location will improve response times and will reduce the demand on Fire Station 1, located on Broadway in the downtown area. Fire Station 5 is anticipated to be open in the fall of 2018.

In 2014, Anaheim Fire & Rescue received official Agency Status accreditation from the Commission on Fire Accreditation International (CFAI). The accreditation process allows for a comprehensive self-assessment and evaluation. This process enables fire and emergency service organizations to examine their service levels and performance compared to industry best practices. If a department meets the criterion in the model, CFAI then awards accreditation status in recognition of good performance. This coming fiscal year, Anaheim Fire & Rescue will once again complete the re-accreditation process and have an on-site review to renew its CFAI Accredited Agency status, proving its commitment to continuous improvement, serving the community efficiently and providing a fair and safe work environment for all fire personnel.

This past year Anaheim Fire & Rescue also completed a comprehensive comparative study of its Insurance Service Office (ISO) grading compared to 25 other similar departments. This analysis provided important insight into how Anaheim Fire & Rescue compares to others, and identified numerous opportunities on how it could improve its overall score and continue to improve services to the community. This is important, as the City's Class 1 rating will be at risk if service levels cannot keep up with the City's continual growth. A Class 1 rating provides lower insurance rates for most insurers, affording cost savings for our residents and businesses.

INVESTING IN OUR NEIGHBORHOODS

Maintaining and improving public spaces that benefit residents' health and overall well-being remained a priority for the City. The City continues to address the unique needs of its residents by proactively engaging with the community. One way the City has done this is through the Planning for Parks initiative. The goal of the initiative was to hear from residents about their needs and desires for park facilities in the City. In order to accomplish this, the City conducted outreach at various City events as well as on the City's webpage and through social media, in order to encourage residents to share their opinions on what they would like to see in their existing and future parks. Nearly 7,000 residents participated in the survey to share what they would like to see in City parks. The City is now able to use the information gathered from residents to present key findings and recommendations to the City Council and to develop an implementation plan to enhance City parks.

The City's long awaited renovation of the Ponderosa Park Family Resource Center was completed in late 2017. This renovation has brought more community space and opportunities to Anaheim residents. The 18,400 square foot facility includes a gym with a full basketball court, dance and exercise room, demonstration kitchen, classroom and meeting space, and rooms for teens and younger children to learn and play. Programs and services offered are free and include English as a second language courses, sewing classes, cake decorating classes, and more. By supporting health, education and well-being, the Ponderosa Park Family Resource Center will enhance the overall health and happiness within our community.

In addition to this renovation, there have been many other efforts to improve various City parks and recreational areas. In fiscal year 2017/18, Pioneer Park received the installation of a lighted perimeter walking trail, restroom renovations, exercise equipment and new picnic amenities. Similarly, play areas in both the Ronald Reagan Park and Sycamore Park were replaced with new playground equipment. Edison Park, Schweitzer Park, and Modjeska Park all received renovations to its athletic field because of its heavy usage. Founders Park had a shade structure installed between the Carriage and Pump Houses that increased the programmability of this space. These renovations will allow the community to enjoy many more years of these beloved parks and recreational areas. This coming fiscal year 2018/19, the City plans to work with Theodore Roosevelt Elementary and neighboring residents to explore opportunities to align the needs of the school and Boysen Park to better serve the residents, with the ultimate development of a Boysen Park Master Plan that will reflect those findings and will guide the City's design and improvements at the park. Palm Lane Park will also undergo an evaluation process in fiscal year 2018/19. During the installation of the Palm Lane Skate Park, residents approached the City requesting additional park improvements to expand its usability and active spaces. Through a community input process, the City plans to evaluate the installation of an exercise trail and enhanced lighting in Palm Lane Park, with construction anticipated to begin in 2019.

With the help of KaBOOM!, who is no stranger to Anaheim, the 9th and 10th KaBOOM! playgrounds were built at Willow Park in September 2017 and at Pearson Park in February 2018. Since 1996, KaBOOM! has been dedicated to the goal that all kids get the childhood they deserve through great, safe places to play. These playgrounds were kid-inspired as neighborhood kids were invited to put crayons to paper and draw their dream playground, with the community then selecting the final design. In 2016, five parks were selected as being in need of new playgrounds based on the age and condition of the equipment. With three of the parks completed, Anaheim can look forward to an additional two Disney-sponsored KaBOOM! playgrounds at Barton Park in 2018 and Julianna Park in 2019.

On February 14, 2018, the City's Bookmobile celebrated 60 years of service, which was celebrated at the Anna Drive Bookmobile stop. By early 2019, a new 38-foot bookmobile will replace the aging current Bookmobile and provide many more years of resources and services to neighborhoods across the City.

Skate parks allow residents of all ages to take part in a much beloved sport while being in a safe space. In early 2018, the City received a $190,000 donation from the Logan Wells Memorial Foundation to create a skate park next to the East Anaheim Gymnasium. The Logan Wells Memorial Skate Park will provide approximately 5,000 square feet of area for residents to enjoy and honor Logan Wells' love and passion for skateboarding. The skate park will undergo construction during the next fiscal year and consist of a street style skate park with built-in items such as grinding rails, jumps, ramps, grind boxes, ledges and/or snake runs. Additionally, the design for the Manzanita Skate Park has been completed and the project is expected to be carried out in with approximately 12,000 square feet of new skating space. The Manzanita Skate Park will feature a hybrid design for beginner to intermediate skaters with features such as a bowl, pump track, and street plaza components.

The City has also continued to engage with neighborhoods through programming such as afterschool activities, neighborhood gatherings, and community meetings. During fiscal year 2017/18, the City provided afterschool activities for over 54,400 youth, coordinated 53 neighborhood clean-up campaigns, provided assistance to over 26,700 community stakeholders by facilitating an ongoing citywide effort to improve the livability of Anaheim neighborhoods, and reached over 1,400 community members through 16 Neighborhood Services District Community Meetings.

Next fiscal year, the City plans to prioritize many community projects such as at the Central Library where an accessible and safe outdoor space for programming will be created. Amenities will include a performance stage, science demonstration space, sandbox, trike track, planters and seating. This outdoor space will be used for programming, special events, and large scale events. The Euclid Library will also create an outdoor space to develop children's literacy and social skills through storytelling, interactive play, and Science, Technology, Engineering, Arts, and Math (STEAM) programs. Finally, the East Lawn area of the Canyon Branch Library will become an outside Kid Zone with a useable programming space, relaxing outdoor reading space and outdoor chairs and tables.

The design phase for the La Palma Park soccer fields is also expected to be completed during fiscal year 2018/19, with construction expected to begin in fiscal year 2020/21. This project will involve a redesign and redevelopment of the existing facilities on the west side of La Palma Park, which will replace underused areas with soccer fields and related support structures. Soccer fields rank among the highest priorities of Anaheim residents and these improvements will respond directly to those needs.

OUTREACH TO OUR COMMUNITY

Recognizing the need to support all Anaheim residents, including some of the most vulnerable residents faced with homelessness, the City began an innovative project with Love Anaheim called Better Way Anaheim. Love Anaheim is a non-profit with a service project platform that seeks to coordinate leaders, volunteers and funding to accomplish a wide range of need-based projects. Better Way Anaheim offers basic work experience to participants through community service projects, while working to connect participants to services that can help end homelessness. The program aims to provide the dignity of a day's work and experience to those looking to transition out of homelessness and into the workforce.

The Better Way Anaheim effort is only the first phase of a jobs component that the City has developed to increase employment opportunities for the most vulnerable. During the current fiscal year, the City was successful in bringing Chrysalis, a Los Angeles based organization, to Anaheim. Chrysalis provides the tools and support necessary for individuals to step out of poverty and onto a pathway to self-sufficiency. Through job-readiness classes, one-on-one appointments, and various other supportive services, Chrysalis provides the tools necessary for an individual to succeed in the job market and further serves as an employer through its transitional jobs component. Chrysalis has a proven success rate with Los Angeles' homeless population and the City is hopeful that the same success will transpire in Anaheim.

IMPROVING OUR INFRASTRUCTURE

Investment in our City's infrastructure continued to be a priority. The City works hard to ensure that streets are well-kept and efficient, landscapes are maintained, and that improvements continue to take place across the City. Fiscal year 2017/18 achievements include 7,500 trees pruned, 11,400 trees pruned for power line clearance, 357 trees planted, sealing 350,000 linear feet of cracks, asphalt slurry of 1,550,000 square feet, pavement rehabilitation of 582,000 square feet, and landscape maintenance of 6 million square feet. For the next fiscal year, the City will continue to prioritize this work, with a special emphasis on improving street pavement conditions; improving neighborhood infrastructure including pavement, sidewalks and curb and gutter; constructing sidewalks to eliminate gap closures; tree maintenance and inspection; and sign replacement.

Safe and efficient traffic signal operations are high priority objectives in the City as they improve traffic flow and reduce traffic congestion and harmful emissions. Signal modification projects to add protected left turn arrows and countdown pedestrian heads include: Euclid Street at Glenoaks Avenue Signal Modifications, Euclid Street at Cerritos Avenue Signal Modifications, and Katella Avenue at Douglass Signal Modifications. Traffic signal coordination projects on major arterials in the City include Orangewood Avenue Corridor, Anaheim Boulevard Corridor, La Palma Avenue Corridor, State College Boulevard Corridor, Magnolia Avenue Corridor, and Brookhurst Street Corridor. In addition, many of these projects will receive emergency vehicle preemption devices to reduce emergency response times.

Anaheim Public Utilities (Utilities) provides various ways to help our residents and businesses save energy, water, and money. Through the Weatherization Program, income-qualified renters and homeowners can receive services such as air duct testing and sealing, attic insulation, weather stripping, efficient lighting, and low flow water devices at no cost. In fiscal year 2017/18, the Weatherization Program was expanded, increasing eligibility from 800 to 2,000 participants annually. For fiscal year 2018/19, Utilities will be enhancing its Small Business Energy and Water Direct Install Program, offering small business customers the opportunity to receive up to $3,000 in energy or refrigeration upgrades and $500 in water upgrades.

The City also remains focused on providing a high level of customer service through initiatives that underscore flexibility, convenience, and real value. In fiscal year 2017/18, customer service hours were expanded to Saturdays from 8 am to noon for added convenience, supplementing the after-hours utility connection and reconnection services that were made available to customers the prior year. In the next fiscal year, Utilities will look to upgrade its phone system used for call center operations to gain features like enhanced virtual hold technology for improved call response, speech analytics for enhanced call routing, and pre/post optional surveys for stronger service performance monitoring and evaluation.

In December 2017, City Council approved the design-build agreement and nine licensing agreements with five Anaheim public school districts to launch the pilot Solar for Schools program. This program will provide multiple benefits including generating clean renewable energy to meet state mandates, providing a lunch shelter or shade parking for schools, and educating students in science, technology, engineering, and mathematics (STEM) as it relates to solar power. The solar power facilities are expected to generate a total of 1.5 megawatts, which is enough to provide about 375 homes with clean and renewable energy. Construction of the solar shade structures is expected to be completed during fiscal year 2018/19.

In fiscal year 2017/18, street light installations were prioritized to meet neighborhood and roadway safety requirements, and were also done in conjunction with other capital projects to reduce cost and minimize impacts on the community. Utilities staff installed new LED street lights on Rio Vista and Frontera Street, along La Palma Avenue near Acacia Street, the front of St. Anthony Claret Church, and on Anna Drive, resulting in significant improvements to the safety and visibility of the neighborhood. In fiscal year 2018/19, Utilities plans to install 2,500 LEDs, which are expected to last longer and require less maintenance than the older, high pressure sodium (HPS) technology.

Other electric capital improvements planned for fiscal year 2018/19 include undergrounding on Beach Boulevard, a project jointly planned with Southern California Edison, and replacing 30,000 feet of direct buried cable for enhanced system reliability.

Planned capital improvements for the water system include beginning the second phase of the Linda Vista Complex project. Phase 1 of the Linda Vista Complex project was completed in summer 2014 and included construction of a 4 million concrete water storage tank, a new pump station, piping and valves, and associated power and controls for a fully functional facility. The second phase of this project will include replacement of pumps and motors, electric and communication equipment, and instrumentation. This project will increase overall reliability, ensure adequate water flows and pressures, and reduce future maintenance costs.

Other planned improvements for the water system include the Lenain Treatment Plant Rehabilitation and Expansion project. Originally constructed in 1968, the Lenain Water Treatment Plant treats raw imported water and supplies approximately 25% of Anaheim's overall water use. The project will replace outdated infrastructure and expand plant capacity from 15 to 20 million gallons of water per day, allowing for maximum utilization of the plant and reducing per unit treatment costs during peak demand periods. Utilities also plans to replace approximately 6.5 miles of water mains citywide to minimize main breaks and increase water system reliability.

ENCOURAGING BUSINESS GROWTH

With all of the investment being made to maintain and improve the City, Anaheim is not only a great city to live in, but a great city to play in for residents and visitors alike. One venue that has received an incredible improvement that will surely bring more visitors to Anaheim is the Anaheim Convention Center. In September 2017, the Anaheim Convention Center's Betterment VII expansion was completed. This expansion has been the largest and most significant expansion to the Convention Center in nearly two decades. The expansion added 200,000 square feet of flexible space for trade shows, conventions, meetings, galas and more. With a new total of 1.8 million square feet, the Anaheim Convention Center solidifies its spot as the largest convention center on the West Coast. On an annual basis, there are approximately 1 million attendees to the venue, and this expansion will increase the ability of the Convention Center to accommodate an even wider range of events. Such events have already taken place with the return of the American Heart Association Convention which is the first time the American Heart Association Convention has taken place in Anaheim since 2001.

The Anaheim Convention Center also welcomed the 2018 National Association of Music Merchants (NAMM) Show into the Convention Center expansion. The NAMM Show saw a record 150,000 visitors to the City. When visitors come to the Convention Center they not only spend their time at the venue but they explore our great city and ultimately generate revenue for Anaheim's residents. The money visitors spend on hotels, dining and shopping helps the city provide public safety, parks, libraries, and revenue for other projects in the neighborhoods.

Part of the citywide growth that was started in fiscal year 2017/18 and will continue into fiscal year 2018/19 will come from hotel developments that are under construction. Some of these developments include: the Cambria Hotel & Suites a 12-story, 352 room hotel and 15,000 square feet of casual dining restaurant space, targeted to open in early 2019; the Hampton Inn & Suites, a five-story, 178 room hotel, targeted to open in late 2019; the Element Hotel a five-story, 174 room hotel targeted to open in late 2018; the JW Marriott a 12-story, 466 room hotel planned for the Anaheim GardenWalk, targeted to open in early 2020; and the Westin Hotel a 634 room hotel, with 42,000 square feet of meeting space and 30,000 square feet of restaurant, spa and retail space, targeted to open in early 2020. These new additions will not only accommodate the many visitors that come into the City every day, but they will allow for continual economic growth that remains important to the City.

Housing projects are also adding to the citywide growth. During fiscal year 2017/18 there were four housing projects approved ranging from a 41 unit condo development with moderate income affordable units and market rate for-sale units, targeted to begin construction in August 2018; a 42 unit condo development at a former industrial building site targeted to begin construction in August 2018; 39 single family homes, targeted to begin construction in fall 2018; and a planned development of 546 homes made up of 72 single family homes, 160 condos, and 314 apartments, targeted to begin construction in 2018.

Not only is the City working hard to ensure that visitors and residents alike are able to enjoy all that Anaheim has to offer, but there is also a focus on creating economic development opportunities by assisting with business development. Through the Business Development and Attraction Program's first phase, which was completed in fiscal year 2017/18, businesses wishing to locate in Anaheim are assisted with locating commercial space. The program also develops business seminars in partnership with government resource agencies to ensure that support is readily available to new and existing businesses. In next fiscal year, the City will continue to enhance this program with dedicated marketing, new business events and seminars, outreach efforts, and technologies.

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, 2018, the City's General Fund has a spendable, unassigned fund balance of $41.6 million, which represents 13% of the General Fund total fiscal year 2017/18 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 postemployment benefits (OPEB) and continues to make the annual required actuarial determined contribution (ADC) to ensure this future obligation is fully funded.

LONG-TERM FINANCIAL PLANNING:

On June 19, 2018, the City Council adopted the fiscal year 2018/19 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 2018, and totaled $702.1 million for the five-year fiscal period ending June 30, 2023. 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, 2017. This was the 42nd consecutive year that the City has achieved this prestigious award (fiscal years ended June 30, 1976 through 2017). 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 Harry S. Sidhu, Council Member Lucille Kring, and Acting Assistant City Manager Gregory A. Garcia 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,

Chris Zapata
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, 2017

Christopher P. Morrill

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, 2017. 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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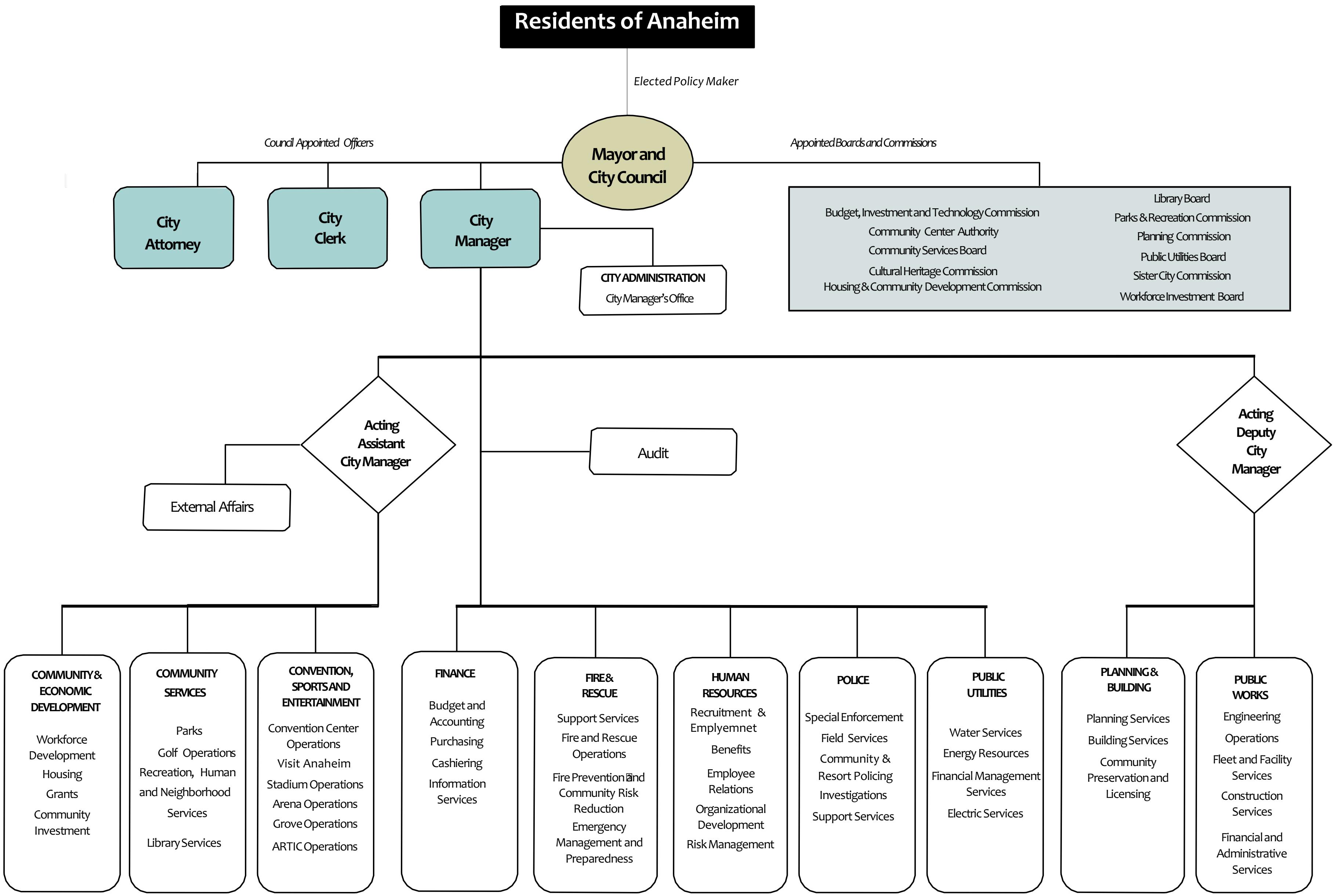


Residents of Anaheim
Elected Policy Maker
Council Appointed Officers
Mayor and City Council
Appointed Boards and Commissions
City Attorney
City Clerk
City Manager
CITY ADMINISTRATION
City Manager's Office
Budget, Investment and Technology Commission
Community Center Authority
Community Services Board
Cultural Heritage Commission
Housing & Community Development Commission
Library Board
Parks & Recreation Commission
Planning Commission
Public Utilities Board
Sister City Commission
Workforce Investment Board
Acting Assistant City Manager
External Affairs
Audit
Acting Deputy City Manager
COMMUNITY & ECONOMIC DEVELOPMENT
Workforce Development
Housing
Grants
Community Investment
COMMUNITY SERVICES
Parks
Golf Operations
Recreation, Human and Neighborhood Services
Library Services
CONVENTION, SPORTS AND ENTERTAINMENT
Convention Center Operations
Visit Anaheim
Stadium Operations
Arena Operations
Grove Operations
ARTIC Operations
FINANCE
Budget and Accounting
Purchasing
Cashiering
Information Services
FIRE & RESCUE
Support Services
Fire and Rescue Operations
Fire Prevention and Community Risk Reduction
Emergency Management and Preparedness
HUMAN RESOURCES
Recruitment & Emplyemnet
Benefits
Employee Relations
Organizational Development
Risk Management
POLICE
Special Enforcement
Field Services
Community & Resort Policing
Investigations
Support Services
PUBLIC UTILITIES
Water Services
Energy Resources
Financial Management Services
Electric Services
PLANNING & BUILDING
Planning Services
Building Services
Community Preservation and Licensing
PUBLIC WORKS
Engineering
Operations
Fleet and Facility Services
Construction Services
Financial and Administrative Services

Administrative Personnel
As of June 30, 2018

Acting City Manager	**Linda N. Andal**
Acting Assistant City Manager	**Gregory A. Garcia**
Acting Deputy City Manager/Planning & Building Director	**David Belmer**
Acting Chief of Police	**Julian Harvey**
City Attorney	**Robert Fabela**
Acting City Clerk	**Theresa Bass**
Community & Economic Development Executive Director	**John E. Woodhead IV**
Community Services Director	**Larry Pasco**
Convention, Sports & Entertainment Executive Director	**Thomas Morton**
Finance Director/City Treasurer	**Deborah A. Moreno**
Fire & Rescue Chief	**Randy R. Bruegman**
Acting Human Resources Director	**Jason Motsick**
Public Utilities General Manager	**Dukku Lee**
Public Works Director	**Rudy Emami**

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, 2018, 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, 2018, 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.

Emphasis of Matter

As discussed in note 2 to the financial statements, effective July 1, 2017, the City adopted the provisions of Governmental Accounting Standards Board (GASB) Statement 75, *Accounting and Financial*

Reporting for Postemployment Benefits Other Than Pensions. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion and analysis on pages 15-28, the schedule of changes in the net pension liability and related ratios on page 93-94, the schedule of pension plan contributions on page 95, the schedule of changes in the net OPEB liability and related ratios on page 96 and the schedule of OPEB plan contributions on page 97 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 19, 2018 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 19, 2018

Management's Discussion and Analysis

Management's Discussion and Analysis

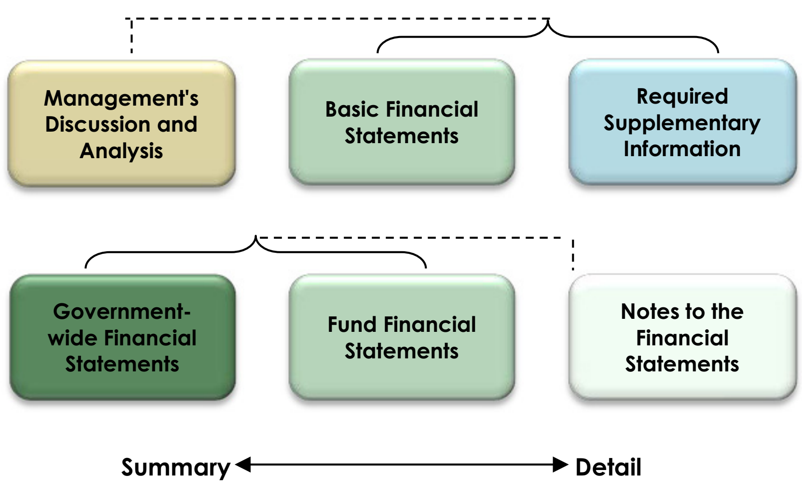
(Unaudited)

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, 2018. 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.

COMPONENTS OF THE ANNUAL FINANCIAL REPORT



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 & Entertainment (Visit Anaheim 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 & 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 29-31 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 19 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 17 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 99-102, 107-108, and 110-111 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 37-38 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 103-106, 109, and 112-115 of this report.

The governmental funds financial statements can be found on pages 33-36 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 39-43 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 44-45 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 47-92 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 99-119 of this report.

Required Supplementary Information. The required supplementary information for pension and its related ratios, the postemployment benefits (OPEB) and its related ratios can be found on page 93-97 of this report.

FINANCIAL HIGHLIGHTS (Amounts in thousands)

New Accounting Standard for Other Postemployment Benefits (OPEB)

During fiscal year 2018, the City adopted the accounting pronouncement issued by the Governmental Accounting Standards Board (GASB) related to other postemployment benefits (OPEB). The Statement established accounting, financial reporting and disclosure requirements for OPEB, similar to pensions, rather than requirements for funding or budgetary purposes.

Implementation of this accounting standard has significant impacts to the financial reporting of the City's OPEB defined benefit plan. The accounting changes are as follows:

- Net OPEB liability – this liability is now required to be reported on a full accrual basis in the government-wide financial statements, as well as in the proprietary fund financial statements.
- Measurement date – the OPEB liability as reported in the June 30, 2018 financial statements has a measurement date of June 30, 2017, which reflects a one-year lag in reporting the liability.
- Contributions made subsequent to the measurement date – contributions made during fiscal year 2018 are reflected as deferred outflows of resources for OPEB and will be applied as a reduction in OPEB liability in the next fiscal year.
- Governmental funds financial statements – the governmental funds continues to apply the modified accrual basis of accounting related to OPEB, i.e. reporting expenditures when OPEB expenditures are incurred, this amount represents governmental funds' proportionate share of the City's payments for retiree medical insurance premiums.
- Changes in actuary assumptions, differences between projected to actual plan experiences, differences between projected and actual investment earnings, and other plan amendments – will be reflected as deferred inflows of resources or deferred outflows of resources depending on the nature of the changes. The amount will be amortized and reflected as a component in the OPEB expense calculation in the period incurred and in future fiscal years.

To implement these changes, the City is required to make a prior period adjustment to the July 30, 2017 net position in the government-wide financial statements and the proprietary funds financial statements that utilize the full accrual basis of accounting. The adjustments decreased the beginning fiscal year net position by $194,107. This amount represents the unfunded OPEB liability of $198,820 partially offset by the OPEB contributions made during fiscal year 2017 of $16,016, and the net OPEB asset of $11,303. The prior period adjustments, $146,632 in governmental activities and $47,475 in business-type activities, are reflected in the unrestricted net position of the government-wide Statement of Net Position. Additional information of the City's OPEB plan can be found on note 11 of the notes to the financial statements on page 84-86 of this report.

Results of Operations

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 $1,835,691.

- The City's governmental activities represent $723,865 (39%) and the business-type activities represent $1,111,826 (61%) of the City's total net position.
- The City's net position increased by $70,878 (4%) as a result of the current fiscal year's operations. The net position of the City's governmental activities increased $32,209 (5%) and the business-type activities net position increased $38,669 (4%).
- The City's restricted net position of $353,846 represents amounts available for ongoing programs and obligations with external restrictions.
- The City's total capital assets increased by $88,552 (3%). Capital assets in the City's governmental activities increased by $26,324 (2%) and business-type activities capital assets increased by $62,228 (3%) during the current fiscal year.
- The City's total long-term liabilities increased by $68,486 (2%) during the current fiscal year; of this amount, long-term liabilities in the City's governmental activities increased by $70,593 (5%), and business-type activities decreased by $2,107 (less than 1%).
- At the close of the current fiscal year, the City's governmental funds reported a combined fund balance of $473,515, an increase of $27,665 in comparison with the prior fiscal year. Approximately 6% of this amount ($30,021) 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 $52,564 or 16% of total General Fund expenditures. Unassigned fund balance was $41,556 or 13% of total General Fund expenditures.

GOVERNMENT-WIDE FINANACIAL ANALYSIS

NET POSITION
June 30, 2018 AND 2017

	Governmental Activities		Business-type Activities		Total Government	
	2018	2017*	2018	2017*	2018	2017*
Current and other assets	$ 723,544	$ 704,179	$ 784,803	$ 825,077	$ 1,508,347	$ 1,529,256
Capital assets, net	1,401,354	1,375,030	2,059,830	1,997,602	3,461,184	3,372,632
Total assets	2,124,898	2,079,209	2,844,633	2,822,679	4,969,531	4,901,888
Deferred outflows of resources	180,187	139,827	68,671	59,204	248,858	199,031
Total assets and deferred outflows of resources	2,305,085	2,219,036	2,913,304	2,881,883	5,218,389	5,100,919
Other liabilities	80,077	84,790	114,028	117,579	194,105	202,369
Long-term liabilities	1,467,982	1,397,389	1,573,882	1,575,989	3,041,864	2,973,378
Total liabilities	1,548,059	1,482,179	1,687,910	1,693,568	3,235,969	3,175,747
Deferred inflows of resources	33,161	45,201	113,568	115,158	146,729	160,359
Total liabilities and deferred inflows of resources	1,581,220	1,527,380	1,801,478	1,808,726	3,382,698	3,336,106
Net position:						
Net investment in capital assets	1,008,489	974,071	1,009,302	1,016,113	2,017,791	1,990,184
Restricted	266,983	274,830	86,863	83,811	353,846	358,641
Unrestricted	(551,607)	(557,245)	15,661	(26,767)	(535,946)	(584,012)
Total net position	$ 723,865	$ 691,656	$ 1,111,826	$ 1,073,157	$ 1,835,691	$ 1,764,813

*As adjusted due to implementation of Government Accounting Standards Board Statement No. 75

At the end of fiscal year 2018, the City's net position totaled $1,835,691 which reflects a net increase of $70,878 or 4% from prior fiscal year.

The largest portion of the City's net position of $2,017,791 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 $27,607 (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 $353,846 represents resources that are subject to external restrictions on how they may be used. This amount decreased $4,795 from prior fiscal year. The decrease of $5,027 in governmental activities is due to restricted resources spent for real property acquisitions for housing development purposes, $1,940 for infrastructure construction in the Platinum Triangle Mello-Roos Projects, and $880 for other grant related expenses; partially offset by increases of $2,525 in amounts restricted for debt services in business-type activities.

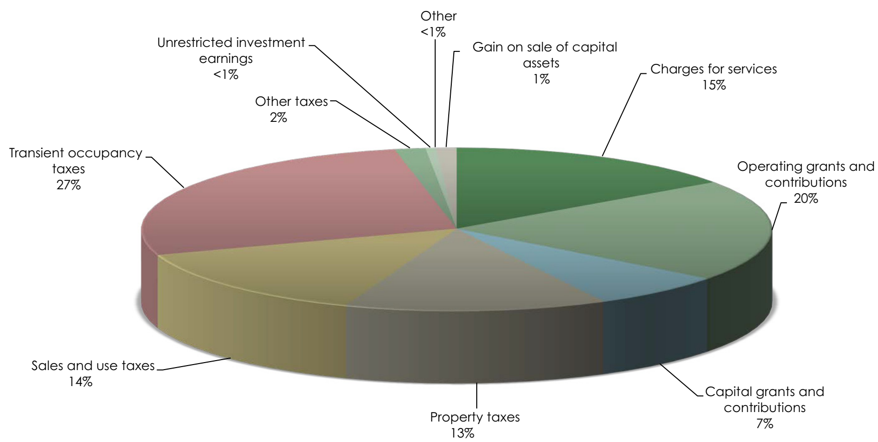
The remaining balance deficit of $535,946 is the unrestricted net position, of which the unfunded OPEB, net pension liabilities and the related deferred inflows and outflows of resources account for $778,580. The unrestricted net position deficit decreased by $48,066 from prior fiscal year reflecting results of contributions from current year operations. The unfunded net OPEB and pension liabilities are long-term obligations that will be funded annually in accordance with actuarially determined contribution amount and rates. The positive component of the unrestricted net position, excluding the effects of OPEB and pension liabilities, is $242,634 and may be used to meet the City's ongoing obligations to citizens and creditors.

CHANGE IN NET POSITION
YEARS ENDED June 30, 2018 AND 2017

	Governmental Activities		Business-type Activities		Total Government	
	2018	2017 *	2018	2017 *	2018	2017 *
REVENUES						
Program revenues:						
Charges for services	$ 87,561	$ 99,331	$ 638,567	$ 610,358	$ 726,128	$ 709,689
Operating grants and contributions	115,520	109,989	88	425	115,608	110,414
Capital grants and contributions	39,340	65,937	8,353	4,381	47,693	70,318
General revenues:						
Taxes:						
Property taxes	76,547	72,909			76,547	72,909
Sales and use taxes	80,732	77,732			80,732	77,732
Transient occupancy taxes	154,925	149,566			154,925	149,566
Other taxes	9,076	8,946			9,076	8,946
Gain on sale of capital assets	6,258				6,258	
Unrestricted investment earnings	2,783	2,116	4,423	4,001	7,206	6,117
Other	105	106			105	106
Total revenues	572,847	586,632	651,431	619,165	1,224,278	1,205,797
EXPENSES						
Program activities:						
Governmental activities:						
General government	15,645	11,825			15,645	11,825
Police	173,921	151,559			173,921	151,559
Fire & Rescue	81,528	70,365			81,528	70,365
Community & Economic Development	96,067	100,720			96,067	100,720
Planning & Building	25,376	21,944			25,376	21,944
Public Works	55,981	61,806			55,981	61,806
Community Services	39,020	34,799			39,020	34,799
Public Utilities	2,346	2,530			2,346	2,530
Convention, Sports & Entertainment	19,930	19,238			19,930	19,238
Interest on long-term debt	34,938	34,876			34,938	34,876
Business-type activities:						
Electric Utility			394,574	412,424	394,574	412,424
Water Utility			75,755	72,715	75,755	72,715
Sanitation Utility			61,145	58,218	61,145	58,218
Golf Courses			4,898	4,465	4,898	4,465
Convention, Sports and Entertainment Venues			66,058	47,321	66,058	47,321
ARTIC Management			6,218	6,374	6,218	6,374
Total expenses	544,752	509,662	608,648	601,517	1,153,400	1,111,179
Excess before transfers	28,095	76,970	42,783	17,648	70,878	94,618
Transfers in (out)	4,114	7,701	(4,114)	(7,701)		
Special item		(8,218)				(8,218)
Increase in net position	32,209	76,453	38,669	9,947	70,878	86,400
Effect of implementation GASB Statement No. 75		(146,632)		(47,475)		(194,107)
Net position at beginning of year	691,656	761,835	1,073,157	1,110,685	1,764,813	1,872,520
Net position at end of year	$ 723,865	$ 691,656	$ 1,111,826	$ 1,073,157	$ 1,835,691	$ 1,764,813

* As adjusted due to implementation of Governmental Accounting Standards Board Statement No. 75

REVENUES BY SOURCE - GOVERNMENTAL ACTIVITIES



Governmental activities. Governmental activities increased the City's net position by $32,209. Key elements of this increase are as follows:

The most significant revenues of the governmental activities are general taxes (56%), which include transient occupancy taxes (27%), property taxes (13%), sales and use taxes (14%), and other taxes (2%). Program revenues are 42% of the total revenues of the governmental activities, which include operating grants and contributions (20%), capital grants and contributions (7%), and charges for services (15%); gain on sale of capital asset (1%), other revenues less than 1%, and unrestricted investment earnings less than 1% of the total revenues.

Public safety (Police and Fire & Rescue) expenses are the most significant (47%) of all governmental activities' expenses, followed by Community and Economic Development (18%), Public Works (10%), Community Services (7%), interest on long-term debt (6%), and various other programs (12%). Included in these amounts is depreciation expense, which is 6% of the total expenses for governmental activities.

Governmental activities revenues decreased $13,785 (2%) as compared to the prior fiscal year due to the following:

- Taxes increased $12,127 (4%) mainly due to the increase of $5,359 (4%) in transient occupancy taxes (TOT). TOT increases are largely attributable to the continued growth of the tourism industry. The additions of four new hotels in 2016, adding 816 rooms to the City's hotel supply, the opening of the Disney's new Guardians of the Galaxy – Mission Breakout ride at the beginning of last summer, and the grand opening of the Anaheim Convention Center Expansion, Betterment VII in September 2017 adding 200,000 square foot exhibit space, have drawn new and returning visitors to the City. Property taxes increased $3,638 (5%) primarily due to increase in housing demand, additions of new hotels, and developments within the Platinum Triangle providing an increase to the property base upon which taxes are levied. Sales and use tax increased $3,000 (4%) due to general improvement in the economy.

- Charges for services decreased by $11,770 (12%) primarily due to $16,700 realized gains in the prior fiscal year from the sales of vacant land ($8,089) in Community Services department, and in the Housing Authority ($8,611) for housing development which did not occur again in the current year. The decrease is partially offset by increase in building permits and fees of $5,216 due to increased activities in construction and the related inspections.

- Operating grants increased $5,531 (5%) mainly due to an increase of $937 in federal funding for Section 8 rental assistance; an increase of $2,509 in revenue allocations from the State of California of which $2,101 for road maintenance and rehabilitation per the Road Repair and Accounting Act of 2017 Senate Bill 1 Beall (SB1), and $408 per SB1, the State General Fund Loan Repayment Fund to transportation fund; and $1,046 for fair share allocation of net waste importation revenues from Orange County Waste & Recycling.

- Capital grants and contributions decreased by $26,597 (40%) primarily due to $39,893 of one-time revenues received in the prior fiscal year that include $36,864 contribution from property owners related to the Community Facility District (CFD) 08-1 bond issuance proceeds, and $3,029 transfer of the unspent bond proceeds from the Successor Agency to complete the bond funded eligible capital projects. Partially offsetting the decrease is an increase of $6,818 in capital asset contributions from developers that include right-of-way for streets and other public infrastructure, and an increase of $5,198 in capital asset contributions for the Honda Center.

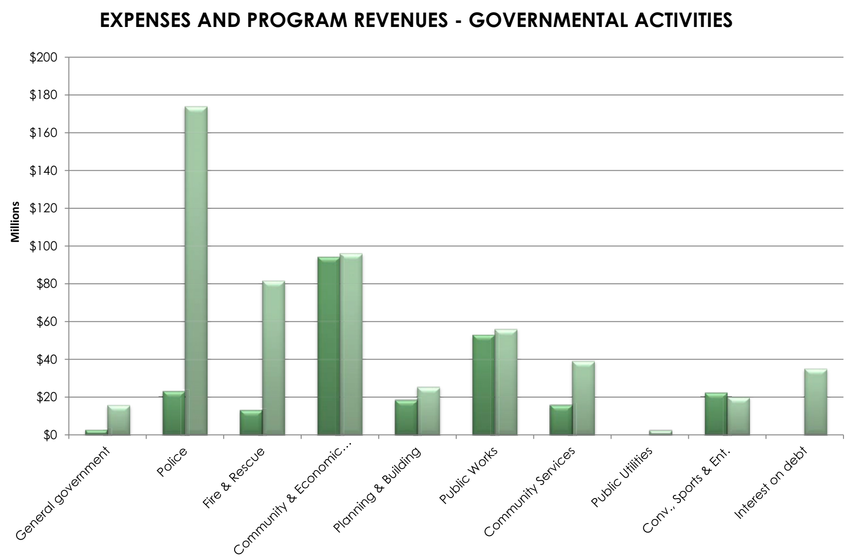
- Unrestricted interest earnings increased by $667 due to higher investment income recognized for the current fiscal year, as interest rates begin to rise.

- Gain on sale of capital asset of $6,258 realized from the sale of the real property 1221 S Auto Center Drive, Anaheim.

Governmental activities net transfers in decreased $3,587 primarily due to the following:

- Transfers out increased by $699 due to the increases of $321 in operational subsidy transfer, and $500 for debt services to the ARTIC Management Fund; partially offset by a decrease of $236 to the Convention, Sports & Entertainment Venues for debt service. The amount of transfers for debt services is based on actual debt service requirements.

- Transfers in decreased by $2,888 primarily due to a decrease of $2,114 from the Electric Utility transfer, calculated based on operating revenues; and a decrease of $800 from the Convention, Sports & Entertainment transfer that provided funding for one-time capital funding for the Honda Center in the prior fiscal year.



Governmental activities expenses increased $35,090 (7%) as compared to the prior fiscal year. Of the total increases, labor and employee benefits increased $47,087 primarily due to increase of $38,209 in retirement pension expense attributable to the amortization related to change in actuarial assumption of the accounting discount rate used to measure the total pension liability by a reduction of 0.50% of the City's pension plans; and a total of $5,685 increase in labor expense due to new hires and employee pay rate increases in accordance with various labor contracts. Key elements of the change are as follows:

- The increase in Public Safety expenses of $33,525 (15%) is mainly due to $26,092 increase in pension expense resulting from the pension plan's change in actuarial assumption as previously discussed, $2,047 increase in Fire & Rescue overtime cost primarily for providing strike team assistance to various fire incidents for which the City is reimbursed; $3,513 increase in salary and benefit costs includes costs for the addition of 10 new sworn police officers which completes the fourth and final year of the commitment of hiring of 40 officers in 4 years initiative, $1,180 increase in payment to the County of Orange for the 800 MHz Countywide Coordinated Communication System partnership cost, $456 increase in scheduled helicopter maintenance, and $500 increase in small capital purchases of helmets and vests for new police officers

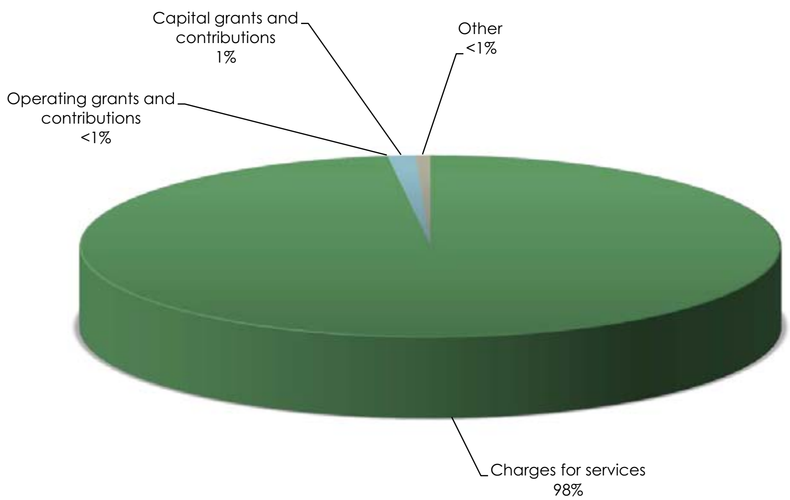
- The decrease in Community & Economic Development expenses of $4,653 (5%) is mainly due to a one-time loss of $6,166 on sale of land in the prior fiscal year offset by an increase of $1,037 in Section 8 rental assistance due to higher costs per resident during the current fiscal year.

- The increase in Planning & Building expenses of $3,432 (16%) is primarily due to increase in pension expense of $2,147 resulting from the pension plan's change of assumption in discount rate as previously discussed; increases in contract costs of $576 for animal care, and $694 for graffiti removal contract services.

- The decrease in Public Works expenses of $5,825 (9%) is primarily due to one-time expense write-off of a construction work in progress ($11,135) of the Anaheim Rapid Connection (ARC) Project in the prior fiscal year, offset by an increase of $2,734 in pension expense due to the pension plan's change of assumption in discount rate as previously discussed; $794 in landscape maintenance, $854 in facility seismic retrofit, and $956 funding provided to the Transportation Network to develop, install and implement a Real-Time Management and Passenger information system in the Anaheim Tourism Improvement District during the current fiscal year.

- The increase in Community Services expenses of $4,221 (12%) is primarily due to an increase of $595 in building and facility rental resulting from new buildings that were placed in service during the current fiscal year, and a $2,571 increase in pension expense for reason previously discussed.

REVENUES BY SOURCE - BUSINESS-TYPE ACTIVITIES



Business-type activities - Business-type activities increased the City's net position by $38,669. Key elements of this change are as follows:

Charges for services of $638,567 increased by $28,209 (5%) due to the following:

- The increase of $10,194 (2%) in Electric Utilities charges for services is primarily due to an increase of $4,507 in wholesale revenues resulting from an increase in wholesale energy sales attributable to a generally warmer year coupled with higher wholesale prices; transmission revenues increased $5,899 primarily due to an increase in revenue related to the California Independent System Operator (ISO) congestion revenue rights. Wild fires in Northern California caused downed transmission lines which in turn caused power to flow through fewer transmission lines. A revenue related to fees charged for the usage of such transmission lines was allocated to the Electric Utility.

- The increase of $8,297 (12%) in Water Utilities charges for services is primarily due to $9,709 (14%) increase from sale of water resulting from an 8% increase in customer demand of water retail sales, and rate increases of 8% in April 2017 and 6% in April 2018. The increase in customer demand is due to the removal of the strenuous conservation efforts in response to the drought conditions throughout the region. Offsetting the increase is a $1,375 decrease in Rate Stabilization Account revenue (RSA) as the revenues from the sale of water increase. Additional information about the RSA can be found in note 1 of the notes to the financial statement on page 53 of this report.

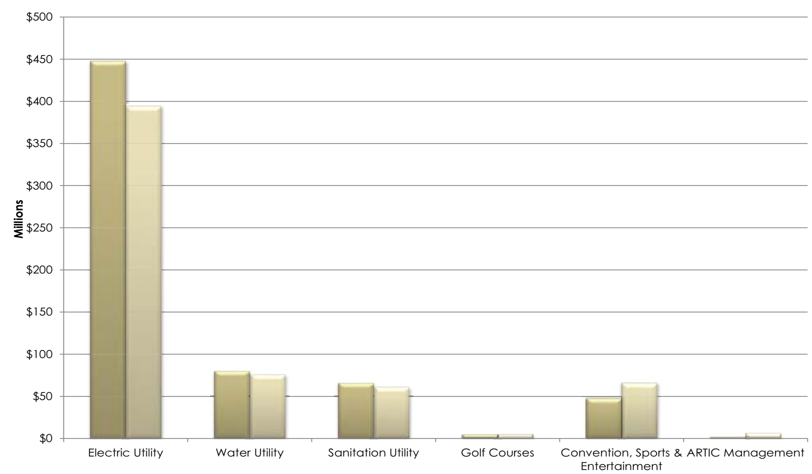
- The increase of $1,245 (2%) in Sanitation Utility charges for services is attributable to a 2.5% rate increase in solid waste collection and disposal revenues and 5% rate increase in wastewater revenues for the entire fiscal year.

- The increase of $7,969 (22%) in the Convention, Sports and Entertainment Venues Fund is primarily due to $3,020 increase in facilities rental from higher corporate events, consumer shows and sporting events. Concession fees increased $4,945 resulting from higher food and beverage revenues and technology services. The grand opening of the Convention Center North expansion in September 2017 is partially attributable to the increases in rental demand along with all other revenues.

- The increase of $293 (28%) in ARTIC Management is due to facility rental from new tenants moving in and an increase in advertising revenues.

Net transfers out of $4,114 decreased by $3,587 as discussed in the government-wide financial analysis of governmental activities.

EXPENSES AND PROGRAM REVENUES - BUSINESS-TYPE



Total expenses of $608,648 increased $7,131 (1%). Key elements of the changes are due to the following:

- The decrease in the Electric Utility expenses of $17,850 (4%) is mainly due to $19,042 (7%) decrease in power costs partially resulting from increased use of renewable resources and Cap-and-

Trade funds (which reduces power costs), offset by increased wholesale energy purchases. Additional information about the Electric Utility's Cap-and-Trade program can be found in note 13 of the notes to the financial statements on page 89 of this report. Depreciation expense decreased by $7,824 (14%) mainly due to the decrease in depreciation expense related to the San Juan coal Unit located in New Mexico which was fully depreciated and retired this fiscal year. These decreases were partially offset by $10,301 (21%) increase in maintenance, operations and administration cost mainly attributable to increase of $7,661 in pension expense due to the pension plan's change of assumption in discount rate as previously discussed, $687 increase in benefits provided to the public for energy efficiency rebates and incentives; and other increases in facility, software and hardware maintenance expenses.

- The increase in Water Utility expenses of $3,040 (4%) is attributable mainly to $7,034 (20%) increases in purchase water and treatment and pumping costs due to continuing increase in demand related to the ending of drought restriction; $3,696 (19%) decrease in operation, maintenance, and administration costs was mainly due to a one-time increase in costs incurred for a cancelled capital project in the prior fiscal year, and higher overhead applied to construction work in progress due to significant increase in bond funded construction projects during the fiscal year, offset by an increase in pension expense of $2,174, as previously discussed.

- The increase in Sanitation Utility expense of $2,927 (5%) is primarily due to both rate and volume increases of waste disposal services and gate fees; and increase in pension expense of $1,422, as previously discussed.

- The increase in Golf Courses expenses of $433 (10%) is due to a $105 increase in water consumption resulting from warmer summer months, and a $194 increase in tree trimming and other repairs.

- Convention, Sports & Entertainment Venues expenses increased $18,737 (40%). Part-time and contract labor increase of $1,144 primarily related to the addition of new hires for the Convention Center North Expansion, $2,879 increase in pension expense for reason previously discussed, $3,375 in small capital purchases, depreciation expense increased by $3,415 due to the completion of the $203,190 Convention Center North Expansion; and interest expense increased $6,686 due to the completion of the Convention Center Expansion.

- ARTIC Management expenses decreased $156 (2%). The decrease is primarily due to a decrease in maintenance expenses.

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 $473,515, an increase of $27,665 in comparison with the prior fiscal year. Of the total fund balance of $473,515, restricted fund balance totaled $385,408 (81%) and indicates the use of resources are constrained by external parties, resource providers, constitutions or enabling legislations. Unassigned fund balance totaled $30,021 (6%) and is available for spending at the City's discretion. The remaining fund balance is $58,086 (12%), of which $9,644 is not in spendable form, $4,063 was committed to neighborhood projects and $44,379 that was assigned for particular purposes.

Governmental revenues totaled $566,155 while expenditures were $544,968.

The General Fund is the general operating fund of the City. At June 30, 2018, the General Fund reported a total ending fund balance of $58,277 and consisted of the following:

- $519 was nonspendable for inventory, prepaid and other assets
- $5,124 was restricted for claims and judgments
- $70 was restricted for grant purposes
- $11,008 was assigned for encumbrances and other purposes
- $41,556 was unassigned

General Fund total revenues increased $23,823 (7%) as compared to the prior fiscal year primarily attributable to the following:

- Total taxes increased by $10,237 (3%) due to growth in the overall economy. Taxes are the largest revenue sources of the General Fund and they accounted for $321,463 or 82% of the total General Fund revenues. During fiscal year 2018, transient occupancy taxes (TOT) increased $5,359 (4%), property taxes increased by $3,674 (5%), sales and use taxes increased $1,180 (1%); and other taxes increased by $24 (less than 1%).

- License, fees and permits increased by $6,289 (25%) mainly due to increases in overall construction and development activities,

- Use of money and property increased by $5,679 (148%) primarily due to $5,389 of proceeds from sale of capital asset, and $385 increase in investment income.

General Fund expenditures increased by $13,723 (4%), of which $12,556 (5%) was attributable to an increase in labor and benefit costs due to higher employee benefit costs, hiring of new police officers, and pay rate increases from various labor contracts, The key elements of the changes as discussed in the government-wide financial analysis of the governmental-activities.

The Housing Authority Fund revenues decreased by $15,523 (15%) primarily due to one-time revenues in the prior fiscal year related to $10,803 of proceeds from the sale of land for housing development, and $6,226 in ground lease revenue from the Hermosa Village project; partially offset by a $937 increase in federal funding for Section 8 rental assistance.

The Housing Authority expenditures increased by $5,700 (7%), essentially due to an increase of $1,037 in Section 8 rental assistance, as fewer residents were assisted at a higher cost per resident; $3,016 in properties acquired for multifamily affordable housing and related tenant relocation; and an increase of $1,391 in tenant improvements to the second floor of Anaheim West Tower and parking structure.

Total nonmajor governmental funds revenues decreased by $45,007 (34%). 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 decreased by $5,889 (9%) primarily due to a decrease in loan issuances of $3,875; and decrease in net transfer of $2,014 is mainly due to transfer from the General Fund for the 800 MHz equipment acquisition in the prior fiscal year.

Total nonmajor governmental funds expenditures increased by $7,158 (6%) Debt services increased $1,467 of which principal payment decreased $11,374 due to the repayment in full of the General Obligation Bonds and the 1997 Series C Anaheim Resort Improvement Term Bonds in the prior fiscal year; interest payment increased $12,841 primarily due to scheduled accretion payments of the 1997 Series C Anaheim Resort Improvement Capital Appreciation Bonds. Other key elements of the changes are discussed in the government-wide financial analysis of the governmental-activities.

Proprietary funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The significant factors of the changes in fund net position of each proprietary fund are discussed in the government-wide financial analysis of business-type activities.

- The Electric Utility net position increased $33,343 (10%) in the current fiscal year.
- The Water Utility fund net position increased $4,186 (2%) in the current fiscal year.
- The Sanitation fund net position increased $2,275 (2%) in the current fiscal year.
- The Golf Courses fund net position decreased $640 (10%) in the current fiscal year.
- The Convention, Sports and Entertainment Venues fund net position decreased $2,207 (less than 1%) in the current fiscal year
- The ARTIC Management fund increased net position by $1,101 (less than 1%).

GENERAL FUND BUDGETARY HIGHLIGHTS

During the year, the original budget was amended to increase appropriations by $7,146 (2%). The increase in appropriations was primarily the result of the carryover of prior year appropriations and amendments amounting to $2,611 and the reallocation of appropriations from other funds of $4,535. These amendments were funded from actual revenue increases and from savings in other programs of the General Fund during the year.

General Fund revenues of $390,350 were greater than budgeted revenues of $373,006 by $17,344 (5%), primarily due to stronger development activities and proceeds from the sale of the Auto Center Drive real property.

General Fund expenditures were less than budgeted. Of the total appropriations of $326,160, approximately 6%, or $1,944, went unspent. There were no significant variances.

CAPITAL ASSETS AND DEBT ADMINISTRATION

CAPITAL ASSETS
(net of accumulated depreciation)
June 30, 2018 AND 2017

	Governmental Activities		Business-type Activities		Total Government	
	2018	2017	2018	2017	2018	2017
Land	$ 658,827	$ 646,359	$ 89,505	$ 89,505	$ 748,332	$ 735,864
Construction in Progress	71,013	59,098	200,603	299,828	271,616	358,926
Building, structures, and improvements	193,896	192,256	718,550	525,141	912,446	717,397
Utility plant			1,037,864	1,070,268	1,037,864	1,070,268
Machinery and equipment	44,487	39,015	13,308	12,860	57,795	51,875
Infrastructure	433,131	438,302			433,131	438,302
Total	$ 1,401,354	$ 1,375,030	$ 2,059,830	$ 1,997,602	$ 3,461,184	$ 3,372,632

Capital assets. The City's investment in capital assets for its governmental and business-type activities at June 30, 2018 amounted to $3,461,184 (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% ($88,552), of which governmental activities increased 2% ($26,324) and business-type activities increased 3% ($62,228).

Governmental activities capital asset additions totaled $67,419, capital assets transfer to business-type activities was $114, capital asset retirements, net of accumulated depreciation was $1,595 and offset by current year depreciation of $39,386. Major capital asset activities during the current fiscal year include the following:

- Addition of $37,016 in construction work in progress which consist of various street improvements and street widening projects totaled $15,068 including the Brookurst Street widening ($4,170), Ball/ Sunkist Street Improvement ($3,134), Orangewood Street Widening ($1,225), Gene Autry Way Street Improvement ($769), and Gilbert Street Improvement ($757). Park developments totaled $11,400 including the Ponderosa Park ($7,430), Anaheim Coves North Park Improvement ($2,158). Building and structure improvements totaled $9,865 including Fire Station 5 construction ($4,627), Honda Center arena seating ($3,337), the LED lighting project at the Honda Center ($1,330), and the compressed natural gas (CNG) detection system design ($450). Various software and equipment upgrades totaled $684 including the Enterprise Permit Tracking and Land Management system ($590).
- Completion of $23,720 of construction work in progress including neighborhood street improvements ($8,538), Pioneer Park improvement ($1,128), 800 MHz equipment acquisition ($6,025), Gilbert Street improvement ($932), and Honda Center LED lighting project ($2,221).
- Acquisitions of various vehicles and equipment totaling $7,353.
- Public right-of-way and land and building additions of $23,049 which include $8,381 for street construction purposes, $5,027 for housing development purposes, and $5,467 for parks and community centers, and $4,154 for other general improvements.
- Sale of land and building with a net book value of $73.

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

- The Electric Utility increase of $29,204 (3%) is comprised of capital asset additions of $77,701, transfers in from Water Utility of $475, and partially offset by $48,972 for the current year addition to accumulated depreciation. Construction work in progress increased by $53,162 mainly due to $74,592 in additions of capital projects offset by work completed of $21,430. Construction work in progress of the Electric Utility includes replacement of aging overhead electrical lines with state-of-the-art underground projects of continued improvements related to Underground District #64 at Orangewood and Harbor Boulevard; Underground District #63 at Lincoln and Rio Vista; substantial progress made in the construction and purchase of materials related to the Harbor Substation, which is located at the Northeast corner of Katella Avenue and Zyen Street, ongoing work related to replacement of line extension; installation of fiber optic equipment; upgrading communication equipment, and improvements to other general facilities; installation of 43,796 feet of direct buried cable, replacement of switches, breakers, poles, cable and conduit throughout the city, replacement of 1,705 aging street lights with more efficient LED lights, acquisition of 400 new transformers to replace aging ones; and completion of Phase 2 of the Customer Information System. These improvements to the Electric Utility facilities will provide more efficient and functional services to Anaheim's citizens. The Electric Utility also retired the fully depreciated San Juan Coal Unit located in New Mexico.

- The Water Utility increase of $21,559 (7%) is comprised of capital asset additions of $33,274 and partially offset by transfers out to the Electric Utility of $475, capital asset retirements net of accumulated depreciation of $83, and current year accumulated depreciation addition of $11,157. Construction work in progress increased by $30,005 primarily due to $32,655 in additions of capital projects offset by work completed of $2,650. These projects include La Palma reservoir and Pump Station Replacement, Katella Avenue Water Main Replacement, Construction of Well 59 Equipping, Alderdale/Maychelle Water Main Replacement.

- The Sanitation Utility increase of $6,440 (6%) is comprised of capital asset additions of $9,228, transfers in from the governmental activities of $114, and partially offset by the current year additions to accumulated depreciation of $2,900 and capital asset retirements net of accumulated depreciation of $2. Construction work in progress decreased $2,944 mainly due to additions of $8,698 for bond funded sanitary system improvement projects including the sewer system improvements on La Palma, Cerritos, and Cresent, offsetting by the completion of $5,754 of sanitary improvements on Cerritos and Sycamore.

- The Golf Courses decrease of $503 (5%) includes capital asset additions of $6 offset by the capital asset retirement net of accumulated depreciation of $12 and current year additions to accumulated depreciation of $497.

- The Convention, Sports and Entertainment Venues increase of $7,835 (2%) is comprised of capital asset additions of $24,629, and partially offset by the current year additions to accumulated depreciation of $16,469 and capital asset retirements net of accumulated depreciation of $325. The Convention Center Expansion Betterment VII bond funded project completed with a current year cost increase of $17,578. The entire project totaled $203,823 was placed into service in September 2017. Other capital asset additions include the Stadium ballfield lighting upgrade ($1,145).

- The ARTIC Management decrease of $2,307 (1%) is mainly due to the current year addition to accumulated depreciation.

Additional information on the City's Capital Assets can be found in notes 1 and 6 of the notes to the financial statements, on page 51 and pages 64-65 of this report.

LONG-TERM LIABILITIES
JUNE 30, 2018 AND 2017

	Governmental Activities		Business-type Activities		Total Government	
	2018	2017 *	2018	2017 *	2018	2017 *
Revenue bonds	$ 621,675	$ 627,589	$ 1,214,339	$ 1,235,400	$ 1,836,014	$ 1,862,989
Interest payable			2,998	2,635	2,998	2,635
Capital lease obligations	1,550	1,738			1,550	1,738
Notes and loans payable	28,008	29,577	16,972	20,523	44,980	50,100
Self-insurance	54,312	51,865			54,312	51,865
Compensated absences	21,090	20,941			21,090	20,941
Decommissioning provision			116,523	116,477	116,523	116,477
Net OPEB liability	138,177	147,185	48,475	51,635	186,652	198,820
Net pension liability	603,170	518,494	174,575	149,319	777,745	667,813
Total	$ 1,467,982	$ 1,397,389	$ 1,573,882	$ 1,575,989	$ 3,041,864	$ 2,973,378

* As adjusted due to implementation of Governmental Accounting Standards Board Statement No. 75

Long-term liabilities. The City's outstanding long-term liabilities, including revenue bonds, capital leases, notes and loans payable, self-insurance, compensated absences, provision for decommissioning costs, net OPEB liability, and net pension liability totaled $3,041,864 at June 30, 2018. Of this total, $1,467,982 (48%) was in governmental activities and $1,573,882 (52%) in business-type activities. The significant increase in city-wide long-term liabilities is primarily due to increase in net pension liability resulting from an actuarial change in assumption in accounting discount rate that was used to measure the total pension liability. This change in assumption equates to a pension liability increase of $144,022 for the City's three retirement pension plans for the measurement date ended June 30, 2017 and reported in the City's financial for the period ended June 30, 2018.

The City's governmental activities outstanding long-term liabilities increased $70,593 (5%) during the current fiscal year. The increases are primarily due to the increase in self-insurance of $2,447, compensated absences of $149, net pension liability of $84,676, accrued accretion payable of $19,883 on the 1997 Anaheim Resort Improvement Bonds; and $3,434 issuances of a loan payable for technology equipment and the acquisition of the community learning center. These increases are offset by decreases in net OPEB liability of $9,008 and current year principal payments of $30,988.

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The City's business-type activities outstanding long-term liabilities decreased $2,107 (less than 1%). The decreases are primarily due to principal and decommissioning liability payments of $41,140; decrease in net OPEB liability of $3,160, reductions of $28,845 in bond premiums due to amortization and bond refunding; offset by increases in principal and premium totaled $38,398 from the issuances of the 2017 Series A and B Electric Revenues Bonds in the principal amount of $237,745 to refund portion of outstanding balances of the 2011-A, 2012-A and the 2016 A-B Electric Revenue Bonds, and the 2018 Sewer Revenue bonds in the principal amount of $45,705 to refund the outstanding balance of $39,395 2007 Sewer Revenue Bonds, decommissioning liability increased $7,021 and net pension liability increased $25,256.

Additional information on the City's long-term liabilities can be found in notes 7, 8, 10 and 11 of the notes to the financial statements, on pages 67-86 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%, 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 to 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 79-83 of this report.

The State of California enacted pension legislation that went into effect in January 2013 and applies mainly to new public employees. Some of the major changes include mandatory cost sharing by employees, reducing the overall benefit level (e.g. percentage of pay), increasing the retirement age, and placing a cap on the salary used to determine retirement benefits. The impacts to the City for these changes for future employees have yet to be determined.

For the 2019 fiscal year, the City appropriated $345,915 in estimated available resources of $388,053 for General Fund spending. This leaves $42,138 in estimated available reserves, which is 12% of General Fund appropriations. The City's long-standing policy is to maintain General Fund reserves of at least 7% to 10% of annual appropriations.

The City annually reviews all of its fees as part of the budget adoption process. Developer, construction, and other fees applicable to residents and development doing business in the City are adjusted in June of each year to reflect recurring costs.

Tourism plays a significant role in the economies of California, Orange County and the City of Anaheim. While Anaheim has been able to compete for and capture a significant portion of tourism revenue, Anaheim has long recognized its inability to robustly tap into the upscale convention and tourism business. In May 2013 and June 2015, the City entered into five economic assistance agreements to provide economic assistance in the development of four-diamond quality hotels thus creating the desired number of luxury rooms within the City. As such the program was rescinded for terminated for future developments in December 2016. Provision of economic assistance is contingent upon completion of construction of the hotels, the commencement of and continued operations as a four-diamond quality, and the generation of and payment to the City of TOT. The contemplated hotels have yet to be built, and therefore cannot operate, generate nor pay TOT, and as such no economic assistance is required by the City at this time. Once the hotels are constructed and operated at the required quality level, the City will use an amount equal to 70% of the TOT generated and paid to the City to fund the corresponding economic assistance referenced above. Additional information about the City's Tax Abatement can be found in note 5 of the notes to the financial statements on page 63 of this report.

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

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Office of the Finance Director, City of Anaheim, 200 South Anaheim Boulevard, Suite 643, Anaheim, California, 92805. The City's Comprehensive Annual Financial Report can also be found on the City's website at www.anaheim.net.

Basic Financial Statements

Statement of Net Position
June 30, 2018 (In thousands)

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	$ 71,128	$ 49,111	$ 120,239
Investments	248,221	172,278	420,499
Accounts receivable, net	23,869	67,371	91,240
Accrued interest receivable	1,044	1,229	2,273
Internal balances, net	14,955	(14,955)	
Due from other governments	38,584		38,584
Inventories	1,232	17,570	18,802
Land held for resale, net	29,014		29,014
Prepaid and other assets	12,717	99,555	112,272
Restricted cash and cash equivalents	46,219	200,598	246,817
Restricted investments	153,838	192,046	345,884
Unamortized prepaid bond insurance	1,137		1,137
Notes receivable, net	71,048		71,048
Due from Successor Agency	10,538		10,538
Capital assets, net:			
Nondepreciable	729,840	290,108	1,019,948
Depreciable	671,514	1,769,722	2,441,236
Total assets	2,124,898	2,844,633	4,969,531
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charges on refunding bonds	1,508	19,215	20,723
Deferred OPEB related items	15,050	5,119	20,169
Deferred pension related items	163,629	44,337	207,966
Total deferred outflows of resources	180,187	68,671	248,858
LIABILITIES			
Accounts payable	26,721	87,528	114,249
Wages payable	8,734	1,644	10,378
Due to other governments	28,950		28,950
Interest payable	4,762	12,421	17,183
Arbitrage rebate liability		132	132
Deposits	7,251	8,963	16,214
Unearned revenues	3,659	3,340	6,999
Long-term liabilities:			
Due within one year	56,612	34,191	90,803
Due in more than one year	670,023	1,313,643	1,983,666
Interest payable		2,998	2,998
Net other postemployment benefits (OPEB) liability	138,177	48,475	186,652
Net pension liability	603,170	174,575	777,745
Total liability	1,548,059	1,687,910	3,235,969
DEFERRED INFLOWS OF RESOURCES			
Deferred regulatory credits		103,773	103,773
Deferred item on refunding bonds		638	638
Deferred OPEB related items	10,245	3,593	13,838
Deferred pension related items	22,916	5,564	28,480
Total deferred inflows of resources	33,161	113,568	146,729
NET POSITION			
Net investment in capital assets	1,008,489	1,009,302	2,017,791
Restricted for:			
Debt service		22,769	22,769
Capital projects	98,577	53,504	152,081
Community and economic development	106,596		106,596
Streets, roads and transportation improvement projects	44,358		44,358
Other purposes	17,452	10,590	28,042
Unrestricted	(551,607)	15,661	(535,946)
Total net position	$ 723,865	$ 1,111,826	$ 1,835,691

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

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Statement of Activities
Year Ended June 30, 2018 (In thousands)

			Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Indirect Expenses Allocation	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Functions/Programs								
Governmental activities:								
General government	$ 30,330	$ (14,685)	$ 1,749	$ 782		$ (13,114)		$ (13,114)
Police	170,378	3,543	15,361	6,793	$ 997	(150,770)		(150,770)
Fire & Rescue	80,607	921	11,621	1,193	132	(68,582)		(68,582)
Community & Economic Development	95,620	447	7,421	86,781		(1,865)		(1,865)
Planning & Building	24,278	1,098	16,573	1,918		(6,885)		(6,885)
Public Works	55,969	12	17,378	17,096	18,415	(3,092)		(3,092)
Community Services	38,270	750	3,227	957	11,639	(23,197)		(23,197)
Public Utilities	2,346					(2,346)		(2,346)
Convention, Sports & Entertainment	19,660	270	14,231		8,157	2,458		2,458
Interest on long-term debt	34,938					(34,938)		(34,938)
Total governmental activities	552,396	(7,644)	87,561	115,520	39,340	(302,331)		(302,331)
Business-type activities:								
Electric Utility	389,997	4,577	443,755		4,206		$ 53,387	53,387
Water Utility	74,611	1,144	79,074		855		4,174	4,174
Sanitation Utility	60,649	496	65,138	88	458		4,539	4,539
Golf Courses	4,781	117	4,273				(625)	(625)
Convention, Sports & Entertainment Venues	64,748	1,310	44,984		2,834		(18,240)	(18,240)
ARTIC Management	6,218		1,343				(4,875)	(4,875)
Total business-type activities	601,004	7,644	638,567	88	8,353		38,360	38,360
Total government	$ 1,153,400	$	$ 726,128	$ 115,608	$ 47,693	(302,331)	38,360	$ (263,971)
General revenues:								
Taxes:								
Property taxes						76,547		76,547
Sales and use taxes						80,732		80,732
Transient occupancy taxes						154,925		154,925
Other taxes						9,076		9,076
Gain on sale of capital asset						6,258		6,258
Unrestricted investment earnings						2,783	4,423	7,206
Other						105		105
Transfers						4,114	(4,114)	
Total general revenues and transfers						334,540	309	334,849
Change in net position						32,209	38,669	70,878
Net position at beginning of year, as adjusted						691,656	1,073,157	1,764,813
Net position at end of year						$ 723,865	$ 1,111,826	$ 1,835,691

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

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Balance Sheet
Governmental Funds
June 30, 2018 (In thousands)

	General	Housing Authority	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	$ 9,482	$ 17,466	$ 23,935	$ 50,883
Investments	31,390	61,241	84,287	176,918
Accounts receivable, net	17,630	15	1,702	19,347
Accrued interest receivable	152	255	383	790
Due from other funds	1,544	2,150	12,060	15,754
Due from other governments	16,983	167	21,434	38,584
Inventories	238			238
Land held for resale, net		6,032	22,982	29,014
Prepaid and other assets	281	34	9,091	9,406
Restricted cash and cash equivalents		963	43,826	44,789
Restricted investments			153,838	153,838
Notes receivable, net		47,017	24,031	71,048
Due from Successor Agency			10,538	10,538
Total assets	$ 77,700	$ 135,340	$ 408,107	$ 621,147
LIABILITIES				
Accounts payable	$ 7,948	$ 706	$ 13,081	$ 21,735
Wages payable	3,957	76	352	4,385
Deposits	5,579	110	1,562	7,251
Due to other funds	361		14,516	14,877
Due to other governments		2	1,500	1,502
Unearned revenue	589	493	22	1,104
Total liabilities	18,434	1,387	31,033	50,854
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues	989	148	14,055	15,192
Unavailable resources- long-term notes receivable		47,017	24,031	71,048
Unavailable resources - due from Successor Agency			10,538	10,538
Total deferred inflows of resources	989	47,165	48,624	96,778
FUND BALANCES:				
Nonspendable :				
Inventory	238			238
Prepaid and other assets	281	34	9,091	9,406
Restricted:				
Anaheim Resort maintenance and improvement			5,286	5,286
Capital projects			7,664	7,664
Claims and judgments	5,124			5,124
Community & economic development projects			23,301	23,301
Debt service			148,492	148,492
Development impact projects			92,302	92,302
Grant purposes	70		4,360	4,430
Homebuyer assistance programs		944	6,958	7,902
Low and moderate income housing		57,041		57,041
Rental assistance		2,195		2,195
Streets, roads and transportation improvement projects			31,671	31,671
Committed:				
Capital projects			4,063	4,063
Assigned:				
Capital projects			5,237	5,237
Debt service			1,560	1,560
Housing projects		26,574		26,574
Other purposes	11,008			11,008
Unassigned	41,556		(11,535)	30,021
Total fund balances	58,277	86,788	328,450	473,515
Total liabilities, deferred inflows of resources, and fund balances	$ 77,700	$ 135,340	$ 408,107	$ 621,147

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, 2018 (In thousands)

Total fund balances - governmental funds		$ 473,515
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	$ 658,827	
Construction in progress	68,310	
Buildings, structures and improvements	349,644	
Machinery and equipment	68,105	
Infrastructure	874,960	
Accumulated depreciation	(646,667)	
Total capital assets, net		1,373,179
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.		96,778
Unamortized prepaid bond insurance ($1,137) and deferred charge on refunding bonds ($1,508) are not current financial resources, and, therefore, are not reported in the funds.		2,645
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.		21,311
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.		(616)
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 liability and net OPEB liability are not due and payable in the current period, and therefore, are not reported in the funds.		
Deferred outflows of resources	166,384	
Net OPEB obligation	(127,709)	
Net pension obligation	(571,968)	
Deferred inflows of resources	(31,280)	(564,573)
Long-term liabilities of governmental funds, including revenue bonds ($621,675), notes and loans payable ($24,554), and accrued interest payable ($4,697) are not due and payable in the current period and, therefore, are not reported in the funds.		(650,926)
Net position of governmental activities		$ 723,865

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

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2018 (In thousands)

	General	Housing Authority	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:				
Property taxes	$ 76,547			$ 76,547
Sales and use taxes	81,680			81,680
Transient occupancy taxes	154,925			154,925
Other taxes	8,311			8,311
Licenses, fees and permits	31,342	$ 77	$ 13,628	45,047
Intergovernmental revenues	2,972	78,929	42,795	124,696
Charges for services	20,538		23,444	43,982
Fines, forfeits and penalties	2,988			2,988
Use of money and property	9,512	8,972	8,317	26,801
Other	984	170	24	1,178
Total revenues	389,799	88,148	88,208	566,155
Expenditures:				
Current:				
City Council	847			847
City Administration	3,702			3,702
City Attorney	6,816		120	6,936
City Clerk	1,083		44	1,127
Human Resources	1,998			1,998
Finance	6,695		53	6,748
Police	148,598		7,740	156,338
Fire & Rescue	73,375		1,513	74,888
Community & Economic Development	1,682	82,113	10,060	93,855
Planning & Building	22,161		1,488	23,649
Public Works	20,209		14,122	34,331
Community Services	32,131		1,911	34,042
Public Utilities	2,341			2,341
Convention, Sports & Entertainment	749		13,890	14,639
Capital outlay	1,530	6,650	38,186	46,366
Debt service:				
Principal retirement			14,749	14,749
Interest charges			28,412	28,412
Total expenditures	323,917	88,763	132,288	544,968
Excess of revenues over expenditures	65,882	(615)	(44,080)	21,187
Other financing sources (uses):				
Transfers in	27,631	2,161	67,721	97,513
Transfers out	(86,685)		(6,600)	(93,285)
Issuance of loan payable			2,250	2,250
Total other financing sources (uses)	(59,054)	2,161	63,371	6,478
Net change in fund balances	6,828	1,546	19,291	27,665
Fund balances at beginning of year	51,449	85,242	309,159	445,850
Fund balances at end of year	$ 58,277	$ 86,788	$ 328,450	$ 473,515

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, 2018 (In thousands)

Net change in fund balances - total governmental funds	$ 27,665
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 ($46,366) exceeded depreciation ($33,359) in the current period.	13,007
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.	(114)
The net effect of other miscellaneous transactions involving capital assets (i.e., sales, trade-in, retirements and contributions) is to decrease net position.	13,657
Revenues in governmental funds provide current financial resources but have been included in the Statement of Activities in prior fiscal year.	(16)
Collections of notes and long-term receivables provide current financial resources to governmental funds but reduce receivables in the Statement of Net Position.	(8,331)
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	(2,250)
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.	14,749
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.	(6,386)
Net effect of accrued net pension liabilities and the related deferred outflows and deferred inflows of resources are not reported as expenditures in the funds.	(21,343)
Internal service funds are used by management to charge the costs of certain activities, such as insurance, employee benefits, and fleet services, to individual funds. The net expense of the internal service funds is reported with governmental activities.	1,571
Change in net position of governmental activities	$ 32,209

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

Statement of Revenues, Expenditures and Changes in Fund Balances Budget and Budgetary Basis Actual - General Fund Year Ended June 30, 2018 (In thousands)

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:				
Property taxes	$ 73,082	$ 75,753	$ 76,547	$ 794
Sales and use taxes	82,203	82,203	81,680	(523)
Transient occupancy taxes	154,600	154,600	154,925	325
Other taxes	8,419	8,419	8,311	(108)
Licenses, fees and permits	23,452	23,452	31,342	7,890
Intergovernmental revenues	2,260	2,260	2,972	712
Charges for services	19,325	19,325	20,538	1,213
Fines, forfeits and penalties	2,827	2,827	2,988	161
Use of money and property	2,562	2,562	9,512	6,950
Other	4,144	1,605	1,535	(70)
Total revenues	372,874	373,006	390,350	17,344
Expenditures:				
City Council	968	968	847	(121)
City Administration	3,769	3,869	3,714	(155)
City Attorney	7,197	7,197	6,851	(346)
City Clerk	1,264	1,319	1,083	(236)
Human Resources	2,172	2,172	1,998	(174)
Finance	6,981	6,864	6,695	(169)
Police	148,437	148,598	148,598	
Fire & Rescue	71,111	73,846	73,846	
Community & Economic Development	1,857	1,857	1,775	(82)
Planning & Building	21,083	22,161	22,161	
Public Works	18,032	20,277	20,277	
Community Services	32,769	33,610	33,160	(450)
Public Utilities	2,552	2,552	2,341	(211)
Convention, Sports & Entertainment	822	870	870	
Total expenditures	319,014	326,160	324,216	(1,944)
Excess of revenues over expenditures	53,860	46,846	66,134	19,288
Other financing sources (uses):				
Transfers in	28,524	28,524	27,631	(893)
Transfers out	(82,521)	(82,521)	(86,685)	(4,164)
Total other financing uses	(53,997)	(53,997)	(59,054)	(5,057)
Net change in fund balance	(137)	(7,151)	7,080	14,231
Fund balance at beginning of year	51,449	51,449	51,449	
Fund balance at end of year	$ 51,312	$ 44,298	58,529	$ 14,231
Adjustment to reconcile to GAAP:				
Receipt of interfund receivable			(551)	
Acquisition of capital assets using funds from interfund loan			299	
Ending fund balance - GAAP basis			$ 58,277	

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, 2018 (In thousands)

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:				
Licenses, fees and permits	$ 30	$ 30	$ 77	$ 47
Intergovernmental revenues	76,218	76,218	78,929	2,711
Use of money and property	586	586	9,285	8,699
Other	1,619	1,619	170	(1,449)
Total revenues	78,453	78,453	88,461	10,008
Expenditures:				
Community and Economic Development	126,178	126,178	88,458	(37,720)
Total expenditures	126,178	126,178	88,458	(37,720)
Excess (deficiency) of revenues over expenditures	(47,725)	(47,725)	3	47,728
Other financing sources (uses):				
Transfers in			11	11
Transfers out				
Total other financing sources			11	11
Net change in fund balance	(47,725)	(47,725)	14	47,739
Fund balance at beginning of year	85,242	85,242	85,242	
Fund balance at end of year	$ 37,517	$ 37,517	85,256	$ $47,739
Adjustments to reconcile to GAAP:				
Park fee credits received from the City for future housing projects			2,150	
Swap of land held for resale parcel with the City			(258)	
Sale of land held for resale			(313)	
Cost of improvements to land held for resale			11	
Decline in value of land held for resale			(92)	
Prepaid software maintenance			34	
Ending fund balance - GAAP basis			$ 86,788	

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

Statement of Net Position
Proprietary Funds
June 30, 2018 (In thousands)

	Business-type Activities - Enterprise Funds							
	Electric Utility	Water Utility	Sanitation Utility	Golf Courses	Convention, Sports and Entertainment Venues	ARTIC Management	Total	Governmental Activities - Internal Service
ASSETS								
Current assets:								
Cash and cash equivalents	$ 19,964	$ 8,236	$ 10,478	$ 1	$ 10,317	$ 115	$ 49,111	$ 20,245
Investments	70,309	29,005	36,904		36,060		172,278	71,303
Restricted cash and cash equivalents	26,037	3,462	2,193		8,443		40,135	526
Restricted investments	45,606	3,802	6,318				55,726	
Accounts receivable, net	48,052	6,109	8,038	171	4,420	581	67,371	2,221
Accrued interest receivable	696	160	182		191		1,229	254
Interfund receivable	451						451	198
Inventories	16,786	784					17,570	994
Prepaid and other assets	22,608	1,565	5		46	132	24,356	3,311
Total current assets	250,509	53,123	64,118	172	59,477	828	428,227	99,052
Noncurrent assets:								
Restricted cash and cash equivalents, less current portion	145,738	1,073	2,217		11,435		160,463	904
Restricted investments, less current portion	80,593	34,291	14,063		7,373		136,320	
Accounts receivable, less current portion								2,301
Interfund receivable, less current portion	2,480						2,480	53
Prepaid and other assets	75,199						75,199	
Capital assets:								
Land	34,243	2,339	316	1,949	18,135	32,523	89,505	
Buildings, structures and improvements			120,688	18,858	706,559	171,041	1,017,146	9,493
Utility plant	1,304,690	455,574					1,760,264	
Machinery and equipment			8,517	820	21,261	2,482	33,080	75,063
Construction in progress	144,398	45,237	9,611		1,357		200,603	2,703
Total capital assets	1,483,331	503,150	139,132	21,627	747,312	206,046	3,100,598	87,259
Less accumulated depreciation	(559,890)	(162,510)	(24,527)	(12,867)	(272,852)	(8,122)	(1,040,768)	(59,084)
Capital assets, net	923,441	340,640	114,605	8,760	474,460	197,924	2,059,830	28,175
Total noncurrent assets	1,227,451	376,004	130,885	8,760	493,268	197,924	2,434,292	31,433
Total assets	1,477,960	429,127	195,003	8,932	552,745	198,752	2,862,519	130,485
DEFERRED OUTFLOWS OF RESOURCES:								
Deferred charge on refunding bonds	14,088	4,955			172		19,215	
Deferred OPEB related items	2,568	973	666	44	868		5,119	1,123
Deferred pension related items	22,723	7,332	4,659	315	9,308		44,337	11,172
Total deferred outflows of resources	39,379	13,260	5,325	359	10,348		68,671	12,295

(continued)

Statement of Net Position
Proprietary Funds
June 30, 2018 (In thousands) (continued)

	Business-type Activities - Enterprise Funds							
	Electric Utility	Water Utility	Sanitation Utility	Golf Courses	Convention, Sports and Entertainment Venues	ARTIC Management	Total	Governmental Activities - Internal Service
LIABILITIES								
Current liabilities (payable from current assets):								
Accounts payable	$ 40,760	$ 14,648	$ 5,762	$ 426	$ 1,956	$ 384	$ 63,936	$ 4,986
Wages payable	563	239	102	8	521		1,433	4,349
Interest payable					1,879		1,879	65
Compensated absences								11,986
Long-term liabilities	5,273		649		5,098	3,500	14,520	13,770
Unearned revenues					3,340		3,340	2,555
Deposits	4,735	368	604	3	3,209	44	8,963	
Interfund payable		344		1,238			1,582	231
Total current liabilities (payable from current assets)	51,331	15,599	7,117	1,675	16,003	3,928	95,653	37,942
Current liabilities (payable from restricted assets):								
Accounts payable	12,885	1,878	507		8,322		23,592	
Wages payable	203		5		3		211	
Interest payable	7,544	1,896	984		118		10,542	
Arbitrage rebate liability	132						132	
Long-term liabilities	15,731	3,490	450				19,671	
Total current liabilities (payable from restricted assets)	36,495	7,264	1,946		8,443		54,148	
Total current liabilities	87,826	22,863	9,063	1,675	24,446	3,928	149,801	37,942
Noncurrent liabilities:								
Interfund payable, less current portion		2,064					2,064	182
Interest payable						2,998	2,998	
Long-term obligations, less current portion	725,879	170,854	53,550		233,837	13,000	1,197,120	54,034
Net OPEB liability	24,486	9,136	6,126	425	8,302		48,475	10,468
Net pension liability	91,561	29,417	16,674	1,232	35,691		174,575	31,202
Provision for decommissioning costs	116,523						116,523	
Total noncurrent liabilities	958,449	211,471	76,350	1,657	277,830	15,998	1,541,755	95,886
Total liabilities	1,046,275	234,334	85,413	3,332	302,276	19,926	1,691,556	133,828
DEFERRED INFLOWS OF RESOURCES								
Regulatory credits	101,584	2,189					103,773	
Deferred item on refunding bonds			638				638	
Deferred OPEB related items	1,815	677	454	32	615		3,593	777
Deferred pension related items	2,483	1,755	376	28	922		5,564	1,104
Total deferred inflows of resources	105,882	4,621	1,468	60	1,537		113,568	1,881
NET POSITION								
Net investment in capital assets	291,606	204,196	71,263	8,760	252,053	181,424	1,009,302	24,075
Restricted for:								
Debt service	19,364	2,955	450				22,769	
Capital projects	15,685	2,954	10,822		24,043		53,504	
Other purposes	10,590						10,590	
Unrestricted	27,937	(6,673)	30,912	(2,861)	(16,816)	(2,598)	29,901	(17,004)
Total net position	$ 365,182	$ 203,432	$ 113,447	$ 5,899	$ 259,280	$ 178,826	1,126,066	$ 7,071
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.							(14,240)	
Net position of business-type activities							$ 1,111,826	

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

Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
Year Ended June 30, 2018 (In thousands)

	Business-type Activities - Enterprise Funds							
	Electric Utility	Water Utility	Sanitation Utility	Golf Courses	Convention, Sports and Entertainment Venues	ARTIC Management	Total	Governmental Activities - Internal Service Funds
Operating revenues:								
Sales of retail and wholesale electricity, net	$ 400,627						$ 400,627	
Transmission revenues	37,356						37,356	
Sales of water, net		$ 77,903					77,903	
Solid waste collection fees			$ 46,741				46,741	
Wastewater fees			13,500				13,500	
Street cleaning fees			3,248				3,248	
Green fees and cart rentals				$ 3,831			3,831	
Facilities rental					$ 31,611	$ 1,307	32,918	
Concession fees				238	11,391		11,629	
Charges for services								$ 146,416
Other	5,772	1,171	1,649	204	1,982	36	10,814	116
Total operating revenues	443,755	79,074	65,138	4,273	44,984	1,343	638,567	146,532
Operating expenses:								
Cost of purchased power	244,687						244,687	
Fuel and generation of power	19,676						19,676	
Cost of purchased water		35,028					35,028	
Treatment and pumping of water		7,954					7,954	
Maintenance, operations and administration	60,429	15,949	56,605	4,393	41,430	3,548	182,354	52,018
Insurance premiums and claims								19,229
Compensated absences and other benefits								67,015
Depreciation and amortization	48,972	11,157	2,900	497	16,469	2,307	82,302	6,027
Total operating expenses	373,764	70,088	59,505	4,890	57,899	5,855	572,001	144,289
Operating income (loss)	69,991	8,986	5,633	(617)	(12,915)	(4,512)	66,566	2,243
Nonoperating income (expenses):								
Intergovernmental revenues			88				88	
Investment income	2,401	1,057	496	(11)	492	(12)	4,423	8
Interest expense	(21,135)	(5,776)	(1,706)		(8,003)	(363)	(36,983)	(169)
Gain (loss) from disposal of capital assets			(2)	(12)	(261)		(275)	100
Total nonoperating expenses	(18,734)	(4,719)	(1,124)	(23)	(7,772)	(375)	(32,747)	(61)
Income (loss) before contributions and transfers	51,257	4,267	4,509	(640)	(20,687)	(4,887)	33,819	2,182
Capital contributions	4,206	855	572		2,834		8,467	
Transfers in	492	600			16,571	5,988	23,651	
Transfers out	(22,612)	(1,536)	(2,806)		(925)		(27,879)	
Change in net position	33,343	4,186	2,275	(640)	(2,207)	1,101	38,058	2,182
Net position at beginning of year, as adjusted	331,839	199,246	111,172	6,539	261,487	177,725		4,889
Net position at end of year	$ 365,182	$ 203,432	$ 113,447	$ 5,899	$ 259,280	$ 178,826		$ 7,071
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.							611	
Change in net position of business-type activities							$ 38,669	

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

Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2018 (In thousands)

	Business-type Activities - Enterprise Funds							
	Electric Utility	**Water Utility**	**Sanitation Utility**	**Golf Courses**	**Convention, Sports and Entertainment Venues**	**ARTIC Management**	**Total**	**Governmental Activities - Internal Service Funds**
Cash flows from operating activities:								
Receipts from customers and users	$ 444,654	$ 79,101	$ 63,320	$ 3,803	$ 44,426	$ 927	$ 636,231	
Receipts from interfund services provided	3,439	308	20				3,767	$ 146,416
Payments to suppliers	(268,313)	(35,749)	(42,562)	(3,464)	(13,366)	(3,395)	(366,849)	(30,851)
Payments for salaries, wages and other benefits	(46,657)	(15,732)	(8,365)	(577)	(21,702)		(93,033)	(85,094)
Payments for interfund services used	(14,377)	(5,249)	(3,356)	(199)	(3,488)	(42)	(26,711)	(4,565)
Payments for insurance premiums and claims								(15,681)
Other receipts			1,615	442		43	2,100	141
Net cash provided by (used for) operating activities	118,746	22,679	10,672	5	5,870	(2,467)	155,505	10,366
Cash flows from noncapital financing activities:								
Receipt of interfund balances	18			1,238			1,256	1,027
Payment of interfund balances	(541)	(344)		(700)			(1,585)	(1,054)
Payment of decommissioning costs	(6,866)						(6,866)	
Transfers in		600				2,488	3,088	
Transfers out	(22,612)	(1,044)	(2,806)		(925)		(27,387)	
Operating grant receipts			88				88	
Net cash provided by (used for) noncapital financing activities	(30,001)	(788)	(2,718)	538	(925)	2,488	(31,406)	(27)
Cash flows from capital and related financing activities:								
Proceeds from sale of capital assets								133
Capital contributions	3,166	855			181		4,202	
Capital purchases	(65,592)	(30,327)	(8,300)	(6)	(25,276)		(129,501)	(4,539)
Proceeds from issuance of bonds	273,772		54,741				328,513	
Transfer to refunded bond escrow agent	(274,663)		(39,452)				(314,115)	
Debt Issuance costs	(1,135)		(278)				(1,413)	
Principal payments on long-term debt	(21,334)	(3,370)	(1,114)		(4,847)	(3,500)	(34,165)	(2,610)
Interest payments	(28,614)	(7,679)	(1,906)		(11,317)		(49,516)	(198)
Receipt of capital grant								380
Receipt of interfund balances for capital purposes	344						344	231
Payment of interfund balances for capital purposes				(551)			(551)	(7)
Transfers in for capital purposes	17				16,571	3,500	20,088	
Transfers out for capital purposes		(17)					(17)	
Net cash provided by (used for) capital and related financing activities	(114,039)	(40,538)	3,691	(557)	(24,688)		(176,131)	(6,610)
Cash flows from investing activities:								
Purchase of investment securities	(86,583)	(48,453)	(34,561)		(17,110)		(186,707)	(33,830)
Proceeds from sale and maturity of investment securities	65,016	7,224	17,084	20	57,919		147,263	29,464
Interest received	5,597	1,368	983		1,038		8,986	812
Interest paid				(11)		(12)	(23)	(7)
Net cash provided by (used for) investing activities	(15,970)	(39,861)	(16,494)	9	41,847	(12)	(30,481)	(3,561)
Increase (decrease) in cash and cash equivalents	(41,264)	(58,508)	(4,849)	(5)	22,104	9	(82,513)	168
Cash and cash equivalents at beginning of the year	233,003	71,279	19,737	6	8,091	106	332,222	21,507
Cash and cash equivalents at end of the year	$ 191,739	$ 12,771	$ 14,888	$ 1	$ 30,195	$ 115	$ 249,709	21,675

(continued)

Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2018 (In thousands) (continued)

	Business-type Activities - Enterprise Funds							
	Electric Utility	Water Utility	Sanitation Utility	Golf Courses	Convention, Sports and Entertainment Venues	ARTIC Management	Total	Governmental Activities - Internal Service Funds
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:								
Operating income (loss)	$ 69,991	$ 8,986	$ 5,633	$ (617)	$ (12,915)	$ (4,512)	$ 66,566	$ 2,243
Adjustment to reconcile operating income (loss) to net cash provided by (used for) operating activities:								
Depreciation	48,972	11,157	2,900	497	16,469	2,307	82,302	6,027
Increase in provision for decommissioning costs	5,890						5,890	
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:								
Accounts receivable	407	(55)	(222)	(28)	(24)	(363)	(285)	983
Inventories	(2,819)	(109)			2		(2,926)	(84)
Prepaids and other assets	(2,426)	331	(5)		13	11	(2,076)	(221)
Accounts payable	(9,978)	808	1,418	99	486	100	(7,067)	(2,882)
Wages and benefits payable	4,778	1,171	909	54	2,373		9,285	1,475
Unearned revenues					(82)	(10)	(92)	275
Deposits	565	37	39		(452)		189	
Compensated absences and self-insurance liability								2,550
Regulatory credits	3,366	353					3,719	
Total adjustments	48,755	13,693	5,039	622	18,785	2,045	88,939	8,123
Net cash provided by (used for) operating activities	$ 118,746	$ 22,679	$ 10,672	$ 5	$ 5,870	$ (2,467)	$ 155,505	$ 10,366
Schedule of noncash investing, capital and noncapital financing activities:								
Capital assets financed through capital leases								$ 1,184
Capital contributions	$ 1,040		$ 572		$ 2,653		$ 4,265	
Transfers in (out) of capital assets	475	$ (475)						
Decrease in fair value of investments	(1,760)	(367)	(494)		(428)		(3,049)	(831)
Reconciliation of cash and cash equivalents:								
Cash and cash equivalents	$ 19,964	$ 8,236	$ 10,478	$ 1	$ 10,317	$ 115	$ 49,111	$ 20,245
Restricted cash and cash equivalents, current portion	26,037	3,462	2,193		8,443		40,135	526
Restricted cash and cash equivalents, noncurrent portion	145,738	1,073	2,217		11,435		160,463	904
Total cash and cash equivalents	$ 191,739	$ 12,771	$ 14,888	$ 1	$ 30,195	$ 115	$ 249,709	$ 21,675

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

Statement of Fiduciary Net Position (Deficit)
Fiduciary Funds
June 30, 2018 (In thousands)

	Investment Trust Funds	Successor Agency Private Purpose Trust Fund	Agency Funds
ASSETS			
Restricted cash and cash equivalents	$ 352	$ 30,240	$ 2,659
Restricted investments	1,239	96	4,600
Accrued interest receivable	6	57	
Accounts receivable, net		2	28
Notes receivable, net		827	
Prepaid and other assets		128	
Unamortized prepaid bond insurance		718	
Total assets	1,597	32,068	7,287
LIABILITIES			
Accounts payable		47	
Wages payable		1	
Interest payable		4,832	
Unearned revenues		6	
Due to bond holders			7,287
Long-term liabilities:			
Due within one year		9,133	
Due in more than one year		202,785	
Total liabilities		216,804	$ 7,287
DEFERRED INFLOWS OF RESOURCES			
Deferred gain on refunding bonds		292	
Total deferred outflows of resources		292	
NET POSITION			
Held in trust for pool participants	1,597		
Held in trust for other purposes (deficit)		(185,028)	
Total net position (deficit)	$ 1,597	$ (185,028)	

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

Statement of Changes in Fiduciary Net Position (Deficit)
Fiduciary Funds
Year Ended June 30, 2018 (In thousands)

	Investment Trust Funds	Successor Agency Private Purpose Trust Fund
ADDITIONS		
Property taxes		$ 26,880
Contributions to pooled investments	$ 7,494	
Interest and investment income	13	628
Rental income		432
Other		177
Total additions	7,507	28,117
DEDUCTIONS		
Distributions from pool investments	7,383	
Salaries and administration		449
Program expenses		1,035
Interest expense		10,471
Total deductions	7,383	11,955
Change in net position	124	16,162
Net position (deficit) held in trust at beginning of year	1,473	(201,190)
Net position (deficit) held in trust at end of year	$ 1,597	$ (185,028)

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

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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, 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 Funds are 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 Successor Agency 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 Funds are 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 is earned, 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 investment income. Due to certain unforeseen administrative delays, the City accrued sales tax of $1,894 that was received after the 60 days availability period as revenue at June 30, 2018.
- 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 $71,048 includes accrued interest receivable of $21,360, ranging from 3% to 10% interest per annum, and is net of allowances of $27,166 for uncollectible accounts at June 30, 2018. 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, 2018, land held for resale with an original cost of $10,454 was recorded net of the allowance for decline in value of $4,422 and totaled $6,032, 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 $22,982 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 (SJ) 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, 2018, business-type activities capitalized net interest costs of $7,745 net of $105 in interest income due to the 2014-A Lease Revenue Bonds was issued to finance the specific convention center expansions, in the government-wide and fund financial statements. Total interest expense incurred by the business-type activities (and the enterprise funds on the proprietary funds statements) before capitalization was $44,833.

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 prices of a bond or certificates 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 net 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 $1,508 in governmental activities and $19,215 in business-type activities in this category.
2. Deferred outflows of OPEB related items - these balances represent current fiscal year contribution to the OPEB Trust that will be applied as a reduction in net OPEB 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 OPEB liability; the amount will be amortized and reported as a component in OPEB expense in future fiscal years (refer to discussion of OPEB Plan). The City reported $15,050 in governmental activities and $5,119 in business-type activities in this category.
3. Deferred outflows of resources of pension related items - 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 $163,629 in governmental activities and $44,337 in business-type activities in this category.

Deferred inflows of resources

In addition to liabilities, the statement of financial position reports 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:				
Grants	$ 867	$ 148	$ 14,022	$ 15,037
Other revenues	122		33	155
Long-term notes receivable		47,017	24,031	71,048
Due from successor agency			10,538	10,538
Total	$ 989	$ 47,165	$ 48,624	$ 96,778

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 below).

	Business-type activities
Enterprise Funds:	
Electric Utility	$ 101,584
Water Utility	2,189
Total	$ 103,773

3. Deferred inflow related to refunding bonds includes gains from debt refunding. The City reports $638 in business-type activities in this category.
4. Deferred inflows of resources related to OPEB presents changes in total OPEB liability arising from changes in actuarial assumptions; difference between actual and projected plan experiences; difference between actual and projected investment gains/losses or changes of the Fund’s proportionate share of the net OPEB liability. Refer to discussion of the OPEB Plan in note 11 of the notes to the financial statements on pages 84-86 of this report. The City reported

$10,245 in governmental activities and $3,593 in business-type activities in this category.

5. 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 79-83 of this report. The City reported $22,916 in governmental activities and $5,564 in business-type activities in this category.

Regulatory credits

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

The Electric Utility restructured its rates effective September 1, 2015 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, 2018, the PCA rate was $0.0050 per kWh for domestic, general commercial, industrial and municipal customers and ($0.0002) for large commercial customers. The Electric Utility recorded deferred inflows of resources for regulatory credits related to PCA totaled $24,448.

As of June 30, 2018, the EMA rate was $0.0005 per kWh for residential, general commercial, industrial and municipal customers and $0.0055 per KWh for large commercial customers. The deferred inflows of resources recorded for regulatory credits related to EMA totaled $77,136. During fiscal year 2018, 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, 2018 the deferred inflows of resources recorded for regulatory credits totaled $2,189 for the Water Utility. During fiscal year 2018, there was no RSA revenues recognized.

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, 2018, totaled $20,474 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, 2018, is compensatory time liability of $616.

Changes in the City's compensated absences liability in fiscal year 2018 were as follows:

Estimated compensated liability at beginning of year	$ 20,941
Estimated compensated absence benefits earned	24,539
Compensated absences used	(24,390)
Compensated absences liability end of year	$ 21,090

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, 2018, the Electric Utility has recorded a provision for decommissioning costs for SONG totaled $104,912.

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 $87,131. The Electric Utility currently has $104,912 in an irrevocable trust for the decommissioning costs. During fiscal year 2018, the Electric Utility has drawn $6,866 from the trust for the disbursements of decommissioning related obligations.

The Electric Utility is providing for the future demolition and reclamation costs allocation based on its former ownership share of SJ of 10.04%. As of June 30, 2018, the Electric Utility has recorded a provision for decommissioning costs for SJ of $11,611 of which $6,233 was in irrevocable trust and $5,378 in the City's restricted cash account. For the year ended June 30, 2018, the Electric Utility has drawn $109 from the trust for the decommissioning costs, and accrued future decommissioning costs for SJ of $6,000 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 annual required actuarially determined contribution (ADC); 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.

Payments of the ADC are liquidated from the Funds where the employees' payroll expenses are charged. The Police and Fire Safety Plans are liquidated from the General Fund, and the Grant nonmajor special revenue funds. The Miscellaneous Plan is allocated among all City Funds that include the General Fund, the Housing Authority major special revenue fund, all nonmajor capital project funds, all nonmajor special revenue funds, and all proprietary funds, in proportion to the Fund's payroll expenses.

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.

Postemployment benefits other than pension (OPEB)

Regular, full time employees meeting certain eligibility requirements are provided the OPEB benefits. The City is a participant in the California Employer's Retiree Benefit Trust (CERBT). It is the City's policy to fund all annual required actuarially determined contributions (ADC) determined by an actuarial valuation.

Payments of the ADC is allocated among all City Funds in proportion to the Fund's full time payroll expenses in the General Fund, the Housing Authority major special revenue fund, all nonmajor capital project funds, all nonmajor special revenue funds and all proprietary funds.

For purposes of measuring the net OPEB liability and deferred outflows/ inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the City's OPEB Plan and additions to/ deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CERBT. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. See note 11 for further discussion.

On October 1, 2005, the City and the International Brotherhood of Electrical Workers (IBEW), Local 47, entered into a Letter of Understanding related to the Retiree Medical Plan. Under the Plan, the IBEW would establish a union trust (Trust) for the sole and exclusive purpose of providing post-retirement medical benefits to IBEW bargaining unit employees employed by City of Anaheim on October 1, 2005, and their eligible surviving spouses and dependents. The City agreed to transfer to the Trust for each employee in the IBEW bargaining unit the one-time post-retirement medical reserve allocations, and the IBEW and City also agreed that the sum of four percent of base biweekly pay shall be contributed by the employees of the IBEW bargaining unit to the Retiree Medical Plan. It should be noted that the Trust does not constitute a City-sponsored OPEB defined benefit plan and furthermore, that the City's responsibility is limited to contributions negotiated with the IBEW, as such, there is no related retiree-medical liability included in the City's OPEB plan.

Net position restricted by enabling legislation

The government-wide Statement of Net Position reports $266,983 of governmental activities restricted net position, of which $60,419 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.

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, 2018, encumbrances totaled $548, $3, and $17,094 in the General Fund, Housing Authority Special Revenue Fund, and other nonmajor governmental funds, respectively.

The accumulated deficit fund balances at June 30, 2018 of $27 in the Workforce Development nonmajor special revenue Fund, $3,655 in the Streets Construction and $97 in the Transportation Improvement Projects nonmajor Capital Project Funds, 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, net of uncollectible, 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, 2018 unbilled but earned service charges recorded in accounts receivable for the Electric Utility, Water Utility, and Sanitation Utility Funds amounted to $26,320, $1,615, and $3,684, 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 PRONOUCEMENTS

On July 1, 2017, the city adopted the following new accounting pronouncements issued by the GASB:

- 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. 85, "*Omnibus 2017*." The requirements of this statement will take effect for financial statements starting with the fiscal year ends June 30, 2018.
- Statement No. 86, *Certain Debt Extinguishment Issues*. The requirements of this Statement are effective for reporting periods beginning after June 15, 2017.

Implementations of GASB Statement No. 81, 85 and 86 have no material effect on amounts reported in the City's financial statements. The requirement of GASB Statement No. 75 caused the City to restate prior year net positions in the governmental-activities and business-type activities by reducing the beginning net positions by the amount of net OPEB liability net of deferred outflows of resources for OPEB contribution.

The following table provides a reconciliation of net position at June 30, 2017, as previously reported, to net position at June 30, 2017, as adjusted:

	Govern-mental Activities	Business-type Activities	Total
Net position at June 30, 2017, as previously reported	$ 838,288	$ 1,120,632	$ 1,958,920
Reduction of net position from implementation of GASB 75:			
Governmental Funds	(125,076)		(125,076)
Internal Service Funds	(21,556)		(21,556)
Electric Utility		(23,982)	(23,982)
Water Utility		(8,947)	(8,947)
Sanitation Utility		(5,999)	(5,999)
Golf Courses		(416)	(416)
Convention, Sports & Entertainment Venues		(8,131)	(8,131)
Net position at June 30, 2017, as adjusted	$ 691,656	$ 1,073,157	$ 1,764,813

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

- Statement No. 83, *Certain Asset Retirement Obligations*. The requirements of this Statement are effective starting with the fiscal year that ends June 30, 2019.
- Statement No. 84, *Fiduciary Activities*. The requirements of this Statement are effective starting with the fiscal year that ends June

30, 2019.

- Statement No. 87, *Leases*. The requirements of this Statement are effective for reporting periods starting with the fiscal year that ends June 30, 2021.

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 AA+f/S1 in December 2017.

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; superanationals; and money market mutual funds.

Deposits and investments are comprised of the following at June 30, 2018:

	Cash and Cash Equivalents	Investments	Restricted Cash and Cash Equivalents	Restricted Investments	Total
Governmental activities:					
General Fund	$ 9,482	$ 31,390			$ 40,872
Housing Authority	17,466	61,241	$ 963		79,670
Nonmajor governmental funds	23,935	84,287	43,826	$ 153,838	305,886
Internal service funds	20,245	71,303	1,430		92,978
Total governmental activities	71,128	248,221	46,219	153,838	519,406
Business-type activities:					
Electric Utility	19,964	70,309	171,775	126,199	388,247
Water Utility	8,236	29,005	4,535	38,093	79,869
Sanitation Utility	10,478	36,904	4,410	20,381	72,173
Golf Courses	1				1
Convention, Sports & Entertainment Venues	10,317	36,060	19,878	7,373	73,628
ARTIC Management	115				115
Total business-type activities	49,111	172,278	200,598	192,046	614,033
Government-wide totals	120,239	420,499	246,817	345,884	1,133,439
Fiduciary funds			33,251	5,935	39,186
Total cash and investments	$ 120,239	$ 420,499	$ 280,068	$ 351,819	$ 1,172,625

Deposits and investments are comprised of the following at June 30, 2018:

Deposits	$ 40,526
Investments	1,132,099
Total deposits and investments	$ 1,172,625

At June 30, 2018, deposits of $40,526 with a corresponding bank balance of $43,185 were maintained in various federally regulated financial institutions. The difference of $2,659 represents deposits in transit, outstanding checks, and other reconciling items. Deposits with bank balances of $1,912 are insured by the Federal Depository Insurance Corporation. For deposits with bank balances totaling $41,272, 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%	30%	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	365 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
Supranationals	5 Years	20%	10%	AAA

*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, 2018, the following investments represent five percent or more of the City's total pooled investments:

Issuer	Investment Type	Fair Value	%
U.S. treasury	Treasury securities	$ 127,077	21%
Federal Home Loan Mortgage Corporation	U.S. agency securities	58,794	10%
Federal National Mortgage Association	U.S. agency securities	54,253	9%
LAIF	LAIF	33,515	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, 2018, the following investments represent five percent or more of the City's total investments controlled by bond trustees:

Issuer	Investment Type	Fair Value	%
U.S. treasury	Treasury securities	$ 141,976	27%
Morgan Stanley	Flexible repurchase agreement	115,608	22%
Federated	Money market mutual fund	80,005	15%
U.S. Bank	Money market mutual fund	42,800	8%
Federal Home Loan Bank	U.S. agency securities	31,967	6%

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

Custodial credit risk

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

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

Interest rate risk

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

Investments held by bond trustees are typically long-term securities which are not adversely affected by interest rate changes. Guaranteed investment contracts for construction funds are usually limited to three years or less. Information about the sensitivity of the fair values of the City's investments (including investments held by bond trustees) to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity at June 30, 2018:

Investments	Credit Rating (S&P/Moody's)	Fair Value 6/30/2018	12 months or less	13 to 24 Months	25 to 36 Months	37 to 60 Months	More than 60 Months
Investments controlled by City Treasurer:							
U.S. agency securities	AA+/Aaa	$ 141,653	$ 44,854	$ 38,473	$ 9,733	$ 48,593	
U.S. treasury obligations	AA+/Aaa	127,077	39,938		29,220	57,919	
Medium term corporate notes	A, A1	9,923	4,998	4,925			
Medium term corporate notes	A,A2	14,696		9,820		4,876	
Medium term corporate notes	A+,A1	16,659		4,919	6,848	4,892	
Medium term corporate notes	A+,A2	16,012	5,198		10,814		
Medium term corporate notes	A+,Aa3	4,924		4,924			
Medium term corporate notes	AA, A1	4,984	4,984				
Medium term corporate notes	AA, Aa2	4,893				4,893	
Medium term corporate notes	AA-,A1	24,583		14,898	4,912	4,773	
Medium term corporate notes	AA-,Aa3	4,914		4,914			
Medium term corporate notes	AA+,Aa1	6,882		6,882			
Medium term corporate notes	AAA,Aaa	18,734	4,982	4,921	3,937	4,894	
Commercial paper	A-1,P-1	61,808	61,808				
Commercial paper	A-1+,P-1	40,898	40,898				
Negotiable certificate of deposit	A-1,P-1	9,979	9,979				
Money market mutual funds	AAA	62,861	62,861				
LAIF	Unrated	33,515	33,515				
Total investments controlled by City Treasurer		604,995	314,015	94,676	65,464	130,840	
Investment controlled by bond trustees:							
U.S. agency securities	AA+/Aaa	25,206	24,960	246			
U.S. agency securities	A+1+,P1	31,718	31,718				
U.S. treasury obligations	AA+/Aaa	13,018	11,074	734	731	479	
U.S. treasury obligations	A+1+,P1	128,958	128,958				
Guaranteed investment contracts	Unrated	16,832		7,305	8,353		$ 1,174
Flexible repurchase agreements	Unrated	129,558					129,558
Money market mutual funds	AAA/Aaa	139,014	139,014				
Money market mutual funds	A-1+	30,844	30,844				
LAIF	Unrated	11,956	11,956				
Total investments controlled by bond trustees		527,104	378,524	8,285	9,084	479	130,732
Total Investments		$ 1,132,099	$ 692,539	$ 102,961	$ 74,548	$ 131,319	$ 130,732

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 of the fair value hierarchy are valued using prices quoted in active markets for those securities for identical assets or liabilities that the City has the ability to access at the measurement date.
- Level 2 of the fair value hierarchy are valued using a matrix pricing

technique utilizing market data including, but not limited to benchmark yields, reported trades, and broker-dealer quotes. Matrix pricing is the process of estimating the market price of a bond based on the quoted prices of more frequently traded comparable bonds

- 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, 2018:

		Fair Value Measurement Using		
Investment by fair value level	6/30/2018	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant other Observable Inputs (Level 2)	Not Required to be leveled
Debt securities:				
U.S. agency securities	$ 198,577	$ 31,718	$ 166,859	
U.S. treasury obligations	269,053	269,053		
Commercial paper	102,706		102,706	
Negotiable certificate of deposit	9,979		9,979	
Medium term corporate notes	127,204		127,204	
LAIF	45,471			$ 45,471
Total investment measured at fair value	752,990	$ 300,771	$ 406,748	$ 45,471
Investments measured at cost-based:				
Guaranteed investment contracts	16,832			
Flexible repurchase agreements	129,558			
Money Market Mutual Funds	232,719			
Total investment measured at cost-based	379,109			
Total pooled and bond trustee investments	$1,132,099			

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, 2018, are as follows:

	Accounts Receivable	Less Allowance for Uncollectibles	Total
Governmental activities:			
General Fund	$ 21,458	$ (3,828)	$ 17,630
Housing Authority	136	(121)	15
Nonmajor governmental funds	1,703	(1)	1,702
Internal service funds	4,522		4,522
Total governmental activities	27,819	(3,950)	23,869
Business-type activities:			
Electric Utility	49,155	(1,103)	48,052
Water Utility	6,316	(207)	6,109
Sanitation Utility	8,202	(164)	8,038
Golf Courses	171		171
Convention, Sports & Entertainment Venues	4,488	(68)	4,420
ARTIC Management	581		581
Total business-type activities	68,913	(1,542)	67,371
Total accounts receivable	$ 96,732	$ (5,492)	$ 91,240

Due from other governments

Due from other governments for the City's governmental activities at June 30, 2018, are as follows:

	Taxes	Grants	Other	Total
Governmental activities:				
General Fund	$ 15,550	$ 78	$ 1,355	$ 16,983
Housing Authority		167		167
Nonmajor governmental funds		21,423	11	21,434
Total due from other governments	$ 15,550	$ 21,668	$ 1,366	$ 38,584

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

General fund	$ 1,196
Electric Utility	673
Water Utility	27
Sanitation	177
Convention, Sports and Entertainment Venues	12
Total	$ 2,085

Due from the Successor Agency

At June 30, 2018, the amount due from the Successor Agency is $10,538. Due to the extended period of time over which the receivables are to be collected, the City has recorded expenditures at the time the loans were provided and deferred inflows of resources equal to the amount due in the nonmajor special revenues funds ($5,570) and the nonmajor capital project fund ($4,968).

- 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, 2018, the amount due is $4,968.
- 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, 2018, the amount due is $4,686.
- 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, 2018, the amount due to the City is $884.

Interfund receivable and payable balances

Net internal balances between governmental activities and business-type activities of $14,955 are included in the government-wide financial statements at June 30, 2018.

Interfund receivables and payables that are included in the fund financial statements at June 30, 2018, are as follows:

	Interfund Receivable:					
	General Fund	Housing Authority	Nonmajor governmental funds	Internal service funds	Electric Utility	Total
Interfund Payable:						
Governmental Funds:						
General Fund				$ 62	$ 299	$ 361
Nonmajor governmental funds	$ 306	$ 2,150	$ 12,060			14,516
Enterprise Funds:						
Water Utility					2,408	2,408
Golf Courses	1,238					1,238
Internal Service Funds				189	224	413
Total	$ 1,544	$ 2,150	$ 12,060	$ 251	$ 2,931	$18,936

All interfund balances at June 30, 2018 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:

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 $344 beginning July 2016 until July 2024. The outstanding balance at June 30, 2018 is $2,408.
- In October 2016, the Public Utility and the Community Services Department entered into a Memorandum of Understanding (MOU) whereby the Public Utility agreed to provide low-interest financial assistance of $309 to fund the costs of the security light and photo cell replacement resource efficiency upgrading projects in Maxwell Park, Twilla Reid Park and Brookhurst Park. The fund will be repaid over five years at an interest rate of 0.65% per annum. Monthly principal and interest payment is $5 payable from unrestricted general fund resources. At June 30, 2018, the balance is $299.
- In November 2016, the Public Utility and the Public Works Department entered into a Memorandum of Understanding (MOU) whereby the Public Utility agreed to provide low-interest financial assistance of $231 to fund the costs of the general office lighting and parking garage structure resource efficiency upgrading projects. The fund will be repaid over five years at an interest rate of 0.65% per annum. Monthly principal and interest payment is $4 payable from unrestricted resources of the Municipal Facility Maintenance internal service fund. At June 30, 2018, the balance is $224.

Housing Authority

In February 2018, the City and the Anaheim Housing Authority entered into a Cooperation Agreement whereby the City and Housing Authority exchanged real property for the purpose of developing affordable housing. The market value of the Housing Authority property exceeded that of the City property by $2,150; hence, the City agreed to provide $2,150 in future Park Fee Credits to the Housing Authority for the benefit of affordable housing development. At June 30, 2018, the park fee credit due to the Housing Authority is $2,150 from the Community Services Facilities nonmajor special revenue fund.

Certain interfund transactions

The following interfund transfers are reflected in the fund financial statements at June 30, 2018:

	Transfers In:							
				Enterprise Funds				
	General Fund	Housing Authority	Nonmajor governmental funds	Electric Utility	Water Utility	Convention, Sports & Entertainment Venues	ARTIC Management	Total
Transfers Out:								
General Fund			$ 67,026		$ 600	$ 16,571	$ 2,488	$ 86,685
Nonmajor governmental funds	$ 244	$ 2,161	695				3,500	6,600
Electric Utility	22,612							22,612
Water Utility	1,044			$ 492				1,536
Sanitation Utility	2,806							2,806
Convention, Sports & Entertainment Venues	925							925
Total	$ 27,631	$ 2,161	$ 67,721	$ 492	$ 600	$ 16,571	$ 5,988	$ 121,164

The net transfers between governmental funds and proprietary funds is $4,228 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, 2018:

- Transfer of $60,181 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 68 of this report.
- Transfer of $16,571 from the General Fund to the Convention, Sports & Entertainment Venues Enterprise Fund for debt service subsidy.
- Transfer of $2,488 from the General Fund to ARTIC Management Enterprise Fund for operational subsidy.
- Transfer of $1,652 from the General Fund to the Municipal Facilities nonmajor debt service fund for debt service.
- Transfer of $2,663 from the General Fund to the Other Capital Improvements nonmajor Capital Project Fund for Public Safety 800 Megahertz (mHz) communication debt service ($803); park restroom renovation ($330); park development projects ($585), vehicle acquisitions ($300), and various neighborhood capital improvement projects ($647).
- Transfer of $2,264 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 $600 from the General Fund to the Water Utility Enterprise Fund per the result of Measure N in the November 2014 election.
- Transfer of $2,150 from the Community Services Facilities nonmajor capital project fund to Housing Authority major Special Revenue. This amount is the difference between market value of the land exchanged.
- Transfer of $3,500 from the Gas Tax nonmajor Special Revenue Fund 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 pages 72-73 of this report.
- Transfers of $17,028 from the Electric Utility Enterprise Fund and $2,806 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 $5,584 from the Electric Utility Enterprise Fund and $1,044 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.

The net transfer of $4,114 from the business-type activities to governmental activities in the government-wide Statement of Activities consisted of the net transfers ($4,228) described above offsetting by a reclassification of $114 from capital contribution to transfer in resulting from the sewer improvement capital assets contributed from the governmental activities to the Sanitation Utility business-type activities.

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

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

As of June 30, 2018, 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 2018, the developer received $762 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 2018, the developer received $273 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:

Project	Expiration Date	Years Remaining	Tax Base for Calculation of Economic Assistance	% of Tax for Calculation of Economic Assistance	Maximum Economic Assistance Amount	Total Economic Assistance Paid in Fiscal Year 2018	Total Economic Assistance Paid to Date	Total Maximum Economic Assistance Remaining
DoubleTree Hotel	6/30/2021	4	TOT	5%-40%	$ 12,908	$ 762	$ 10,229	$ 2,679
GardenWalk Retail	12/31/2038	21	Sales	40%-50%	15,600	273	1,188	14,412
GardenWalk 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 Harbor - 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

*Refer to note 14 of the notes to the financial statement on page 92 of this report.

NOTE 6 – CAPITAL ASSETS:

Capital asset activities for the year ended June 30, 2018, were as follows:

	Beginning Balance	Additions	Tranfer In (Out)	Deletions	Ending Balance
Governmental activities:					
Nondepreciable assets:					
Land	$ 646,359	$ 12,133	$ 408	$ (73)	$ 658,827
Construction in progress	59,098	37,016	(23,720)	(1,381)	71,013
Total	705,457	49,149	(23,312)	(1,454)	729,840
Depreciable assets:					
Buildings, structures and improvements	345,786	8,997	4,805	(451)	359,137
Machinery and equipment	132,631	7,353	6,526	(3,342)	143,168
Infrastructure	861,347	1,920	11,867	(174)	874,960
Total	1,339,764	18,270	23,198	(3,967)	1,377,265
Total assets	2,045,221	67,419	(114)	(5,421)	2,107,105
Less accumulated depreciation for:					
Buildings, structures and improvements	(153,530)	(12,057)		346	(165,241)
Machinery and equipment	(93,616)	(8,373)		3,308	(98,681)
Infrastructure	(423,045)	(18,956)		172	(441,829)
Total accumulated depreciation	(670,191)	(39,386)		3,826	(705,751)
Total governmental activities capital assets, net	$ 1,375,030	$ 28,033	$ (114)	$ (1,595)	$ 1,401,354
Business-type activities:					
Nondepreciable assets:					
Land	$ 89,505				$ 89,505
Construction in progress	299,828	$ 134,946	$ (234,107)	$ (64)	200,603
Total	389,333	134,946	(234,107)	(64)	290,108
Depreciable assets:					
Buildings, structures and improvements	804,466	4,432	208,861	(613)	1,017,146
Utility plant	1,827,004	3,728	24,080	(94,548)	1,760,264
Machinery and equipment	40,149	1,732	1,280	(10,081)	33,080
Total	2,671,619	9,892	234,221	(105,242)	2,810,490
Total assets	3,060,952	144,838	114	(105,306)	3,100,598
Less accumulated depreciation for:					
Buildings, structures and improvements	(279,203)	(19,904)		511	(298,596)
Utility plant	(756,736)	(60,129)		94,465	(722,400)
Machinery and equipment	(27,411)	(2,269)		9,908	(19,772)
Total accumulated depreciation	(1,063,350)	(82,302)		104,884	(1,040,768)
Total business-type activities capital assets, net	$ 1,997,602	$ 62,536	$ 114	$ (422)	$ 2,059,830

Depreciation expense was charged to functions/programs of the City during fiscal year 2018 as follows:

Governmental activities:	
General government	$ 106
Police	1,977
Fire & Rescue	892
Community & Economic Development	1,907
Planning & Building	34
Public Works	19,797
Community Services	3,367
Convention, Sports & Entertainment	5,279
Capital assets held by the City's internal service funds are charged to the various functions based on their usage of the assets	6,027
Total depreciation expense - governmental activities	$ 39,386
Business-type activities:	
Electric Utility	$ 48,972
Water Utility	11,157
Sanitation Utility	2,900
Golf Courses	497
Convention, Sports & Entertainment Venues	16,469
ARTIC Management	2,307
Total depreciation expense - business-type activities	$ 82,302

Capital leases

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

	Governmental Activities
Machinery and equipment	$ 4,861
Less accumulated amortization	(2,853)
Capitalized leased assets, net	$ 2,008

Operating leases

Housing Authority

At June 30, 2018, 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, 2018, the Housing Authority has recorded lease receivables due from developers related to these transactions of $7,794, net of allowances of $10,240 for uncollected accounts in the government-wide financial statements. In the governmental fund financial statements, this amount is included in the $47,017 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:

Fiscal Year Ending 6/30	
2019	$ 593
2020	550
2021	448
2022	437
2023	446
2024-2027	1,122
Total	$ 3,596

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 party 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, 2018, 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 $2,000 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 2.00% 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 2018 and 2017 were as follows:

	2018	2017
Claims liability at beginning of year	$ 51,865	$ 50,616
Current year claims and changes in estimates	14,488	12,302
Claims payments	(12,041)	(11,053)
Claims liability at end of year	$ 54,312	$ 51,865

Above the retained limit of $2,000 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 from the run-out periods from prior years in the ACCEL retained layer 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, 2018, ACCEL's cash and investments totaled $49,904, of which $2,487 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, 2018:

	Beginning Balance	Additions/ Proceeds	Refunded	Reductions/ Payments	Ending Balance	Within One Year
Governmental activities:						
City lease revenue bonds	$ 394,492			$ (12,168)	$ 382,324	$ 12,550
Accretion	233,265	$ 19,883		(13,673)	239,475	14,745
Unamortized bond discount/premium, net	(168)			44	(124)	
Total	627,589	19,883		(25,797)	621,675	27,295
Capitalized lease obligations:						
Internal Service Funds	1,738	1,184		(1,372)	1,550	831
Total	1,738	1,184		(1,372)	1,550	831
Notes and loans payable:						
City	24,885	2,250		(2,581)	24,554	2,945
Internal Service Funds	4,692			(1,238)	3,454	1,269
Total	29,577	2,250		(3,819)	28,008	4,214
Claims liabilities (note 7)	51,865	14,488		(12,041)	54,312	11,670
Compensated absences (note 1)	20,941	24,539		(24,390)	21,090	12,602
Other Postemployment Benefits (OPEB) (note11)						
Governmental Funds	136,034	2,634		(10,959)	127,709	
Internal Service Funds	11,151	215		(898)	10,468	
Total	147,185	2,849		(11,857)	138,177	
Pension (note 10):						
Governmental Funds	496,073	123,046		(47,151)	571,968	
Internal Service Funds	22,421	11,221		(2,440)	31,202	
Total	518,494	134,267		(49,591)	603,170	
Governmental activities total	1,397,389	199,460		(128,867)	1,467,982	56,612
Business-type activities:						
Bonds payable:						
Electric Utility	705,225	237,745	$ (250,720)	(21,305)	670,945	20,975
Water Utility	162,270			(3,370)	158,900	3,490
Sanitation	40,490	45,705	(39,395)	(1,095)	45,705	1,080
Convention, Sports & Entertainment Venues	228,860			(4,844)	224,016	5,096
Unamortized bond discount/premium, net	98,555	45,063		(28,845)	114,773	
Total	1,235,400	328,513	(290,115)	(59,459)	1,214,339	30,641
Notes and loans payable:						
Electric Utility	301			(29)	272	29
Sanitation Utility	196			(19)	177	19
Convention, Sports and Entertainment Venues	26			(3)	23	2
ARTIC Management	20,000			(3,500)	16,500	3,500
Total	20,523			(3,551)	16,972	3,550
Interest payable						
ARTIC Management	2,635	363			2,998	
Total	2,635	363			2,998	
Decommissioning provision (note 1)	116,477	7,021		(6,975)	116,523	
Other Postemployment Benefits (OPEB) (note11)						
Electric Utility	26,083	504		(2,101)	24,486	
Water Utility	9,731	189		(784)	9,136	
Sanitation Utility	6,525	127		(526)	6,126	
Golf Courses	453	8		(36)	425	
Convention, Sports & Entertainment Venues	8,843	171		(712)	8,302	
Total	51,635	999		(4,159)	48,475	
Pension (note 10):						
Electric Utility	77,861	20,859		(7,159)	91,561	
Water Utility	25,862	5,855		(2,300)	29,417	
Sanitation Utility	14,035	3,943		(1,304)	16,674	
Golf Courses	1,035	293		(96)	1,232	
Convention, Sports & Entertainment Venues	30,526	7,956		(2,791)	35,691	
Total	149,319	38,906		(13,650)	174,575	
Business-type activities total	1,575,989	375,802	(290,115)	(87,794)	1,573,882	34,191
Government-wide total	$ 2,973,378	$ 575,262	$ (290,115)	$ (216,661)	$ 3,041,864	$ 90,803

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	BBB+	A+	A1
Electric Revenue Bonds	Unrated	AA-	Aa3
Water Revenue Bonds	AA+	AAA	Unrated
Sewer Revenue Bonds	AA+	Unrated	Unrated

GOVERNMENTAL ACTIVITIES:

BONDS PAYABLE

At June 30, 2018, bonds payable consisted of the followings:

	Date Issued	Final Maturity	Range of Interest Rates at Issue Date	Authorized and Issued	Out-standing 6/30/2018
City					
1997 Anaheim Lease					
Revenue Bonds	2/1/1997	3/1/2037	4.5%-6.0%	$ 510,427	$ 134,161
Accretion					239,475
2007 Anaheim Lease					
Revenue Refunding Bonds	6/13/2007	3/1/2037	3.25% - 5.5%	256,320	225,335
2008 Anaheim Lease					
Revenue Refunding Bonds	12/10/2008	8/1/2019	3.0%-5.0%	5,084	1,074
2014 Anaheim Lease					
Revenue Bonds	11/14/2014	5/1/2046	0.4%-5.0%	27,954	21,754
Total					621,799
Unamortized bond premium/discounts, net					(124)
Total governmental activities bonds				$ 799,785	$ 621,675

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, 2018, $59,683 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
2019	$ 12,031	$ 27,086	$ 39,117
2020	12,616	27,781	40,397
2021	13,279	28,464	41,743
2022	13,782	29,197	42,979
2023	14,378	29,854	44,232
2024-2028	80,633	160,653	241,286
2029-2033	96,466	181,723	278,189
2034-2037	116,311	176,254	292,565
Total	359,496	661,012	1,020,508
Unamortized bond discount	(1,624)		(1,624)
Total bonds	$ 357,872	$ 661,012	$ 1,018,884

Included in interest is $239,475 related to accretion on capital appreciation bonds.

Lease revenue bonds – City

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

Fiscal Year Ending 6/30	Principal	Interest	Total
2019	$ 519	$ 1,129	$ 1,648
2020	555	1,102	1,657
2021		1,088	1,088
2022	40	1,088	1,128
2023	488	1,086	1,574
2024-2028	2,831	5,037	7,868
2029-2033	3,613	4,255	7,868
2034-2038	4,611	3,257	7,868
2039-2043	5,885	1,983	7,868
2044-2046	4,286	435	4,721
Total	22,828	20,460	43,288
Unamortized bond premium	1,500		1,500
Total Bonds	$ 24,328	$ 20,460	$ 44,788

CAPITAL LEASE OBLIGATIONS

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

Fiscal Year Ending 6/30	
2019	$ 868
2020	517
2021	213
2022	32
Total	1,630
Less amount representing interest, variable	(80)
Present value of future minimum lease payments	$ 1,550

NOTES AND LOANS PAYABLE

At June 30, 2018, 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, 2018 was $4,968. The loan bears interest ranging from 1.74% to 5.97% and is payable over 20 years beginning on February 1, 2005, until August 1, 2023. Loan debt service requirements to maturity are as follows:

Fiscal Year Ending 6/30	Principal	Interest	Total
2019	$ 730	$ 266	$ 996
2020	785	223	1,008
2021	841	177	1,018
2022	907	127	1,034
2023	975	72	1,047
2024	730	22	752
Total notes and loans	$ 4,968	$ 887	$ 5,855

In March 2010, the City entered into an agreement with HUD, making available $15,000 to fund the acquisitions of the Orange County Family Justice Center and Miraloma Park site, construction of the Thornton Brady storm drain and the rehabilitation of the historic Packing House site. The loan is payable from the Community Development Block Grant yearly entitlement and from the receipts of the Successor Agency receivable. The outstanding balance of the loan at June 30, 2018, was $10,240. The loan bears interest ranging from 1.74% to 3.97% and is payable over 20 years beginning on February 1, 2011 through August 1, 2030. Loan debt service requirements to maturity are as follows:

Fiscal Year Ending 6/30	Principal	Interest	Total
2019	690	394	1,084
2020	710	372	1,082
2021	730	348	1,078
2022	755	321	1,076
2023	780	292	1,072
2024 - 2028	4,335	959	5,294
2029 - 2031	2,240	117	2,357
Total notes and loans	$ 10,240	$ 2,803	$ 13,043

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, 2018 was $557. Loan debt service requirements to maturity are as follows:

Fiscal Year Ending 6/30	Principal	Interest	Total
2019	$ 176	$ 30	$ 206
2020	186	20	206
2021	195	11	206
Total notes and loans	$ 557	$ 61	$ 618

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, 2018 was $500.

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, 2018 was $846.

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, 2018 was $5,421.

Loan debt service requirements to maturity are as follows:

Fiscal Year Ending 6/30	Principal	Interest	Total
2019	$ 701	$ 114	$ 815
2020	714	101	815
2021	727	88	815
2022	740	75	815
2023	754	61	815
2024-2026	2,631	98	2,729
Total notes and loans	$ 6,267	$ 537	$ 6,804

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, 2018 was $3,112. Loan debt service requirements to maturity are as follows:

Fiscal Year Ending 6/30	Principal	Interest	Total
2019	$ 1,012	$ 77	$ 1,089
2020	1,037	52	1,089
2021	1,063	26	1,089
Total notes and loans	$ 3,112	$ 155	$ 3,267

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. The outstanding balance of the loan at June 30, 2018 was $246. Total debt service to maturity of the loan are as follows:

Fiscal Year Ending 6/30	Principal	Interest	Total
2019	$ 246	$ 5	$ 251
Total notes and loans	$ 246	$ 5	$ 251

Community Learning Center property acquisition loan payable

On September 1, 2017, the City entered into an Agreement with Los Altos V. LP (Seller) for the purchase and sale of the former Northgate Market site located at 718-744 N. Anaheim Boulevard for the development of a Community Learning Center. The purchase price of the property is $4,750 of which $2,500 was paid in cash from resources of the Community Development Block Grant with the balance of $2,250 will be payable to Seller over five years at an annual interest rate of 5%. Principal and interest of $43 are due on the first of each month commencing on March 1, 2018 until February 1, 2023. The annual loan payment will be funded from the restricted resources of the Community Development Block Grant yearly entitlement. The outstanding balance of the loan at June 30, 2018 was $2,118. Total debt service to maturity are as follows:

Fiscal Year Ending 6/30	Principal	Interest	Total
2019	$ 409	$ 107	$ 516
2020	433	83	516
2021	457	59	516
2022	483	33	516
2023	336	7	343
Total notes and loans	$ 2,118	$ 289	$ 2,407

BUSINESS-TYPE ACTIVITIES:

BONDS PAYABLE

	Date Issued	Maturity	Range of Interest Rates at Issue Date	Authorized and Issued	Outstanding 6/30/2018
Electric Utility					
2009 Revenue Bonds	3/10/2009	10/1/2039	3.0%-5.25%	$ 70,000	$ 1,540
2011 Revenue Bonds	5/11/2011	10/1/2036	3.0%-5.375%	90,390	8,565
2012 Revenue Bonds	9/19/2012	10/1/2031	3.125%-5%	92,130	62,990
2014 Revenue Bonds	10/8/2014	10/1/2035	2.0%-5.0%	109,350	87,360
2015A Revenue	4/21/2015	10/1/2045	Variable [a]	50,000	50,000
2015B Revenue	7/21/2015	10/1/2035	3.0%-5.0%	92,865	85,110
2016A Revenue	10/19/2016	10/1/2041	3.0%-5.0%	219,285	126,985
2016B Revenue	10/19/2016	10/1/2028	0.80%-2.71%	69,780	11,110
2017A Revenue	12/21/2017	10/1/2028	1.57%-2.21%	42,955	42,955
2017B Revenue	12/21/2017	10/1/2036	1.14%-2.50%	194,790	194,330
Total					670,945
Unamortized bond premiums/discounts, net					75,666
Total Electric Utility					746,611
Water Utility					
2008 Revenue Bonds	7/9/2008	10/1/2038	4.0%-5.0%	48,580	405
2010 Revenue Bonds	10/28/2010	10/1/2040	2.0%-4.75%	34,525	32,775
2015 Revenue Bonds	4/21/2015	10/1/2045	2.0%-5.0%	95,885	91,915
2016-A Revenue	10/19/2016	10/1/2046	2.0%-5.0%	35,225	33,805
Total					158,900
Unamortized bond premiums/discounts, net					15,444
Total Water Utility					174,344
Sanitation Utility					
2007 Revenue Bonds	1/25/2018	2/1/2048	5%	45,705	45,705
Unamortized bond premium					8,767
Total Sanitation					54,472
Convention, Sports and Entertainment Venues					
2008 Lease Revenue Refunding Bonds	12/10/2008	8/1/2019	3.0%-5.0%	45,847	10,390
2014 Lease Revenue Bonds	11/14/2014	5/1/2046	0.4%-5.0%	230,971	213,626
Total					224,016
Unamortized bond premiums/discounts, net					14,896
Total Convention, Sports and Entertainment Venues					238,912
Total business-type activities bonds				$ 1,568,283	$ 1,214,339

a The interest is calculated weekly based on SIFMA-Based index rate and a base SIFMA spread of 0.35%. On December 1, 2020, these bonds are subject to mandatory tender for purchase.

Bonds Payable - Electric Utility

The City's Electric Utility has pledged future electric revenues, net of certain costs, to repay a total of $1,015,303 outstanding long-term obligations, principal and interest. Proceeds from bonds provided financing for various capital improvements, primarily distribution assets. The Electric Utility's bonds are payable solely from electric customer net revenues and are payable through 2046. At June 30, 2018, the annual principal and interest payments on the bonds, excluding early bond retirements, were 42.8% of net revenues. Principal and interest paid for the current fiscal year and total net revenues were $51,918 and $121,364 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
2019	$ 20,975	$ 29,745	$ 50,720
2020	25,005	28,738	53,743
2021	26,170	28,324	54,494
2022	28,920	27,748	56,668
2023	30,110	26,272	56,382
2024-2028	165,070	107,084	272,154
2029-2033	182,410	65,533	247,943
2034-2038	139,790	23,947	163,737
2039-2043	35,610	6,164	41,774
2044-2046	16,885	803	17,688
Total	670,945	344,358	1,015,303
Unamortized bond premiums/discounts, net	75,666		75,666
Total bonds	$ 746,611	$ 344,358	$ 1,090,969

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 $275,244 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, 2018, the annual principal and interest payments on the bonds were 51.9% of net revenues. Principal and interest paid for current fiscal year and total net revenues were $11,008 and $21,200 respectively.

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

Fiscal Year Ending 6/30	Principal	Interest	Total
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	4,165	6,836	11,001
2024-2028	23,855	30,949	54,804
2029-2033	30,160	24,219	54,379
2034-2038	37,305	16,547	53,852
2039-2043	33,920	7,365	41,285
2044-2047	14,570	1,316	15,886
Total	158,900	116,344	275,244
Unamortized bond premiums/discount, net	15,444		15,444
Total bonds	$ 174,344	$ 116,344	$ 290,688

Bonds Payable – Sanitation Utility

The City's Sanitation Utility has pledged future sanitation system net revenues to pay a total of $78,892 for revenue bonds issued in January 2018. 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 2048. At June 30, 2018, total principal and interest payments on the bonds were less than 41.7% of net revenues. Total principal and interest paid and total system net revenues for the current fiscal year were $2,997 and $7,184 respectively.

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

Fiscal Year Ending 6/30	Principal	Interest	Total
2019	$ 1,080	$ 2,323	$ 3,403
2020	1,170	2,231	3,401
2021	1,230	2,173	3,403
2022	1,295	2,111	3,406
2023	1,355	2,047	3,402
2024-2028	7,875	9,144	17,019
2029-2033	10,060	6,969	17,029
2034-2038	12,825	4,190	17,015
2039-2043	5,250	1,447	6,697
2044-2048	3,565	552	4,117
Total	45,705	33,187	78,892
Unamortized bond premium	8,767		8,767
Total bonds	$ 54,472	$ 33,187	$ 87,659

Bonds Payable – Convention, Sports and Entertainment Venues

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

Fiscal Year Ending 6/30	Principal	Interest	Total
2019	$ 5,096	$ 11,074	$ 16,170
2020	6,355	10,814	17,169
2021	2,400	10,628	13,028
2022	3,890	10,508	14,398
2023	4,637	10,314	14,951
2024-2028	26,894	47,852	74,746
2029-2033	34,322	40,421	74,743
2034-2038	43,804	30,939	74,743
2039-2043	55,910	18,836	74,746
2044-2046	40,708	4,137	44,845
Total	224,016	195,523	419,539
Unamortized bond premium/discounts, net	14,896		14,896
Total bonds	$ 238,912	$ 195,523	$ 434,435

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.

The Utility Department did not draw fund from the Revolving Credit during fiscal year 2018.

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, 2018, accrued interest payable for the ARTIC loan was $2,998. The City may elect to provide alternative funding from other City funds for transportation related purposes, such as gas tax funds. At June 30, 2018, the outstanding balance of the ARTIC loan was $16,500. Loan debt service requirements to maturity are as follows:

Fiscal Year Ending 6/30	Principal	Interest	Total
2019	$ 3,500		$ 3,500
2020	3,500		3,500
2021	3,500		3,500
2022	4,000		4,000
2023	2,000		2,000
2024-2025		$ 3,765	3,765
Total notes and loans	$ 16,500	$ 3,765	$ 20,265

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:

Electric Utility

Fiscal Year Ending 6/30	Principal	Interest	Total
2019	$ 29	$ 5	$ 34
2020	31	4	35
2021	31	4	35
2022	32	3	35
2023	32	3	35
2024-2026	117	4	121
Total notes and loans	$ 272	$ 23	$ 295

Sanitation Utility

Fiscal Year Ending 6/30	Principal	Interest	Total
2019	$ 19	$ 4	$ 23
2020	20	3	23
2021	20	3	23
2022	21	2	23
2023	21	2	23
2024-2026	76	3	79
Total notes and loans	$ 177	$ 17	$ 194

Convention, Sports and Entertainment Venues

Fiscal Year Ending 6/30	Principal	Interest	Total
2019	$ 2		$ 2
2020	2		2
2021	3	$ 1	4
2022	3	1	4
2023	3	1	4
2024-2026	10		10
Total notes and loans	$ 23	$ 3	$ 26

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, 2018, the arbitrage rebate liability for governmental and business-type activities was zero and $132, 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 1, 2017, the City issued a loan of $2,250 with Los Altos V. LP at an interest rate of 5% per annum to purchase the former Northgate Market site located at 718-744 N. Anaheim Boulevard for the purpose of developing a Community Learning Center. The City has recorded the loan proceed ($2,250) and the land acquisition expenditure ($4,750) in the

Community Development Block Grant nonmajor special revenue fund. The annual loan payment will be funded from the restricted resources of the Community Development Block Grant yearly entitlement. Total debt service to maturity is $2,579.

Electric Utility - Debt Issuances

On December 21, 2017, the Electric Utility issued Anaheim Housing and Public Improvement Authority (AHPIA) Bonds Series 2017-A and 2017-B in the principal amount of $237,745 at a premium of $36,027 to partially refund the AHPIA 2016 A&B Revenue Refunding Bonds ($143,470), the Anaheim Public Financing Authority 2011-A ($78,110) and 2012-A ($29,140) Revenue Bonds, to fund debt service reserve and cost of issuance expenses. The true interest costs are 1.98% and 3.60% for the 2017-A and 2017-B respectively. The total debt service to maturity is $374,460. The Electric Utility reduced its total debt service payments over the life of the refunded bonds by $19,217, and obtained a net present value savings of $12,378.

The bond proceeds, net of premium and along with $17,614 of the previous debt service reserve and accrued debt service of $1,997 totaled $293,383 were deposited as follows:

	2017-A	2017-B	Total
Debt service reserve refund	$ 2,857	$ 14,757	$ 17,614
Cost of issuance fund	206	900	1,106
Deposited in escrow for the refundings of:			
2011 APFA		86,830	86,830
2012 APFA		33,213	33,213
2016A APFA		102,348	102,348
2016B APFA	52,272		52,272
Total	$ 55,335	$ 238,048	$ 293,383

Sanitation Utility – Debt Issuance

On January 25, 2018, the Anaheim Housing and Public Improvement Authority (AHPIA) sold Sewer Revenue Bonds, Series 2018 with a principal amount of $45,705 and at a premium of $9,036 for a total of $54,741 to refund the $39,395 outstanding principal balance on the 2007 Sewer Revenue Bonds and to provide additional financing of $15,000 to complete more sewer system improvements throughout the City. The Sanitation Utility reduced its total debt service payments over the life of the bonds by $9,671, and obtained a present value savings of $6,766.

DEBT RETIREMENTS

Debt Defeased

The City defeased the following bonds prior to June 30, 2018:

	Outstanding 6/30/2018
Electric Utility	
2009-A Electric Revenue Bonds	$ 58,260
2011-A Electric Revenue Bonds	78,110
2012-A Electric Revenue Bonds	29,140
2016-A Electric Revenue Bonds	91,610
Water Utility	
2008 Water System Revenue Bonds	46,595
	$ 303,715

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, 2018, were as follows:

	Date Issued	Final Maturity	Amount Issued	Outstanding 6/30/2018
1993 Anaheim Memorial Hospital Association	10/15/1993	5/15/2020	$ 46,690	$ 6,145
2003 Anaheim Arena Financing Project	12/11/2003	6/1/2023	42,600	19,500
Total			$ 89,290	$ 25,645

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, 2018, were as follows:

	Date Issued	Final Maturity	Amount Issued	Outstanding 6/30/2018
Heritage Village Apartments	11/12/92	7/15/33	$ 8,485	$ 5,485
Sage Park Project	11/1/98	11/1/28	5,500	5,500
Solara Court Apartments	11/1/04	12/1/34	8,200	4,824
Bel Age Manor Apartments	2/1/08	2/1/44	22,350	19,399
Pradera Apartments (Lincoln Anaheim) Phase B	5/15/09	4/15/39	23,217	7,448
Anton Monaco Apartments	12/14/12	1/1/46	35,460	34,019
Crossings at Cherry Orchard Apartments Tranche A	8/23/12	12/1/44	9,365	1,060
Crossings at Cherry Orchard Apartments Tranche B	8/23/12	12/1/29	2,985	2,467
Paseo Village Apartments	2/28/13	9/1/45	19,750	12,446
Village Center Apartments	8/7/14	3/1/47	15,000	15,000
Pebble Cove Apartments Series A	8/19/15	9/1/31	13,000	12,668
Pebble Cove Apartments Taxable Subordinate Series 2015A	8/1/15	8/1/55	3,550	3,550
Hermosa Village Apartments Phase 1 Series A-1	12/28/16	7/1/49	34,169	34,169
Hermosa Village Apartments Phase 1 Series A-2	12/28/16	7/1/49	6,859	6,859
Miracle Terrace Apartments Series B-1	1/10/17	2/1/50	26,555	26,555
Miracle Terrace Apartments Series B-2	1/10/17	2/1/20	11,445	11,445
Cobblestone Apartments Series A-1	3/14/17	10/1/54	6,185	6,185
Cobblestone Apartments Series A-2	3/14/17	10/1/19	2,435	2,435
Sea Wind Apartments Series B-1	3/14/17	10/1/54	11,015	11,015
Sea Wind Apartments Series B-2	3/14/17	10/1/19	4,340	4,340
Total			$ 269,865	$ 226,869

FIDUCIARY FUNDS

Successor Agency

The following is a summary of changes in long-term liabilities for the year ended June 30, 2018:

	Beginning Balance	Additions/ Proceeds	Reductions/ Payments	Ending Balance	Within One Year
Bonds payable	$ 193,960	$ 112,195	$ (149,700)	$ 156,455	$ 7,225
Premium/(discount), net	2,032	23,041	(3,158)	21,915	
Notes and loans payable	5,832		(400)	5,432	443
Due to City of Anaheim	11,610		(1,072)	10,538	1,072
Pollution remediation liability	17,888		(310)	17,578	393
Total	$ 231,322	$ 135,236	$ (154,640)	$ 211,918	$ 9,133

Bonds Payable

2007 Tax Allocation Refunding Bonds

The Successor Agency will repay a total of $67,240, 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, 2018, total principal and interest paid was $18,008.

In January 2018, series A and C of the 2007 Tax Allocation Bonds were refunded through the issuance of the 2018 Tax Allocation Refunding Bonds.

Debt service requirements to maturity for 2007 Tax Allocation bonds, series B and D are as follows:

Fiscal Year Ending 6/30	Principal	Interest	Total
2019	$ 2,755	$ 2,880	$ 5,635
2020	2,935	2,700	5,635
2021	3,130	2,509	5,639
2022	3,330	2,306	5,636
2023	1,780	2,089	3,869
2024-2028	14,815	8,435	23,250
2029-2031	15,515	2,061	17,576
Total bonds	$ 44,260	$ 22,980	$ 67,240

2018 Tax Allocation Refunding Bonds

On January 25, 2018, the Successor Agency issued Tax Allocation Refunding Bonds, 2018 Series A and B. The bond proceeds together with the 2007 series A and C bond reserve funds were used to refund the 2007 Tax Allocation Bonds series A and C, and the 2010 Recovery Economic Zone Development Bonds. The Successor Agency will repay a total of $159,046, principal and interest, from the semi-annual RPTTF revenue allocations. The refunding bonds bear interest at rates ranging from 2.27% to 2.50% and are payable through February 2031.

Debt service requirements to maturity for 2018 Tax Allocation Refunding bonds are as follows:

Fiscal Year Ending 6/30	Principal	Interest	Total
2019	$ 4,470	$ 5,570	$ 10,040
2020	4,660	5,379	10,039
2021	4,885	5,153	10,038
2022	5,130	4,909	10,039
2023	7,155	4,653	11,808
2024-2028	47,340	17,269	64,609
2029-2031	38,555	3,918	42,473
Total	112,195	46,851	159,046
Unamortized bond premium/discounts, net	21,915		21,915
Total bonds	$ 134,110	$ 46,851	$ 180,961

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, 2018, total interest paid was $588.

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, 2018, the outstanding balance of these obligations totaled $40.

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, 2018, the outstanding balance of the participation note was $2,685.

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

Fiscal Year Ending 6/30	Principal	Interest	Total
2019	$ 443	$ 609	$ 1,052
2020	489	579	1,068
2021	1,792	439	2,231
2022		428	428
2034		428	428
2023-2027	416	1,725	2,141
2028-2032	1,273	868	2,141
2034	1,019	193	1,212
Total notes and loans	$ 5,432	$ 5,269	$ 10,701

Due to the City of Anaheim

The Successor Agency will repay a total of $5,855 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, 2018, outstanding principal due to the City for the Westgate project obligation was $4,968. Principal and interest paid for the current fiscal year were $990.

The Successor Agency will repay a total of $5,963 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 2018, the outstanding principal due to the City for the Packing House site project obligation was $4,686. Principal and interest paid for the current fiscal year were $528.

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, 2018, the pollution remediation liability is estimated to be $17,578.

Mello-Roos Community Facilities Districts

The City issued special tax bonds to finance construction in various Community Facilities Districts (CFD). 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, 2018, the City has the following outstanding Mello-Roos special tax bonds:

	Outstanding 6/30/2018
CFD 06-02	$ 7,265
CFD 08-01	60,305
	$ 67,570

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. Balance of total debt service is $9,598 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. Balance of total debt service is $106,366 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

Assets	
Cash and cash equivalents	$ 6,760
Investments	23,808
Other current assets	1,770
Restricted cash and cash equivalents	4,409
Restricted investments	20,381
Capital assets, net	111,256
Total assets	168,384
Deferred outflows of resources	2,470
Liabilities	
Current liabilities	2,587
Current liabilities payable from restricted assets	1,946
Noncurrent liabilities	63,558
Total liabilities	68,091
Deferred inflows of resources	992
Net Position	
Net investment in capital assets	68,014
Restricted for debt services	450
Restricted for capital projects	10,822
Unrestricted	22,485
Total net position	$ 101,771

Condensed Statement of Revenues, Expenses and Changes in Net Position

Waste water fees (pledged against bonds)	$ 13,500
Other revenues	148
Depreciation and amortization	(2,334)
Other operating expenses	(6,779)
Total operating Income	4,535
Nonoperating income(expenses)	
Interest income	315
Interest expense	(1,706)
Loss on disposal of capital assets	(2)
Capital contribution	572
Transfer out	(550)
Total nonoperating expense	(1,371)
Change in net position	3,164
Net position at beginning of year, as adjusted	98,607
Net position at end of year	$ 101,771

Condensed Statement of Cash Flows

Net cash provided by (used for):	
Operating activities	$ 8,533
Noncapital financing activities	(550)
Capital and related financing activities	3,764
Investing activities	(16,575)
Net decrease	(4,828)
Beginning cash and cash equivalents	15,997
Ending cash and cash equivalents	11,169
Reconciliation of cash and cash equivalents	
Cash and cash equivalent	6,760
Restricted cash and cash equivalent	4,409
Total cash and cash equivalent	$ 11,169

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, 2018 are summarized as follows:

	Miscellaneous	
Hire Date	Prior to January 1, 2013	On or after January 1, 2013
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	10.587%	10.587%

	Police Safety	
Hire Date	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	3.0% @ 50	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50	52-57
Monthly benefits, as a % of eligible compensation	3.00%	2.70%
Required employee contribution rates	9.00%	12.00%
Required employer contribution rates	21.081%	21.081%

	Fire & Rescue Safety	
Hire Date	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	3.0% @ 50	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50	50-57
Monthly benefits, as a % of eligible compensation	3.00%	2.0%-2.7%
Required employee contribution rates	9.00%	10.75%
Required employer contribution rates	17.657%	17.657%

Employees Covered

At June 30, 2017, the following employees were covered by the benefit terms for each Plan:

	Miscellan-eous	Police Safety	Fire Safety
Inactive employees or beneficiaries currently receiving benefits	2,045	549	305
Inactive employees entitled to but not yet receiving benefits	1,541	69	56
Active employees	1,709	414	205
Total	5,295	1,032	566

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. Employer contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements are classified as plan member contributions.

Effective with fiscal year 2018, CalPERS began collecting employer contributions toward the plan's unfunded liability portions as dollar amounts instead of the prior method of a contribution rate. The total required minimum employer contribution is the sum of the Employer Normal Cost Rate (Employer Rate, expressed as a percentage of payroll) plus the Employer Unfunded Accrued Liability (UAL) Contribution amount (in dollar). The following table summarizes the required contribution rates by employee and employer effective for fiscal year 2018. The contribution requirements of plan members and the City are established and may be amended by CalPERS.

				Employer Rate		Total Rate			
Employee Group	**CalPERS[1] Membership**	**Retirement Formula**	**Employee Rate**	**Employee[2]**	**City**	**Employee**	**City**	**Total Rate**	**FY 2018 UAL Contribution[3]**
Miscellaneous Employees									
Management; Confidential	Classic	2.7% @ 55	8.00%	4.00%	6.59%	12.00%	6.59%	18.59%	
Anaheim Municipal Employees Association (AMEA) General	New	2% @ 62	6.75%	0.00%	10.59%	6.75%	10.59%	17.34%	$22,936
Anaheim Municipal Employees Association (AMEA) Clerical									
International Brotherhood of Electrical Workers (IBEW)									
Anaheim Police Association Trainees									
Safety Employees									
Fire Management	Classic	3% @ 50	9.00%	3.00%	14.66%	12.00%	14.66%	26.66%	
Anaheim Fire Association (AFA)	Classic	2% @ 50	9.00%	3.00%	14.66%	12.00%	14.66%	26.66%	
	New	2.7% @ 57	10.75%	0.00%	17.66%	10.75%	17.66%	28.41%	$5,880
Police Management	Classic	3% @ 50	9.00%	3.00%	18.08%	12.00%	18.08%	30.08%	
Anaheim Police Management Association (APMA)	New	2.7% @ 57	12.00%	0.00%	21.08%	12.00%	21.08%	33.08%	$9,491
Anaheim Police Association (APA)									

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

[2] PERS Cost Share is the employee contribution towards the employer's Normal Cost (NC) Rate. Normal cost is the annual cost of service accrual for the upcoming fiscal year for active employees. Normal cost is shown as a percentage of payroll and paid as part of the payroll reporting process.

[3] The Unfunded Accrued Liability (UAL) is the amortized dollar amount needed to fund past service credit earned (or accrued) for members who are currently receiving benefits, active members, and for members entitled to deferred benefits, as of the valuation date

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 in the General Fund, the Housing Authority Major Special Revenue Fund, the Nonmajor Special Revenue Fund and the Nonmajor Capital Project Funds.

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 are 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, 2017. Liabilities are based on the results of the actuarial calculations performed as of June 30, 2016 and were rolled forward to determine the June 30, 2017 total pension liability. Fiduciary net position is based on fair value of investments as of June 30, 2017.

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

Actuarial Assumptions:

Valuation Date (VD)	June 30, 2016
Measurement Date (MD)	June 30, 2017
Measurement Period	July 1, 2016 to June 30, 2017
Reporting Date (RD)	June 30, 2018
Actuarial Cost Method	Entry Age Normal in accordance with the requirements of GASB 68
Asset Valuation Method	Market Value of Assets
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.75%
Salary Increase	Varies by Entry Age and Service
Payroll Growth	3.00%
Investment Rate of Return	7.15% Net of Pension Plan Investment and Administrative Expenses, includes inflation
Retirement Age	The probabilities of Retirement are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011.
Mortality	The probabilities of mortality are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011. Pre-retirement and Post-retirement mortality rates include 20 years of projected mortality improvement using Scale BB published by the Society of Actuary.
Post Retirement Benefits Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter.

Change of Assumptions

In 2017, the accounting discount rate reduced from 7.65% to 7.15%.

Discount Rate

The discount rate used to measure the total pension liability was 7.15 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. The tests revealed the assets would not run out. Therefore, the current 7.15 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 7.15 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 expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent. The table below reflects long-term expected real rate of return by asset class.

The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. The target allocation shown was adopted by CalPERS effective July 1, 2014.

Asset Class	Current Target Allocation	Real Return Years 1-10 [1]	Real Return Years 11+ [2]
Global Equity	47.00%	4.90 %	5.38 %
Global Fixed Income	19.00%	0.80 %	2.27 %
Inflation Sensitive	6.00%	0.60 %	1.39 %
Private Equity	12.00%	6.60 %	6.63 %
Real Estate	11.00%	2.80 %	5.21 %
Infrastructure and Forestland	3.00%	3.90 %	5.36 %
Liquidity	2.00%	(0.40 %)	(0.90 %)
	100.00%		

[1] An expected inflation of 2.5% used for this period

[2] An expected inflation of 3.0% used for this period

Recognition of Gains and Losses

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

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

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

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:

Miscellaneous Plan:	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (c) = (a) - (b)
Balance at June 30, 2016 (VD)	$ 1,245,540	$ 883,735	$ 361,805
Changes recognized for the Measurement Period:			
Service Cost	23,736		23,736
Interest on the Total Pension Liability	93,754		93,754
Changes of Assumptions	76,961		76,961
Difference between Expected and Actual Experience	8,902		8,902
Plan to Plan Resource Movement		2	(2)
Contribution from the Employer		33,276	(33,276)
Contributions from Employees		9,743	(9,743)
Net Investment Income		97,855	(97,855)
Benefit Payments, including Refunds of Employee Contributions	(64,059)	(64,059)	
Administrative Expenses		(1,305)	1,305
Net Changes during 2016-2017	139,294	75,512	63,782
Balance at 6/30/2017 (MD)	$ 1,384,834	$ 959,247	$ 425,587

Police Safety Plan:	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (c) = (a) - (b)
Balance at June 30, 2016 (VD)	$ 685,188	$ 491,528	$ 193,660
Changes recognized for the Measurement Period:			
Service Cost	15,914		15,914
Interest on the Total Pension Liability	51,464		51,464
Changes of Assumptions	43,497		43,497
Difference between Expected and Actual Experience	225		225
Plan to Plan Resource Movement			
Contribution from the Employer		19,615	(19,615)
Contributions from Employees		4,741	(4,741)
Net Investment Income		54,262	(54,262)
Benefit Payments, including Refunds of Employee Contributions	(34,195)	(34,195)	
Administrative Expenses		(725)	725
Net Changes during 2016-2017	76,905	43,698	33,207
Balance at 6/30/2017 (MD)	$ 762,093	$ 535,226	$ 226,867

Fire & Rescue Safety Plan:	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (c) = (a) - (b)
Balance at June 30, 2016 (VD)	$ 394,090	$ 281,742	$ 112,348
Changes recognized for the Measurement Period:			
Service Cost	6,600		6,600
Interest on the Total Pension Liability	29,093		29,093
Changes of Assumptions	23,564		23,564
Difference between Expected and Actual Experience	(3,028)		(3,028)
Plan to Plan Resource Movement			
Contribution from the Employer		10,350	(10,350)
Contributions from Employees		2,316	(2,316)
Net Investment Income		31,036	(31,036)
Benefit Payments, including Refunds of Employee Contributions	(22,071)	(22,071)	
Administrative Expenses		(416)	416
Net Changes during 2016-2017	34,158	21,215	12,943
Balance at 6/30/2017 (MD)	$ 428,248	$ 302,957	$ 125,291

Combined Total:	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (c) = (a) - (b)
Balance at June 30, 2016 (VD)	$ 2,324,818	$ 1,657,005	$ 667,813
Changes recognized for the Measurement Period:			
Service Cost	46,250		46,250
Interest on the Total Pension Liability	174,311		174,311
Changes of Assumptions	144,022		144,022
Difference between Expected and Actual Experience	6,099		6,099
Plan to Plan Resource Movement		2	(2)
Contribution from the Employer		63,240	(63,240)
Contributions from Employees		16,801	(16,801)
Net Investment Income		183,153	(183,153)
Benefit Payments, including Refunds of Employee Contributions	(120,325)	(120,325)	
Administrative Expenses		(2,446)	2,446
Net Changes during 2016-2017	250,357	140,425	109,932
Balance at 6/30/2017 (MD)	$ 2,575,175	$ 1,797,430	$ 777,745

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 7.15 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 (6.15 percent) or 1 percentage-point higher (8.15 percent) than the current rate:

Plans' Net Pension Liability	Discount Rate - 1% (6.15%)	Discount Rate (7.15%)	Discount Rate + 1% (8.15%)
Miscellaneous	$ 611,022	$ 425,587	$ 272,676
Police Safety	332,815	226,867	140,125
Fire & Rescue Safety	181,690	125,291	78,800
Combine total	$ 1,125,527	$ 777,745	$ 491,601

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, 2018, the City recognized pension expense of $101,465. At June 30, 2018, 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	$ 66,792	
Changes of Assumptions	102,279	$ 4,653
Difference between Expected and Actual Experiences	9,649	19,333
Net difference between projected and actual earnings on plan investments	24,752	
Change in proportions	4,494	4,494
Total	$ 207,966	$ 28,480

$66,792 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, 2018. Other amounts reported in deferred outflows and deferred inflows of resources related to pensions will be recognized as a component in pension expense as follows:

Measurement Period Ended June 30	
2018	$ 24,374
2019	73,294
2020	25,838
2021	(10,812)
Total	$112,694

Payable to the Pension Plans

At June 30, 2018, the City reported a payable of $878 for the outstanding amount of contributions to the pension plan required for the fiscal year ended June 30, 2018.

NOTE 11 - Other postemployment Benefits

Plan Description

The City provides other postemployment benefits (OPEB) to eligible regular full-time employees who retired from city services in a single-employer defined benefit healthcare plan (Plan). The Plan participates in the California Employers' Retiree Benefit Trust (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 CalPERS. A copy of the aggregated CERBT annual financial report may be obtained @www.calpers.ca.gov.

The City's OPEB Plan provides medical, dental and life insurance coverage to eligible retirees. This coverage is available for employees who retire from City services with PERS and meet the eligibility requirements in accordance with City Personnel Resolutions and various Memoranda of Understanding summarized as follows:

Employee Group	Date of Hire	Eligibility Requirement	City Contribution Formulas [1]
Management Council - Unrepresented Anaheim Municipal Employees Association (AMEA)	Before 1/1/1996	Age 50 with 10 years of continuous full time City services; must have been awarded a retirement from PERS as the reason for separation from City service	1.5 multiplied by Miscellaneous 2% @ 60 PERS retirement schedule based on employee's age at retirement & City service accrued through 12/31/2005
Police Safety	Before 7/6/2001	Age 50 with 10 years of continuous full time City services; must have been awarded a retirement from PERS as the reason for separation from City service	1.2 multiplied by 2% @ 50 Safety PERS based on the employee's age and years of City service at the time of retirement
Fire Safety	Before 11/9/2001	Age 50 with 10 years of continuous full time City services; must have been awarded a retirement from PERS as the reason for separation from City service	1.2 multiplied by 2% @ 50 Safety PERS based on the employee's age and years of City service at the time of retirement

[1] The maximum City contribution for the retiree's OPEB is 95% of the annual contribution amount for active employees

Regular full time employees hired after the dates above have access to the City's medical and dental plans but do not receive a defined benefit.

Benefits provided

The City provides healthcare, dental and vision benefits for retirees and their dependents. Benefits are provided through payment of insurance premiums.

Additionally, full time employees who retire from the City at age 50 or older with 5 years of City service receive life insurance benefits. Retirees receive a paid-up life insurance policy at retirement. The City pays the full cost of the life insurance coverage.

Employees Covered

As of the June 30, 2017 actuarial valuation, the following employees were covered by the benefit terms of the OPEB Plan:

Inactive employees or beneficiaries currently receiving benefit payments	1,320
Inactive employees entitled to but not yet receiving benefit payments	84
Active employees	1,864
Total	3,268

Contributions

The contribution requirements of plan members and the City are established in accordance with City Personnel Resolutions, Council Resolution and various Memoranda of Understanding. The retired plan members receiving benefits make varying contributions toward the cost of these benefits. The City contributes an amount not less than the annual actuarially Determined Contribution (ADC) measured in accordance to the parameters of GASB Statement No. 75. The ADC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortization of any unfunded actuary liabilities over a closed 30-year period.

City contributions to the Plan occur as benefits are paid to retirees or contributions to the OPEB Trust. Benefit payments occur in the form of direct payments for premiums and taxes (explicit subsidies) and indirect payments to retirees in the form of higher premiums for active employees (implicit subsidies).

For the fiscal year ended June 30, 2018, the City contributed the full amount of the ADC totaled $16,368 of which included insurance premiums of $19,069, implicit subsidy of $2,541, and cash contribution to the CERBT of $306 offsetting by retiree contributions of $5,548.

Net OPEB Liability

The City's OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

Actuarial assumptions.

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

Valuation Date (VD)	June 30, 2017
Measurement Date (MD)	June 30, 2017
Measurement Period	July 1, 2016 to June 30, 2017
Reporting Date (RD)	June 30, 2018
Actuarial Cost Method	Entry Age Normal Cost, level percent of pay
Asset Valuation Method	Market Value of Assets
Actuarial Assumptions:	
Long Term Return on Assets	7.28%
Discount Rate	7.28%
General Inflation Rate	2.75%
Salary Increase	3.25% per year, used only to allocate the cost of benefits between service years
Assumed Wage Inflation	3.0% per year, used to determine amortization payments if developed on a level percent of pay basis
Participants Valued	Only current active employees and retired participants and covered dependents are valued. No future entrants are considered in this valuation.
Participation Rates	*Active employees expected to qualify for explicit City benefits in retirement:* 90% of future retirees are assumed to elect coverage through the City in retirement;
	Active employees not eligible for explicit City benefits in retirement: 22.5% are assumed to continue their current medical plan elections in retirement;
	Current retirees: All currently participating retirees are assumed to continue their existing medical and dental plan elections for the remainder of their lifetime. 50% of retirees eligible for benefits but currently waiving coverage are assumed to rejoin the plan.
Demographic	Based on the 2014 experience study of the CalPERS using data from 1997 to 2011, except for a different basis used to project future mortality improvements. The representative mortality rates were those published by CalPERS, adjusted to back out 20 years of Scale to central year 2008
Mortality Improvement	Bickmore Scale 2017 applied generationally
Healthcare Trend	8.0% for year 2018, decreasing 0.5% per year to an ultimate rate of 5.0% for year 2025 & later

Change of Assumptions

The June 30, 2017 actuarial valuation has the following changes since the prior valuation:

Actuarial Cost Method	The cost method applied to develop the ADC is the Entry Age Normal Level Dollar Method. As required by GASB 75, the Entry Age Normal Level Percent of Pay method was used to develop liabilities. The difference was relatively minor.
Mortality improvement	Updated from Bickmore Scale 2014 to Bickmore Scale 2017 based on new data published by the Society of Actuaries and the Social Security Administration.
Healthcare trend	Assumed to increase at slightly higher rates from 2018 through 2024 than was assumed in the prior valuation.
Spouse coverage	Modified the prior 75% assumption of future retiree spouse coverage to 70%, if eligible for explicit City benefits, and to 60%, if not eligible for explicit City benefits, based on a review of current retiree and active employee elections.
Retiree participation	Assumed participation of retirees age 70 or older and eligible for, but waiving coverage, was reduced from 50% to 25%.

Discount Rate

The discount rate used to measure the total OPEB liability was 7.28%. The projection of cash flows used to determine the discount rate assumed that City contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

The long-term expected rate of return on the CERBT OPEB plan investments were determined using a building block approach in which expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major class. This approach considers the general inflation rate assumption, real risk-free rate of investment return and risk premiums which vary by each asset due to unique attributes and risks. The City's OPEB Plan participates in CERBT portfolio investment Strategy 1. The target allocation and best estimates of arithmetic real rates of return for each major asset class of Strategy 1 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return [1]
Global Equity	57%	5.71%
Fixed Income	27%	2.40%
Treasury Inflation-Protected Securities	5%	2.25%
Real Estate Investment Trusts	8%	7.88%
Commodities	3%	4.95%

[1] Geometric representation; inflation 3%

Recognition of Plan Changes and Gains and Losses

Under GASB 75, gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time.

Timing of recognition: Changes in the Total OPEB liability relating to changes in plan benefits are recognized immediately (fully expensed) in the year in which the change occurs. Gains and Losses are amortized, with the applicable period based on the type of gain or loss. The first amortized amount are recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense.

Difference between projected and actual earnings on investments	5 year straight-line amortization
All other amounts	Straight-line amortization over the expected average remaining service lifetime (EARSL) of all members that are provided with benefits (active, inactive, and retired) as of the beginning of the measurement period. In determing the EARSL, all active, retired and inactive (vested) members are counted, with the latter two groups having 0 remaining service years.

Changes in the OPEB Liability

The following table shows the changes in the net OPEB liability of the City's Plan recognized over the measurement period.

	Increase (Decrease)		
	Total OPEB Liabilities (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance at 06/30/2016	$ 274,520	$ 75,700	$ 198,820
Changes for the year:			
Service cost	2,032		2,032
Interest on Total OPEB Liability	19,550		19,550
Expected investment income		5,509	(5,509)
Changes of Assumptions	4,617		4,617
Differences between Expected and Actual	(14,382)		(14,382)
Contributions - Employer		16,016	(16,016)
Investment experience		2,501	(2,501)
Benefit payments	(16,016)	(16,016)	
Trust Administrative Expense		(41)	41
Net Change	(4,199)	7,969	(12,168)
Balance at: 06/30/2017	$ 270,321	$ 83,669	$ 186,652

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

The following presents the net OPEB liability of the City if it were calculated using a discount rate that is 1 percentage-point lower (6.28%) or 1 percentage-point higher (8.28%) than the current rate:

	1% Decrease 6.28%	Discount Rate 7.28%	1% Increase 8.28%
Net OPEB Liability	$220,440	$186,652	$158,696

Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rates

The following presents the net OPEB liability of the City if it were calculated using health care cost trend rates that are 1 percentage-point lower or 1 percentage point higher than the current rate, for measurement period ended June 30, 2017:

	1% Decrease 7.0%	Current Medical Trend 8.0%	1% Increase 9.0%
Net OPEB Liability	$153,721	$186,652	$227,649

OPEB Plan fiduciary net position

Detailed information about the OPEB Plan's fiduciary net position is available in the separately issued CERBT annual financial report which may be obtained @www.calpers.ca.gov

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2018, the City recognized OPEB expense of $13,886. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	$ 16,368	
Changes of Assumptions	3,801	
Difference between Expected and Actual Experiences		$ 11,837
Net difference between projected and actual earnings on plan investments		2,001
Total	$ 20,169	$ 13,838

Amount reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Measurement Period Ended June 30	
2018	$ (2,228)
2019	(2,228)
2020	(2,228)
2021	(2,228)
2022	(1,125)
Total	$ (10,037)

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, 2018, was as follows:

Total assets	$ 277
Members' equity	277
Total revenues	111
Total expenses	69
Change in net position	42

Hazmat does not have any debt outstanding at June 30, 2018.

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 & Rescue 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, 2018, was as follows:

Total assets	$ 1,596
Total liabilities	213
Members' equity	1,383
Total revenues	6,328
Total expenses	6,461
Change in net position	(133)

The City has no significant equity interest in the Fire & Rescue Authority, and accordingly neither assets nor liabilities of the Fire & Rescue Authority have been recorded in the City's basic financial statements. For a copy of the Fire & Rescue 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, 2018, was as follows:

Total assets	$ 1,700
Total liabilities	171
Members' equity	1,529
Total revenues	1,083
Total expenses	1,044
Change in net position	39

Jointly-owned utility plants

Songs

On December 29, 2006, The Electric Utility sold its 3.16% ownership interest of SONGS to SCE. As such, the Electric Utility ceased recording all related operating expenses, except marine mitigation costs, and spent fuel storage charges. 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 approximately $2,300 to $7,300. The Electric Utility is responsible for spent fuel storage charges until the federal government takes possession. The Decommissioning Trust Fund will continue to pay for spent fuel storage charges.

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 United States of America.

San Juan Generating Station

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 two of the four units. As co-owner of one of the units that is not being closed, on December 31, 2017, the Electric Utility relinquished its 10.04% ownership interest in the existing coal-fired SJ, Unit 4, located near Waterflow, New Mexico to the parties that will continue in the Plant. Other participants include Public Service of New Mexico, 45.485%; the City of Farmington, 8.475%; the County of Los Alamos, 7.200%; and M-S-R Public Power Agency, 28.800%. The Electric Utility's original purchase cost and cumulative share of ongoing construction costs included in utility plant at December 31, 2017 amounted to $84,616. All capital assets related to the San Juan unit were fully depreciated and retired as of June 30, 2018. There are no separate financial statements for this venture, as each participant's interest is reflected in its respective financial statements. Refer to note 1 on pages 53-54 Provision for decommissioning costs related to the decommissioning trust fund set-aside for the future decommissioning of the Plant.

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 Uprating (Hoover)	42.6 %	2018
Magnolia Generating Station (Magnolia)	38	2037
Canyon Power Project (Canyon)	100	2040
Natural Gas Reserve Projects (Natural Gas)		
SCPAA Natural Gas Project-Pinedale, Wyoming	35.7 %	2033
SCPPA Natural Gas Project-Barnett, Texas	45.5	2033

<u>Take or pay commitments</u>

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.

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.

Fiscal Year Ending 6/30	IPA	STS	MAP	MPP	Magnolia	Natural Gas	Canyon	Total
2019	$27,684	$13,704	$2,882	$1,555	$ 6,294	$ 5,360	$ 14,948	$72,427
2020	30,496	12,003	2,859	1,538	6,293	4,895	16,668	74,752
2021	31,192	13,761	2,136	1,142	48,531	4,514	16,638	117,914
2022	12,351	16,403			5,436	4,169	16,629	54,988
2023	10,415	12,602			4,801	3,854	16,618	48,290
2024-2028	(444)	35,028			22,800	15,371	82,921	155,676
2029-2033					23,433	10,502	98,665	132,600
2034-2038					30,030		102,641	132,671
2039-2043							61,054	61,054
Total	$111,694	$103,501	$7,877	$4,235	$147,618	$48,665	$426,782	$850,372

The fiscal year 2018 expenses for fuel, O&M, A&G and other costs at these projects were as follows:

Fiscal Year	IPA	STS	MAP	MPP	Magnolia	Natural Gas	Canyon	Total
2018	$40,302	$5,572	$79	$472	$16,857	$659	$11,967	$75,908

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 $10,596 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, 2018, the value of prepaid Cap and Trade allowance is $19,854, and the value of the Cap and Trade obligation is $16,060.

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	
2019	$ 59
2020	62
2021	65
2022	65
2023	65
2024-2028	349
2029-2033	384
2034-2038	422
2039-2043	464
2044-2045	143
Total minimum future rentals	$ 2,078

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, 2018, the outstanding conduit debt on the Honda Center totaled $19,500. 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 $204 for the year ended June 30, 2018, 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, 2018, 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 2018, the City has paid $828 with an estimated unpaid balance of $6,177.

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, 2018, the City had the following commitments with respect to unfinished capital projects, disposition and development agreements, reimbursement agreements and cooperation agreements:

Capital Projects	Remaining Construction Commitment	Expected Completion Date
Anaheim Coves Northern Extention Phase II	$ 3,239	2018
Anaheim Resort Electric Line Extension	2,118	2018
Cerritos Ave Sidewalk Gap Closure And Intersection	826	2019
Electric Reliability Improvement	5,498	2019
Equipping Of Well No. 59	585	2018
Gene Autry Way Improvement East Of Westside Drive To State	6,560	2018
Harbor 69-12Kv Substation Design/Build	16,294	2019
Heating Ventilation and Air Conditioning System	1,915	2018
Katella Substation To Central Anaheim 12 Kv Line Extension	1,048	2018
Katella Water Main Replacement Project	3,759	2018
La Palma Complex Reservoir And Pump Station	1,378	2018
Manzanita Skate Park And Logan Wells Skate Zone	675	2019
Orange Avenue Rehabilitation	594	2018
Platinum Triangle Electric Line Extension Project	11,905	2019
Rehabilitation And Expansion Of Lenain Water Treatment Plant	15,508	2020
Solar For Schools	4,614	2018
Street Improvement-La Palma Ave; Romneya Drive And Acacia	2,381	2018
Street Improvement-Lincoln Ave From State College To Sunkist	529	2018
Underground District #50 - Euclid Street	12,261	2019
Underground District #62 - Phase 2, Miraloma Ave	1,243	2018
Underground District #63 - Lincoln / Rio Vista	3,051	2018
Underground District #64 - Orangewood Ave	4,840	2018
Vehicle Acquisitions	1,665	2018
Total	$ 102,486	

NOTE 14 – SUBSEQUENT EVENTS:

On August 28, 2018, the Anaheim City Council and Walt Disney Parks and Resorts U.S., Inc. mutually agreed to terminate two agreements that the parties had previously entered into: (1) the Agreement Concerning Entertainment Tax Reimbursement dated July 7, 2015 (“Entertainment Tax Agreement”), and (2) the Operating Covenant Agreement dated July 1, 2016 (collectively, “Agreements”). Under the Entertainment Tax Agreement, Disney was required to make a minimum $1 billion of capital improvements to receive an extended entertainment tax rebate period of 30 years, were the City to ever impose an entertainment tax. There was an option to extend the rebate period an additional 15 years were Disney to make another $500 million investment in the future. Under the Operating Covenant Agreement, Disney was required to construct, operate, and maintain a AAA Four Diamond Hotel for at least 20 years, in exchange for a 70% rebate on the transient occupancy tax that would be generated.

On November 20, 2018, the Anaheim City Council approved a Termination Agreement to effect the City’s election to exercise the Purchase Option under the Honda Center, located at 2695 E Katella Avenue, lease-in, lease-out transaction, or “LILO,” The Termination Agreement effectuates the Purchase Option on January 2, 2019. All funds necessary to make the Purchase Option payments under the various agreements were deposited with various payment undertakers at the inception of the transaction and will be used to effectuate the Purchase Option without further cost to the City, other than minor legal expenses. Refer to note 13 of the notes to the financial statement of this report on pages 89-90 for further discussion of the lease agreements of the Honda Center.

Required Supplementary Information

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

(In thousands)

	Miscellaneous	Police Safety	Fire Safety	Total	Miscellaneous	Police Safety	Fire Safety	Total
Measurement Period:	**2016-2017**	**2016-2017**	**2016-2017**	**2016-2017**	**2015-2016**	**2015-2016**	**2015-2016**	**2015-2016**
TOTAL PENSION LIABILITY								
Service cost	$ 23,736	$ 15,914	$ 6,600	$ 46,250	$ 19,841	$ 13,551	$ 5,572	$ 38,964
Interest on the Total Pension Liability	93,754	51,464	29,093	174,311	89,941	49,349	28,550	167,840
Changes of Assumptions	76,961	43,497	23,564	144,022				
Difference Between Expected and Actual Experience	8,902	225	(3,028)	6,099	(28,822)	6,919	(2,504)	(24,407)
Benefit Payments, including Refunds of Employee Contributions	(64,059)	(34,195)	(22,071)	(120,325)	(60,039)	(32,039)	(20,907)	(112,985)
Net Change in Total Pension Liability	139,294	76,905	34,158	250,357	20,921	37,780	10,711	69,412
Total Pension Liability - Beginning	1,245,540	685,188	394,090	2,324,818	1,224,619	647,408	383,379	2,255,406
Total Pension Liability - Ending (a)	$ 1,384,834	$ 762,093	$ 428,248	$2,575,175	$ 1,245,540	$ 685,188	$ 394,090	$2,324,818
PLAN FIDUCIARY NET POSITION								
Contributions - Employer	$ 33,275	$ 19,615	$ 10,350	$ 63,240	$ 31,595	$ 17,527	$ 9,483	$ 58,605
Contributions - Employees	9,744	4,741	2,316	16,801	9,812	4,726	2,328	16,866
Net Investment Income	97,855	54,262	31,036	183,153	4,556	2,607	1,449	8,612
Benefit Payments, including Refunds of Employee Contributions	(64,059)	(34,195)	(22,071)	(120,325)	(60,039)	(32,039)	(20,907)	(112,985)
Plan to Plan Resource Movement	2			2	(34)			(34)
Administrative Expense	(1,305)	(725)	(416)	(2,446)	(548)	(304)	(177)	(1,029)
Net Change in Fiduciary Net Position	75,512	43,698	21,215	140,425	(14,658)	(7,483)	(7,824)	(29,965)
Plan Fiduciary Net Position - Beginning	883,735	491,528	281,742	1,657,005	898,393	499,011	289,566	1,686,970
Plan Fiduciary Net Position - Ending (b)	959,247	535,226	302,957	1,797,430	883,735	491,528	281,742	1,657,005
Plan Net Pension Liability - Ending (a) - (b)	$ 425,587	$ 226,867	$ 125,291	$ 777,745	$ 361,805	$ 193,660	$ 112,348	$ 667,813
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	69.27%	70.23%	70.74%	69.80%	70.95%	71.74%	71.49%	71.27%
Covered Payroll	$ 120,653	$ 48,294	$ 22,688	$ 191,635	$ 111,398	$ 46,479	$ 21,600	$ 179,477
Plan Net Pension Liability as a Percentage of Covered Payroll	352.74%	469.76%	552.23%	405.85%	324.79%	416.66%	520.13%	372.09%

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

Notes:
Benefit Changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2016 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 2017, the accounting discount rate reduced from 7.65% to 7.15%. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5% (net of administrative expense) to 7.65% (without a reduction for pension plan administrative expense.) In 2014. amount reported were based on the 7.5% discount rate.

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

(In thousands) (continued)

Measurement Period	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
TOTAL PENSION LIABILITY								
Service cost	$ 20,334	$ 12,193	$ 5,419	$ 37,946	$ 21,254	$ 13,088	$ 5,961	$ 40,303
Interest on the Total Pension Liability	88,334	46,658	27,760	162,752	85,591	45,898	27,044	158,533
Changes of Assumptions	(21,249)	(11,546)	(6,582)	(39,377)				
Difference Between Expected and Actual Experience	(16,296)	(19,370)	(4,549)	(40,215)				
Benefit Payments, including Refunds of Employee Contributions	(57,158)	(30,517)	(19,944)	(107,619)	(53,552)	(28,845)	(18,657)	(101,054)
Net Change in Total Pension Liability	13,965	(2,582)	2,104	13,487	53,293	30,141	14,348	97,782
Total Pension Liability - Beginning	1,210,654	649,990	381,275	2,241,919	1,157,361	619,849	366,927	2,144,137
Total Pension Liability - Ending (a)	$ 1,224,619	$ 647,408	$ 383,379	$2,255,406	$ 1,210,654	$ 649,990	$ 381,275	$2,241,919
PLAN FIDUCIARY NET POSITION								
Contributions - Employer	$ 25,375	$ 14,663	$ 7,622	$ 47,660	$ 23,841	$ 13,505	$ 7,723	$ 45,069
Contributions - Employees	8,877	4,192	2,075	15,144	8,893	4,064	2,337	15,294
Net Investment Income	20,081	10,967	6,515	37,563	135,468	75,115	44,305	254,888
Benefit Payments, including Refunds of Employee Contributions	(57,158)	(30,517)	(19,944)	(107,619)	(53,552)	(28,845)	(18,657)	(101,054)
Plan to Plan Resource Movement	(5)	5						
Administrative Expense	(1,011)	(562)	(326)	(1,899)				
Net Change in Fiduciary Net Position	(3,841)	(1,252)	(4,058)	(9,151)	114,650	63,839	35,708	214,197
Plan Fiduciary Net Position - Beginning	902,234	500,263	293,624	1,696,121	787,584	436,424	257,916	1,481,924
Plan Fiduciary Net Position - Ending (b)	898,393	499,011	289,566	1,686,970	902,234	500,263	293,624	1,696,121
Plan Net Pension Liability - Ending (a) - (b)	$ 326,226	$ 148,397	$ 93,813	$ 568,436	$ 308,420	$ 149,727	$ 87,651	$ 545,798
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	73.36%	77.08%	75.53%	74.80%	74.52%	76.96%	77.01%	75.65%
Covered Payroll	$ 112,039	$ 41,800	$ 20,935	$ 174,774	$ 110,815	$ 43,204	$ 22,107	$ 176,126
Plan Net Pension Liability as a Percentage of Covered Payroll	291.17%	355.02%	448.12%	325.24%	278.32%	346.56%	396.49%	309.89%

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

Notes:

Benefit Changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2016 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 2017, the accounting discount rate reduced from 7.65% to 7.15%. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5% (net of administrative expense) to 7.65% (without a reduction for pension plan administrative expense.) In 2014. amount reported were based on the 7.5% discount rate.

Schedule of Pension Plan Contributions
Last Ten Fiscal Years [1]

(In thousands)

Fiscal Year	Pension Plan	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll [2]	Contributions as a Percentage of Covered Payroll [2]
2017-2018	Miscellaneous	$ 35,932	$ (35,932)		$ 121,096	29.67%
	Police Safety	20,410	(20,410)		51,770	39.42%
	Fire Safety	10,450	(10,450)		25,866	40.40%
	Total	$ 66,792	$ (66,792)		$ 198,732	33.61%
2016-2017	Miscellaneous	$ 33,275	$ (33,275)		$ 120,653	27.58%
	Police Safety	19,615	(19,615)		48,294	40.62%
	Fire Safety	10,350	(10,350)		22,688	45.62%
	Total	$ 63,240	$ (63,240)		$ 191,635	33.00%
2015-2016	Miscellaneous	$ 31,141	$ (31,595)	$ (454)	$ 111,398	28.36%
	Police Safety	17,527	(17,527)		46,479	37.71%
	Fire Safety	9,483	(9,483)		21,600	43.90%
	Total	$ 58,151	$ (58,605)	$ (454)	$ 179,477	32.65%
2014-2015	Miscellaneous	$ 25,375	$ (25,375)		$ 112,039	22.65%
	Police Safety	14,663	(14,663)		41,800	35.08%
	Fire Safety	7,622	(7,622)		20,935	36.41%
	Total	$ 47,660	$ (47,660)		$ 174,774	27.27%
2013-2014	Miscellaneous	$ 23,841	$ (23,841)		$ 110,815	21.51%
	Police Safety	13,505	(13,505)		43,204	31.26%
	Fire Safety	7,723	(7,723)		22,107	34.93%
	Total	$ 45,069	$ (45,069)		$ 176,126	25.59%

[1] Historical information is required only for measurement periods for which GASB 68 is applicable. Additional years will be presented as they become available.
[2] Includes one year's payroll growth using 3.00% payroll assumption

Notes to Schedule:

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2016-2017 were derived from the June 30, 2014 funding valuation reports.

Actuarial Cost Method	Entry Age Normal
Amortization Method/Period	For details, see June 30, 2014 Funding Valuation Report
Asset Valuation Method	Market Value of Assets
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Payroll Growth	3%
Investment Rate of Return	7.15% Net of Pension Plan Investment and Administrative Expenses; includes Inflation
Retirement Age	The probabilities of Retirement are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011.
Mortality	The probabilities of mortality are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011. Pre-retirement and Post-retirement mortality rates include 20 years of projected mortality improvement using Scale BB published by the Society of Actuaries.

See accompanied independent auditors’ report

Schedule of Changes in the Net Other Postemployment Benefits (OPEB) Liability and Related Ratios Last Ten Fiscal Years[1]

(Amounts in Thousands)

Measurement Period:	2016-2017
TOTAL OPEB LIABILITY	
Service cost	$ 2,032
Interest on the Total OPEB Liability	19,550
Difference Between Expected and Actual Experience	(14,382)
Changes of Assumptions	4,617
Benefit Payments, including Refunds of Employee Contributions	(16,016)
Net Change in Total OPEB Liability	(4,199)
Total OPEB Liability - Beginning	274,520
Total OPEB Liability - Ending (a)	270,321
PLAN FIDUCIARY NET POSITION	
Contributions - Employer	16,016
Net Investment Income	8,010
Benefit Payments, including Refunds of Employee Contributions	(16,016)
Administrative Expense	(41)
Net Change in Fiduciary Net Position	7,969
Plan Fiduciary Net Position - Beginning	75,700
Plan Fiduciary Net Position - Ending (b)	83,669
Plan Net OPEB Liability - Ending (a) - (b)	$ 186,652
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	30.95%
Covered-Employee Payroll	$ 203,473
Plan Net OPEB Liability as a Percentage of Covered Employee Payroll	91.73%

[1] Historical information is required only for measurement periods for which GASB 75 is applicable. Additional years will be presented as they become available.

See accompanied independent auditors' report

Schedule of Other Postemploment Benefits (OPEB) Plan Contributions
Last Ten Fiscal Years[1]

(Amounts in Thousands)

Measurement Period	**2017-2018**	**2016-2017**
Actuarially Determined Contribution (ADC)	$ 16,368	$ 15,937
Contribution in relation to ADC	$ 16,368	$ 16,016
Contribution deficiency (excess)		(79)
Covered-Employee Payroll	$ 209,435	$ 203,473
Contributions as a Percentage of Covered-employee Payroll	7.82%	7.87%

[1] Historical information is required only for measurement periods for which GASB 75 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 2016-2017 were derived from the July 1, 2015 Actuarial Valuation Report.

Methods and assumptions used to determine contributions:

Actuarial Cost Method	Entry Age Normal Cost, level percent of pay
Amortization Method/Period	Level percent of payroll over a closed 30-year period initially beginning July 1, 2007.
Asset Valuation Method	Market Value of Assets
General Inflation Rate	2.75%
Salary Increase	3.25% per year, used only to allocate the cost of benefits between service years.
Long Term Return on Assets	7.28%
Healthcare Trend	8.0% for year 2018, decreasing 0.5% per year to an ultimate rate of 5.0% for year 2025 & later.
Retirement Age	The probabilities of Retirement are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011.
Mortality Improvement	Bickmore Scale 2017 applied generationally

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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 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.

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. 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. Financing is provided by Federal and State grant programs, in conjunction with fees charged to residential and commercial developers. 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, 2018 (In thousands)

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	$ 10,417	$ 344	$ 13,174	$ 23,935
Investments	36,676	1,212	46,399	84,287
Accounts receivable, net	1,702			1,702
Accrued interest receivable	160	42	181	383
Due from other funds			12,060	12,060
Due from other governments	5,842		15,592	21,434
Land held for resale	22,982			22,982
Prepaid and other assets	2		9,089	9,091
Restricted cash and cash equivalents	3,067	24,604	16,155	43,826
Restricted investments		123,852	29,986	153,838
Notes receivable, net	24,031			24,031
Due from Successor Agency	5,570		4,968	10,538
Total assets	$ 110,449	$ 150,054	$ 147,604	$ 408,107
LIABILITIES				
Accounts payable	$ 5,688	$ 2	$ 7,391	$ 13,081
Wages payable	306		46	352
Deposits	368		1,194	1,562
Due to other funds	306		14,210	14,516
Due to other governments	1,500			1,500
Unearned revenues	22			22
Total liabilities	8,190	2	22,841	31,033
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues	1,519		12,536	14,055
Unavailable resources - long-term notes receivable	24,031			24,031
Unavailable resources - due from Successor Agency	5,570		4,968	10,538
Total deferred inflows of resources	31,120		17,504	48,624
FUND BALANCES				
Nonspendable:				
Prepaid and other assets	2		9,089	9,091
Restricted:				
Anaheim Resort maintenance and improvement	5,286			5,286
Capital projects			7,664	7,664
Community & Economic Development projects	23,301			23,301
Debt service		148,492		148,492
Development impact projects			92,302	92,302
Grant purposes	4,360			4,360
Homebuyer assistance program	6,958			6,958
Streets, roads and transportation improvement projects	31,671			31,671
Committed				
Capital projects			4,063	4,063
Assigned				
Debt service		1,560		1,560
Capital Projects			5,237	5,237
Unassigned	(439)		(11,096)	(11,535)
Total fund balances	71,139	150,052	107,259	328,450
Total liabilities, deferred inflows of resources, and fund balances	$ 110,449	$ 150,054	$ 147,604	$ 408,107

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, 2018 (In thousands)

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues:				
Licenses, fees and permits	$ 66		$ 13,562	$ 13,628
Intergovernmental revenues	31,286		11,509	42,795
Charges for services	23,430		14	23,444
Use of money and property	6,119	$ 322	1,876	8,317
Other	21		3	24
Total revenues	60,922	322	26,964	88,208
Expenditures:				
Current:				
City Attorney	120			120
City Clerk			44	44
Finance		31	22	53
Police	6,377		1,363	7,740
Fire & Rescue	460		1,053	1,513
Community & Economic Development	10,023		37	10,060
Planning & Building	1,426		62	1,488
Public Works	11,827		2,295	14,122
Community Services	389		1,522	1,911
Convention, Sports & Entertainment	13,890			13,890
Capital outlay	11,047		27,139	38,186
Debt service:				
Principal retirement	1,219	12,168	1,362	14,749
Interest charges	496	27,485	431	28,412
Total expenditures	57,274	39,684	35,330	132,288
Excess (deficiency) of revenues over (under) expenditures	3,648	(39,362)	(8,366)	(44,080)
Other financing sources (uses):				
Transfers in	368	61,833	5,520	67,721
Transfers out	(4,308)		(2,292)	(6,600)
Issuance of loan payable	2,250			2,250
Total other financing sources	(1,690)	61,833	3,228	63,371
Net change in fund balances	1,958	22,471	(5,138)	19,291
Fund balances at beginning of year	69,181	127,581	112,397	309,159
Fund balances at end of year	$ 71,139	$ 150,052	$ 107,259	$ 328,450

See accompanied independent auditors' report

Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2018 (In thousands)

	Gas Tax	Workforce Development	Community Development Block Grant	Grants	Anaheim Resort Maintenance District	Anaheim Tourism Improvement District	Narcotic Asset Forfeiture	Long Range Property Management Plan	Total
ASSETS									
Cash and cash equivalents	$ 3,593		$ 3	$ 1,725	$ 1,298	$ 3,061	$ 158	$ 579	$ 10,417
Investments	12,655			6,075	4,572	10,779	556	2,039	36,676
Accounts receivable, net						1,669		33	1,702
Accrued interest receivable	59			22	19	43	6	11	160
Notes receivable, net			3,022	21,009					24,031
Due from other governments	2,467	$ 692	427	2,251	5				5,842
Land for resale								22,982	22,982
Prepaid and other assets	1							1	2
Restricted cash and cash equivalents							3,067		3,067
Due from Successor Agency			4,686					884	5,570
Total assets	$ 18,775	$ 692	$ 8,138	$ 31,082	$ 5,894	$ 15,552	$ 3,787	$ 26,529	$ 110,449
LIABILITIES									
Accounts payable	$ 439	$ 360	$ 315	$ 1,367	$ 601	$ 2,139	$ 49	$ 418	$ 5,688
Wages payable	62	23	40	74	7		96	4	306
Deposits			2					366	368
Due to other funds		306							306
Due to other governments								1,500	1,500
Unearned revenues								22	22
Total liabilities	501	689	357	1,441	608	2,139	145	2,310	8,190
DEFERRED INFLOWS OF RESOURCES									
Unavailable revenues	15	30	1	1,440				33	1,519
Unavailable resources - long-term notes receivable			3,022	21,009					24,031
Unavailable resources - due from Successor Agency			4,686					884	5,570
Total deferred inflows of resources	15	30	7,709	22,449				917	31,120
FUND BALANCES									
Nonspendable:									
Prepaid and other assets	1							1	2
Restricted:									
Anaheim Resort maintenance and improvement					5,286				5,286
Community & Economic Development projects								23,301	23,301
Grant purposes			72	646			3,642		4,360
Homebuyer assistance program				6,958					6,958
Streets, roads and transportation improvement projects	18,258					13,413			31,671
Unassigned		(27)		(412)					(439)
Total fund balances (deficit)	18,259	(27)	72	7,192	5,286	13,413	3,642	23,302	71,139
Total liabilities, deferred inflows of resources, and fund balance	$ 18,775	$ 692	$ 8,138	$ 31,082	$ 5,894	$ 15,552	$ 3,787	$ 26,529	$ 110,449

See accompanied independent auditors' report

Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficit)
Nonmajor Special Revenue Funds
June 30, 2018 (In thousands)

	Gas Tax	Workforce Development	Community Development Block Grant	Grants	Anaheim Resort Maintenance District	Anaheim Tourism Improvement District	Narcotic Asset Forfeiture	Long Range Property Management Plan	Total
Revenues:									
Licenses, fees and permits	$ 18			$ 48					$ 66
Intergovernmental revenues	15,982	$ 3,344	$ 3,983	6,587			$ 1,390		31,286
Charges for services	139				$ 4,584	$ 18,707			23,430
Use of money and property	91		2,277	1,700	27	29	37	$ 1,958	6,119
Other	8	12			1				21
Total revenues	16,238	3,356	6,260	8,335	4,612	18,736	1,427	1,958	60,922
Expenditures:									
Current:									
City Attorney			120						120
Police				3,698			2,679		6,377
Fire & Rescue			31	429					460
Community & Economic Development		3,310	1,207	2,450				3,056	10,023
Planning & Building			1,426						1,426
Public Works	5,560				5,207	1,060			11,827
Community Services			346	43					389
Convention, Sports & Entertainment						13,890			13,890
Capital outlay	5,238		5,005	68	219	149	278	90	11,047
Debt service:									
Principal retirement	250		802				167		1,219
Interest charges			457				39		496
Total expenditures	11,048	3,310	9,394	6,688	5,426	15,099	3,163	3,146	57,274
Excess (deficiency) of revenues over (under) expenditures	5,190	46	(3,134)	1,647	(814)	3,637	(1,736)	(1,188)	3,648
Other financing sources (uses):									
Transfers in	168				200				368
Transfers out	(3,618)		(11)			(679)			(4,308)
Issuance of loan payable			2,250						2,250
Total other financing sources (uses)	(3,450)		2,239		200	(679)			(1,690)
Net change in fund balances	1,740	46	(895)	1,647	(614)	2,958	(1,736)	(1,188)	1,958
Fund balances at beginning of year	16,519	(73)	967	5,545	5,900	10,455	5,378	24,490	69,181
Fund balances at end of year	$ 18,259	$ (27)	$ 72	$ 7,192	$ 5,286	$ 13,413	$ 3,642	$ 23,302	$ 71,139

See accompanied independent auditors' report

Schedule of Revenues, Expenditures and Changes in Fund Balances (Deficits) Budget and Budgetary Basis Actual - All Nonmajor Special Revenue Funds Year Ended June 30, 2018 (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	$ 22	$ 18	$ (4)			
Intergovernmental revenues	15,637	15,982	345	$ 3,252	$ 3,344	$ 92
Charges for services	192	139	(53)			
Use of money and property	10	91	81			
Other		8	8		12	12
Total revenues	15,861	16,238	377	3,252	3,356	104
Expenditures:						
City Attorney						
Police						
Fire & Rescue						
Community & Economic Development				3,529	3,310	(219)
Planning & Building						
Public Works	28,408	11,048	(17,360)			
Community Services						
Convention, Sports & Entertainment						
Total expenditures	28,408	11,048	(17,360)	3,529	3,310	(219)
Excess (deficiency) of revenues over (under) expenditures	(12,547)	5,190	17,737	(277)	46	323
Other financing sources (uses):						
Transfers in	66	168	102			
Transfers out	(3,500)	(3,618)	(118)			
Total other financing sources (uses)	(3,434)	(3,450)	(16)			
Net change in fund balances	(15,981)	1,740	17,721	(277)	46	323
Fund balances at beginning of year	16,519	16,519		(73)	(73)	
Fund balance at end of year	$ 538	$ 18,259	$ 17,721	$ (350)	$ (27)	$ 323

(continued)

Schedule of Revenues, Expenditures and Changes in Fund Balances (Deficits) Budget and Budgetary Basis Actual - All Nonmajor Special Revenue Funds Year Ended June 30, 2018 (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	$ 48	$ 18
Intergovernmental revenues	$ 5,037	$ 3,983	$ (1,054)	16,353	6,587	(9,766)
Charges for services						
Use of money and property	2,143	2,277	134	757	1,700	943
Other						
Total revenues	7,180	6,260	(920)	17,140	8,335	(8,805)
Expenditures:						
City Attorney	120	120				
Police				8,078	3,720	(4,358)
Fire & Rescue	49	31	(18)	1,410	444	(966)
Community & Economic Development	9,293	5,190	(4,103)	7,505	2,450	(5,055)
Planning & Building	1,466	1,426	(40)			
Public Works						
Community Services	1,384	377	(1,007)	259	74	(185)
Convention, Sports & Entertainment						
Total expenditures	12,312	7,144	(5,168)	17,252	6,688	(10,564)
Excess (deficiency) of revenues over (under) expenditures	(5,132)	(884)	4,248	(112)	1,647	1,759
Other financing sources (uses):						
Transfers in						
Transfers out		(11)	(11)			
Total other financing sources (uses)		(11)	(11)			
Net change in fund balances	(5,132)	(895)	4,237	(112)	1,647	1,759
Fund balances at beginning of year	967	967		5,545	5,545	
Fund balance at end of year	$ (4,165)	72	$ 4,237	$ 5,433	$ 7,192	$ 1,759
Adjustment to reconcile to GAAP:						
Issuance of loan payable		2,250				
Land acquisition from loan proceeds		(2,250)				
Ending fund balance - GAAP basis		$ 72				

(continued)

Schedule of Revenues, Expenditures and Changes in Fund Balances (Deficits) Budget and Budgetary Basis Actual - All Nonmajor Special Revenue Funds Year Ended June 30, 2018 (In thousands) (continued)

	Anaheim Resort Maintenance District			Anaheim Tourism Improvement District		
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:						
Licenses, fees and permits						
Intergovernmental revenues						
Charges for services	$ 4,602	$ 4,584	$ (18)	$ 18,829	$ 18,707	$ (122)
Use of money and property	53	27	(26)	57	29	(28)
Other	4	1	(3)			
Total revenues	4,659	4,612	(47)	18,886	18,736	(150)
Expenditures:						
City Attorney						
Police						
Fire & Rescue						
Community & Economic Development						
Planning & Building						
Public Works	6,568	5,426	(1,142)	2,217	1,209	(1,008)
Community Services						
Convention, Sports & Entertainment				13,900	13,890	(10)
Total expenditures	6,568	5,426	(1,142)	16,117	15,099	(1,018)
Excess (deficiency) of revenues over (under) expenditures	(1,909)	(814)	1,095	2,769	3,637	868
Other financing sources (uses):						
Transfers in	200	200				
Transfers out				(188)	(679)	(491)
Total other financing sources (uses)	200	200		(188)	(679)	(491)
Net change in fund balances	(1,709)	(614)	1,095	2,581	2,958	377
Fund balances at beginning of year	5,900	5,900		10,455	10,455	
Fund balance at end of year	$ 4,191	$ 5,286	$ 1,095	$ 13,036	$ 13,413	$ 377

(continued)

Schedule of Revenues, Expenditures and Changes in Fund Balances (Deficits) Budget and Budgetary Basis Actual - All Nonmajor Special Revenue Funds Year Ended June 30, 2018 (In thousands)

	Narcotic Asset Forfeiture			Long Range Property Management Plan		
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:						
Licenses, fees and permits						
Intergovernmental revenues	$ 1,678	$ 1,390	$ (288)			
Charges for services						
Use of money and property	22	37	15	$ 14,447	$ 1,958	$ (12,489)
Other						
Total revenues	1,700	1,427	(273)	14,447	1,958	(12,489)
Expenditures:						
City Attorney						
Police	3,166	3,163	(3)			
Fire & Rescue						
Community & Economic Development				7,053	3,950	(3,103)
Planning & Building						
Public Works						
Community Services						
Convention, Sports & Entertainment						
Total expenditures	3,166	3,163	(3)	7,053	3,950	(3,103)
Excess (deficiency) of revenues over (under) expenditures	(1,466)	(1,736)	(270)	7,394	(1,992)	(9,386)
Other financing sources (uses):						
Transfers in						
Transfers out						
Total other financing sources (uses)						
Net change in fund balance (deficits)	(1,466)	(1,736)	(270)	7,394	(1,992)	(9,386)
Fund balances (deficits) at beginning of year	5,378	5,378		24,490	24,490	
Fund balances at end of year	$ 3,912	$ 3,642	$ (270)	$ 31,884	22,498	$ (9,386)
Adjustment to reconcile to GAAP:						
Purchase of land held for resale					804	
Ending fund balance - GAAP basis					$ 23,302	

See accompanied independent auditors' report

Combining Balance Sheet
Nonmajor Debt Service Funds
June 30, 2018 (In thousands)

	Municipal Facilities	Anaheim Resort Improvements	Total
ASSETS			
Cash and cash equivalents	$ 344		$ 344
Investments	1,212		1,212
Accrued interest receivable	12	$ 30	42
Restricted cash and cash equivalents	522	24,082	24,604
Restricted investments	692	123,160	123,852
Total assets	$ 2,782	$ 147,272	$ 150,054
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable		$ 2	$ 2
Total liabilities		2	2
Fund balances:			
Restricted for debt service	$ 1,222	147,270	148,492
Assigned for debt service	1,560		1,560
Total fund balances	2,782	147,270	150,052
Total liabilities and fund balances	$ 2,782	$ 147,272	$ 150,054

See accompanied independent auditors' report

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Debt Service Funds
Year Ended June 30, 2018 (In thousands)

	Municipal Facilities	Anaheim Resort Improvements	Total
Revenues:			
Use of money and property	$ 119	$ 203	$ 322
Total revenues	119	203	322
Expenditures:			
Current:			
Finance	1	30	31
Debt service:			
Principal retirement	501	11,667	12,168
Interest charges	1,153	26,332	27,485
Total expenditures	1,655	38,029	39,684
Deficiency of revenues under expenditures	(1,536)	(37,826)	(39,362)
Other financing sources:			
Transfers in	1,652	60,181	61,833
Transfers out			
Total other financing sources	1,652	60,181	61,833
Net change in fund balances	116	22,355	22,471
Fund balances at beginning of year	2,666	124,915	127,581
Fund balances at end of year	$ 2,782	$ 147,270	$ 150,052

See accompanied independent auditors’ report

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - All Debt Service Funds
Year Ended June 30, 2018 (In thousands)

	Municipal Facilities			Anaheim Resort Improvements		
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:						
Property taxes						
Intergovernmental revenues						
Use of money and property		$ 119	$ 119	$ 1	$ 203	$ 202
Total revenues		119	119	1	203	202
Expenditures:						
Finance	$ 1,088	1,088		38,083	38,029	(54)
Public Works	567	567				
Total expenditures	1,655	1,655		38,083	38,029	(54)
Excess (deficiency) of revenues over (under) expenditures	(1,655)	(1,536)	119	(38,082)	(37,826)	256
Other financing sources:						
Transfers in	1,088	1,652	564	59,876	60,181	305
Transfers out						
Total other financing sources	1,088	1,652	564	59,876	60,181	305
Net change in fund balances	(567)	116	683	21,794	22,355	561
Fund balances at beginning of year	2,666	2,666		124,915	124,915	
Fund balances at end of year	$ 2,099	$ 2,782	$ 683	$ 146,709	$ 147,270	$ 561

See accompanied independent auditors' report

Combining Balance Sheet
Nonmajor Capital Projects Funds
June 30, 2018 (In thousands)

	Street Construction	Transportation Improvement Projects	Development Impact Projects	Community Services Facilities	Storm Drain Construction	Other Capital Improvements	Mello-Roos Projects	Total
ASSETS								
Cash and cash equivalents	$ 109	$ 34	$ 7,661	$ 1,164	$ 237	$ 1,895	$ 2,074	$ 13,174
Investments	384	121	26,983	4,097	837	6,674	7,303	46,399
Accrued interest receivable		1	93	17	14	29	27	181
Due from other funds			4,060		4,000	4,000		12,060
Due from other governments	12,900	241	602			1,843	6	15,592
Prepaid and other assets	7,344					13	1,732	9,089
Restricted cash and cash equivalents						4,624	11,531	16,155
Restricted investment							29,986	29,986
Due from the Successor Agency						4,968		4,968
Total assets	$ 20,737	$ 397	$ 39,399	$ 5,278	$ 5,088	$ 24,046	$ 52,659	$ 147,604
LIABILITIES								
Accounts payable	$ 1,345	$ 323	$ 1,249	$ 325	$ 2,276	$ 1,545	$ 328	$ 7,391
Wages payable	20	1	3	2	1	2	17	46
Deposits					1,194			1,194
Due to other funds	12,060			2,150				14,210
Total liabilities	13,425	324	1,252	2,477	3,471	1,547	345	22,841
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenues	10,967	170	602			797		12,536
Unavailable resources - due from Successor Agency						4,968		4,968
Total deferred inflows of resources	10,967	170	602			5,765		17,504
FUND BALANCES								
Nonspendable:								
Prepaid and other assets	7,344					13	1,732	9,089
Restricted:								
Capital projects						7,664		7,664
Development impact projects			37,545	2,558	1,617		50,582	92,302
Committed:								
Capital projects						4,063		4,063
Assigned:								
Capital projects				243		4,994		5,237
Unassigned	(10,999)	(97)						(11,096)
Total fund balances (deficits)	(3,655)	(97)	37,545	2,801	1,617	16,734	52,314	107,259
Total liabilities, deferred inflows of resources, and fund balances (deficits)	$ 20,737	$ 397	$ 39,399	$ 5,278	$ 5,088	$ 24,046	$ 52,659	$ 147,604

See accompanied independent auditors' report

Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits)
Nonmajor Capital Projects Funds
June 30, 2018 (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			$ 12,801	$ 761				$ 13,562
Intergovernmental revenues	$ 6,992	$ 2,570		670		$ 1,277		11,509
Charges for services	14							14
Use of money and property	(34)	(17)	191	93	$ 61	1,155	$ 427	1,876
Other			2			1		3
Total revenues	6,972	2,553	12,994	1,524	61	2,433	427	26,964
Expenditures:								
Current:								
City Clerk						44		44
Finance						22		22
Police			17			1,346		1,363
Fire & Rescue			3			1,050		1,053
Community & Economic Development						37		37
Planning & Building						62		62
Public Works	776	346			85	1,069	19	2,295
Community Services			263	332		927		1,522
Capital outlay	8,035	140	10,363	1,378	1	5,301	1,921	27,139
Debt service:								
Principal retirement						1,362		1,362
Interest charges						431		431
Total expenditures	8,811	486	10,646	1,710	86	11,651	1,940	35,330
Excess (deficiency) of revenues over (under) expenditures	(1,839)	2,067	2,348	(186)	(25)	(9,218)	(1,513)	(8,366)
Other financing sources (uses):								
Transfers in	549	1				4,930	40	5,520
Transfers out		(104)	(38)	(2,150)				(2,292)
Total other financing sources (uses)	549	(103)	(38)	(2,150)		4,930	40	3,228
Net change in fund balances	(1,290)	1,964	2,310	(2,336)	(25)	(4,288)	(1,473)	(5,138)
Fund balances (deficits) at beginning of year	(2,365)	(2,061)	35,235	5,137	1,642	21,022	53,787	112,397
Fund balances (deficits) at end of year	$ (3,655)	$ (97)	$ 37,545	$ 2,801	$ 1,617	$ 16,734	$ 52,314	$ 107,259

See accompanied independent auditors' report

Schedule of Revenues, Expenditures and Changes in Fund Balances (Deficits) Budget and Budgetary Basis Actual - All Capital Projects Funds Year Ended June 30, 2018 (In thousands) (continued)

	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	$ 49,435	$ 6,992	$ (42,443)	$ 4,973	$ 2,570	$ (2,403)
Charges for services		14	14			
Use of money and property		(34)	(34)		(17)	(17)
Contribution from property owners						
Other						
Total revenues	49,435	6,972	(42,463)	4,973	2,553	(2,420)
Expenditures:						
Police						
Fire & Rescue						
Community & Economic Development						
Planning & Building						
Public Works	40,970	8,811	(32,159)	2,163	486	(1,677)
Community Services						
Total expenditures	40,970	8,811	(32,159)	2,163	486	(1,677)
Excess (efficiency) of revenues over (under) expenditures	8,465	(1,839)	(10,304)	2,810	2,067	(743)
Other financing sources (uses):						
Transfers in		549	549		1	1
Transfers out					(104)	(104)
Total other financing sources		549	549		(103)	(103)
Net change in fund balances	8,465	(1,290)	(9,755)	2,810	1,964	(846)
Fund balances at beginning of year	(2,365)	(2,365)		(2,061)	(2,061)	
Fund balances at end of year	$ 6,100	$ (3,655)	$ (9,755)	$ 749	$ (97)	$ (846)

(continued)

Schedule of Revenues, Expenditures and Changes in Fund Balances (Deficits)
Budget and Budgetary Basis Actual - All Capital Projects Funds
Year Ended June 30, 2018 (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	$ 2,050	$ 12,801	$ 10,751	$ 500	$ 761	$ 261
Intergovernmental revenues	1,734		(1,734)	737	670	(67)
Charges for services						
Use of money and property	15	191	176	2	93	91
Contribution from property owners						
Other		2	2			
Total revenues	3,799	12,994	9,195	1,239	1,524	285
Expenditures:						
Police	610	124	(486)			
Fire & Rescue	5,058	3	(5,055)			
Community & Economic Development						
Planning & Building						
Public Works	2,832	247	(2,585)			
Community Services	12,972	10,272	(2,700)	5,686	1,710	(3,976)
Total expenditures	21,472	10,646	(10,826)	5,686	1,710	(3,976)
Excess (deficiency) of revenues over (under) expenditures	(17,673)	2,348	20,021	(4,447)	(186)	4,261
Other financing sources (uses):						
Transfers in						
Transfers out		(38)	(38)			
Total other financing sources		(38)	(38)			
Net change in fund balances	(17,673)	2,310	19,983	(4,447)	(186)	4,261
Fund balances at beginning of year	35,235	35,235		5,137	5,137	
Fund balances at end of year	$ 17,562	$ 37,545	$ 19,983	$ 690	4,951	$ 4,261
Adjustment to reconcile to GAAP:						
Provided park fee credits for future housing projects					(2,150)	
Ending fund balance - GAAP basis					$ 2,801	

(continued)

Schedule of Revenues, Expenditures and Changes in Fund Balances (Deficits)
Budget and Budgetary Basis Actual - All Capital Projects Funds
Year Ended June 30, 2018 (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	$ 30		$ (30)			
Intergovernmental revenues				$ 2,805	$ 1,277	$ (1,528)
Charges for services						
Use of money and property		$ 61	61	990	1,155	165
Contribution from property owners						
Other					1	1
Total revenues	30	61	31	3,795	2,433	(1,362)
Expenditures:						
City Clerk				200	194	(6)
Finance				117	117	
Police				1,910	1,863	(47)
Fire & Rescue				10,308	5,934	(4,374)
Community & Economic Development				3,805	1,069	(2,736)
Planning & Building				118	117	(1)
Public Works	210	86	(124)	3,620	1,279	(2,341)
Community Services				1,918	1,078	(840)
Total expenditures	210	86	(124)	21,996	11,651	(10,345)
Excess (deficiency) of revenues over (under) expenditures	(180)	(25)	155	(18,201)	(9,218)	8,983
Other financing sources (uses):						
Transfers in				1,053	4,930	3,877
Transfers out						
Total other financing sources				1,053	4,930	3,877
Net change in fund balances	(180)	(25)	155	(17,148)	(4,288)	12,860
Fund balances at beginning of year	1,642	1,642		21,022	21,022	
Fund balances at end of year	$ 1,462	1,617	155	$ 3,874	$ 16,734	$ 12,860

(continued)

Schedule of Revenues, Expenditures and Changes in Fund Balances (Deficits)
Budget and Budgetary Basis Actual - All Capital Projects Funds
Year Ended June 30, 2018 (In thousands) (continued)

	Mello-Roos Projects		
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:			
Licenses, fees and permits			
Intergovernmental revenues			
Charges for services			
Use of money and property		$ 427	$ 427
Contribution from property owners			
Other			
Total revenues		427	427
Expenditures:			
Police			
Fire & Rescue			
Community & Economic Development			
Planning & Building			
Public Works	$ 45,349	1,940	(43,409)
Community Services			
Total expenditures	45,349	1,940	(43,409)
Excess of deficiency of revenues over (under) expenditures	(45,349)	(1,513)	43,836
Other financing sources (uses):			
Transfers in		40	40
Transfers out			
Total other financing sources		40	40
Net change in fund balances	(45,349)	(1,473)	43,876
Fund balances at beginning of year	53,787	53,787	
Fund balances at end of year	$ 8,438	$ 52,314	$ 43,876

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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, 2018 (In thousands)

	General Benefits and Insurance	Motorized Equipment	Information and Communication Services	Municipal Facilities Maintenance	Total
ASSETS					
Current assets:					
Cash and cash equivalents	$ 18,629	$ 950	$ 580	$ 86	$ 20,245
Investments	65,613	3,342	2,043	305	71,303
Restricted cash and cash equivalent			526		526
Accounts receivable, net	2,205	16			2,221
Accrued interest receivable	242	11	1		254
Interfund receivable	9	189			198
Inventories		994			994
Prepaid and other assets	58	1,357	1,896		3,311
Total current assets	86,756	6,859	5,046	391	99,052
Noncurrent assets:					
Restricted cash and cash equivalent			904		904
Accounts receivable, less current portion	2,301				2,301
Interfund receivable, less current portion	53				53
Capital assets:					
Buildings, structures and improvements		3,230		6,263	9,493
Machinery and equipment	93	44,615	27,212	3,143	75,063
Construction in progress		504	2,199		2,703
Less accumulated depreciation	(78)	(32,309)	(21,477)	(5,220)	(59,084)
Capital assets, net	15	16,040	7,934	4,186	28,175
Total noncurrent assets	2,369	16,040	8,838	4,186	31,433
Total assets	89,125	22,899	13,884	4,577	130,485
DEFERRED OUTFLOW OF RESOUCES					
Deferred OPEB related items	275	342	202	304	1,123
Deferred pension related items	2,145	2,362	4,627	2,038	11,172
Total deferred outflow of resources	2,420	2,704	4,829	2,342	12,295
LIABILITIES					
Current liabilities:					
Accounts payable	1,418	695	1,623	1,250	4,986
Wages payable	4,171	61	48	69	4,349
Interest payable			65		65
Due to other Funds				231	231
Compensated absences	11,986				11,986
Self-insurance liability	11,670				11,670
Long-term liabilities		10	2,090		2,100
Unearned revenues	2,555				2,555
Total current liabilities	31,800	766	3,826	1,550	37,942
Noncurrent liabilities:					
Due to other Funds, less current portion				182	182
Compensated absences, less current portion	8,488				8,488
Self-insurance liability, less current portion	42,642				42,642
Long-term liabilities, less current portion		85	2,819		2,904
Net other postemployment benefits (OPEB) liabilities	2,640	3,333	1,829	2,666	10,468
Net pension liability	8,573	8,561	6,803	7,265	31,202
Total noncurrent liabilities	62,343	11,979	11,451	10,113	95,886
Total liabilities	94,143	12,745	15,277	11,663	133,828
DEFERRED INFLOW OF RESOURCES					
Deferred OPEB related items	196	247	136	198	777
Deferred pension related items	223	512	205	164	1,104
Total deferred inflow of resources	419	759	341	362	1,881
NET POSITION					
Net investment in capital assets	15	15,945	3,929	4,186	24,075
Unrestricted	(3,032)	(3,846)	(834)	(9,292)	(17,004)
Total net position	$ (3,017)	$ 12,099	$ 3,095	$ (5,106)	$ 7,071

See accompanied independent auditors' report

Combining Statement of Revenues, Expenses and Changes in Net Position
Internal Service Funds
Year Ended June 30, 2018 (In thousands)

	General Benefits and Insurance	Motorized Equipment	Information and Communication Services	Municipal Facilities Maintenance	Total
Operating revenues:					
Charges for services	$ 98,078	$ 12,892	$ 22,987	$ 12,459	$ 146,416
Other	25	21		70	116
Total operating revenues	98,103	12,913	22,987	12,529	146,532
Operating expenses:					
Salaries and wages	4,256	4,570	4,925	4,294	18,045
Maintenance and operations	3,053	5,432	16,541	8,947	33,973
Insurance premiums and claims	19,229				19,229
Compensated absences and other benefits	67,015				67,015
Depreciation	1	2,410	3,257	359	6,027
Total operating expenses	93,554	12,412	24,723	13,600	144,289
Operating income (loss)	4,549	501	(1,736)	(1,071)	2,243
Nonoperating income (expenses):					
Intergovernmental revenues					
Investment income	28	14	(31)	(3)	8
Interest expense		(2)	(167)		(169)
Gain from disposal of capital assets		100			100
Total nonoperating income (loss)	28	112	(198)	(3)	(61)
Income (Loss) before transfer	4,577	613	(1,934)	(1,074)	2,182
Transfer in					
Transfers out					
Change in net position	4,577	613	(1,934)	(1,074)	2,182
Net position at beginning of year, as adjusted	(7,594)	11,486	5,029	(4,032)	4,889
Net position at end of year	$ (3,017)	$ 12,099	$ 3,095	$ (5,106)	$ 7,071

See accompanied independent auditors' report

Combining Statement of Cash Flows
Internal Service Funds
Year Ended June 30, 2018 (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	$ 98,078	$ 12,892	$ 22,987	$ 12,459	$ 146,416
Payments to suppliers	(1,159)	(5,342)	(15,989)	(8,361)	(30,851)
Payments for salaries and wages to employees	(4,608)	(4,313)	(3,404)	(4,201)	(16,526)
Payments for interfund services used	(1,902)	(649)	(1,015)	(999)	(4,565)
Payments for insurance premiums and claims	(15,681)				(15,681)
Payments for compensated absences and other benefits	(68,568)				(68,568)
Other receipts	61	10		70	141
Net cash provided by (used for) operating activities	6,221	2,598	2,579	(1,032)	10,366
Cash flows from noncapital financing activities:					
Receipt of interfund balances	13	825		189	1,027
Payment of interfund balances	(40)	(189)	(103)	(722)	(1,054)
Net cash provided by (used for) noncapital financing activities	(27)	636	(103)	(533)	(27)
Cash flows from capital and related financing activities:					
Proceeds from sale of capital assets		133			133
Receipt of capital grant		380			380
Capital purchases		(3,595)	(369)	(575)	(4,539)
Principal payments on long-term debt		(10)	(2,600)		(2,610)
Interest payments		(2)	(196)		(198)
Receipt of interfund loan for capital purpose				231	231
Interfund payment for capital purpose				(7)	(7)
Net cash used for capital and related financing activities		(3,094)	(3,165)	(351)	(6,610)
Cash flows from investing activities:					
Purchase of investment securities	(31,133)	(1,585)	(969)	(143)	(33,830)
Proceeds from sale and maturity of investment securities	25,369	1,421	1,044	1,630	29,464
Interest received	763	49			812
Interest paid			(6)	(1)	(7)
Net cash provided by (used for) investing activities	(5,001)	(115)	69	1,486	(3,561)
Increase (decrease) in cash and cash equivalents	1,193	25	(620)	(430)	168
Cash and cash equivalents at beginning of the year	17,436	925	2,630	516	21,507
Cash and cash equivalents at end of the year	$ 18,629	$ 950	$ 2,010	$ 86	$ 21,675

(continued)

Combining Statement of Cash Flows
Internal Service Funds
Year Ended June 30, 2018 (In thousands) (continued)

	General Benefits and Insurance	Motorized Equipment	Information and Communication Services	Municipal Facilities Maintenance	Total
Reconciliation of operating income to net cash provided by operating activities:					
Operating income	$ 4,549	$ 501	$ (1,736)	$ (1,071)	$ 2,243
Adjustment to reconcile operating income to net cash provided by operating activities:					
Depreciation	1	2,410	3,257	359	6,027
Changes in assets, deferred outflows of resources, liabilities and deferred inflows of resources:					
Accounts receivable	994	(11)			983
Inventories		(84)			(84)
Prepaid and other assets	47		(268)		(221)
Accounts payable	(1,799)	(475)	(195)	(413)	(2,882)
Wages and benefit payable	(396)	257	1,521	93	1,475
Unearned revenues	275				275
Compensated absences	103				103
Self-insurance liability	2,447				2,447
Total adjustments	1,672	2,097	4,315	39	8,123
Net cash provided by (used for) operating activities	$ 6,221	$ 2,598	$ 2,579	$ (1,032)	$ 10,366
Schedule of noncash financing and investing activities:					
Capital assets financed through capital leases			$ 1,184		$ 1,184
Decrease in fair value of investments	$ (766)	$ (37)	(26)	$ (2)	(831)
Reconciliation of cash and cash equivalents:					
Cash and cash equivalents	$ 18,629	$ 950	$ 580	$ 86	$ 20,245
Restricted cash and cash equivalents, current portion			526		526
Restricted cash and cash equivalents, noncurrent portion			904		904
Total cash and cash equivalents	$ 18,629	$ 950	$ 2,010	$ 86	$ 21,675

See accompanied independent auditors' report

Fiduciary Funds

Statement of Changes in Fiduciary Assets and Liabilities
Agency Fund - Mello-Roos
Year Ended June 30, 2018 (In thousands)

	Beginning Balance	Additions	Deductions	Ending Balance
ASSETS				
Restricted cash and cash equivalents	$ 7,103	$ 3,385	$ (7,829)	$ 2,659
Restricted investments	29	4,571		4,600
Due from other governments	7	3,353	(3,332)	28
Total assets	$ 7,139	$ 11,309	$ (11,161)	$ 7,287
LIABILITIES				
Due to bond holders	$ 7,139	$ 3,406	$ (3,258)	$ 7,287

See accompanied independent auditors’ report

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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 City¹s economic condition.

Contents **Page**

Financial trends

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

Revenue capacity

These schedules contain information to help the reader assess the City's most significant local revenue sources.

Debt capacity

These schedules contain information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the

Demographic and economic information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

Operating information

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and

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									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Governmental Activities										
Net investment in capital assets	$ 1,008,489	$ 974,071	$ 968,473	$ 894,651	$ 1,016,259	$ 894,625	$ 831,430	$ 832,951	$ 794,164	$ 751,910
Restricted	266,983	274,830	211,338	210,934	205,998	196,853	190,868	182,011	150,750	154,306
Unrestricted	(551,607)	(557,245)[2]	(417,976)	(447,817)	(455,863)[1]	30,341	16,760	(124,422)	(121,283)	(92,773)
Total Governmental Activities	723,865	691,656	$761,835	$657,768	$766,394	1,121,819	1,039,058	890,540	823,631	813,443
Business-type Activities										
Net investment in capital assets	1,009,302	1,016,113	997,292	993,075	823,505	787,459	780,093	779,224	756,020	747,379
Restricted	86,863	83,811	76,749	83,448	77,311	71,131	61,235	54,626	49,325	45,493
Unrestricted	15,661	(26,767)[2]	36,644	(1,725)	(37,696)[1]	121,083	112,159	115,445	130,812	145,269
Total Business-type Activities	1,111,826	1,073,157	1,110,685	1,074,798	863,120	979,673	953,487	949,295	936,157	938,141
Total Government										
Net investment in capital assets	2,017,791	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
Restricted	353,846	358,641	288,087	294,382	283,309	267,984	252,103	236,637	200,075	199,799
Unrestricted	(535,946)	(584,012)	(381,332)	(449,542)	(493,559)	151,424	128,919	(8,977)	9,529	52,496
Total Government	$ 1,835,691	$ 1,764,813	$ 1,872,520	$ 1,732,566	$ 1,629,514	$ 2,101,492	$ 1,992,545	$ 1,839,835	$ 1,759,788	$ 1,751,584

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

[2] The City implemented Governmental Accounting Standards Board (GASB) Statement No. 75 *Accounting and Financial Reporting for Other Postemployment enefits Other Than Pension* for the fiscal year ended June 30, 2018. Implementation of this Statements requires the City to restate prior period net positions and are reflected in the fiscal year 2017 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 2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Program Revenues										
Governmental activities:										
Charges for services										
General government	$ 1,749	$ 1,903	$ 2,034	$ 2,398	$ 1,779	$ 2,001	$ 1,872	$ 1,872	$ 1,708	$ 1,890
Police	15,361	15,441	11,775	10,001	9,927	9,859	10,122	10,435	10,127	10,089
Fire & Rescue	11,621	10,582	9,814	9,024	10,166	9,912	9,431	9,518	9,369	9,122
Community & Economic Development	7,421	19,046	10,210	14,023	17,305	9,151	7,281	8,143	7,306	5,459
Planning and Building	16,573	11,357	11,515	9,800	7,746	6,404	5,327	6,263	6,453	7,724
Public Works	17,378	16,140	15,817	13,309	13,037	14,012	11,401	9,837	7,619	7,421
Community Services	3,227	11,190	3,430	3,408	3,479	3,556	3,386	4,024	4,561	4,833
Convention, Sports & Entertainment	14,231	13,672	12,528	11,124	10,236	9,574	9,142	4,356	202	200
Total charges for services	87,561	99,331	77,123	73,087	73,675	64,469	57,962	54,448	47,345	46,738
Operating grants and contributions	115,520	109,989	108,131	109,968	114,584	112,507	108,620	124,358	121,731	110,200
Capital grants and contributions	39,340	65,937	85,782	67,014	110,295	71,472	44,184	70,080	31,828	66,347
Governmental activities program revenues	242,421	275,257	271,036	250,069	298,554	248,448	210,766	248,886	200,904	223,285
Business-type activities:										
Charges for services										
Electric Utility	443,755	433,561	430,485	453,697	426,051	451,958	397,931	381,496	377,387	365,526
Water Utility	79,074	70,777	60,509	63,495	65,946	60,785	57,748	55,598	56,368	50,807
Sanitation Utility	65,138	63,893	61,006	60,076	57,843	57,230	56,630	56,359	56,023	55,424
Golf Courses	4,273	4,062	4,114	4,435	4,667	4,759	4,802	4,711	5,168	5,634
Convention, Sports and Entertainment	44,984	37,015	35,363	34,742	32,084	29,656	29,389	27,981	30,797	26,987
ARTIC Management	1,343	1,050	878	448						
Total charges for services	638,567	610,358	592,355	616,893	586,591	604,388	546,500	526,145	525,743	504,378
Operating grants and contributions	88	425	776	287	452	952	1,101	746	1,990	965
Capital grants and contributions	8,353	4,381	11,743	8,734	8,441	6,698	8,954	12,667	5,622	6,620
Business-type activities program revenues	647,008	615,164	604,874	625,914	595,484	612,038	556,555	539,558	533,355	511,963
Total government program revenues	889,429	890,421	875,910	875,983	894,038	860,486	767,321	788,444	734,259	735,248
Expenses										
Governmental activities:										
General government	15,645	11,825	10,331	12,370	15,790	13,275	11,617	10,911	10,917	12,144
Police	173,921	151,559	132,889	135,161	127,037	124,556	117,840	119,504	125,121	121,162
Fire & Rescue	81,528	70,365	62,520	61,794	59,510	58,508	58,027	56,393	58,229	57,768
Community & Economic Development	96,067	100,720	110,618	80,976	80,043	82,769	95,683	105,937	117,621	109,523
Planning & Building	25,376	21,944	19,862	18,303	17,030	16,917	15,648	15,627	16,822	17,057
Public Works	55,981	61,806	48,719	66,023	60,262	44,740	41,228	44,109	39,017	47,226
Community Services	39,020	34,799	34,212	31,587	34,130	28,925	28,282	30,958	35,372	37,704
Public Utilities	2,346	2,530	2,687	2,599	2,514	2,405	2,315	2,218	1,952	1,515
Convention, Sports & Entertainment	19,930	19,238	18,503	17,026	15,586	13,935	13,584	13,633	9,931	10,069
Interest on long-term debt	34,938	34,876	35,185	35,340	35,514	35,880	42,824	47,985	47,610	47,779
Governmental Activities Expenses	544,752	509,662	475,526	461,179	447,416	421,910	427,048	447,275	462,592	461,947

(continued)

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

(Accrual basis of accounting) (continued)

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Expenses										
Business-type Activities:										
Electric Utility	394,574	412,424	390,732	401,243	411,246	417,008	386,358	372,129	375,173	359,320
Water Utility	75,755	72,715	61,620	68,011	62,996	57,056	58,319	56,608	55,478	49,309
Sanitation	61,145	58,218	56,564	55,979	53,508	52,813	55,939	49,845	50,521	52,702
Golf Courses	4,898	4,465	4,405	4,418	4,399	4,473	4,114	4,256	4,436	4,495
Convention, Sports and Entertainment Venues	66,058	47,321	44,285	56,715	46,385	45,001	45,278	44,662	45,954	45,487
ARTIC Management	6,218	6,374	6,235	5,075						
Business-type activities expense	608,648	601,517	563,841	591,441	578,534	576,351	550,008	527,500	531,562	511,313
Total government expenses	1,153,400	1,111,179	1,039,367	1,052,620	1,025,950	998,261	977,056	974,775	994,154	973,260
Net (Expense)/Revenue										
Governmental activities	(302,331)	(234,405)	(204,490)	(211,110)	(148,862)	(173,462)	(216,282)	(198,389)	(261,688)	(238,662)
Business-type activities	38,360	13,647	41,033	34,473	16,950	35,687	6,547	12,058	1,793	650
Total government, net (expense) revenue	(263,971)	(220,758)	(163,457)	(176,637)	(131,912)	(137,775)	(209,735)	(186,331)	(259,895)	(238,012)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes:										
Property taxes	76,547	72,909	70,646	68,405	66,282	64,311	58,896	59,053	59,689	60,806
Property tax increments							28,678	47,040	47,731	47,115
Sales tax and use tax	80,732	77,732	76,975	72,356	67,505	65,445	59,654	54,711	51,214	56,035
Transient occupancy taxes	154,925	149,566	137,570	119,744	110,134	102,936	90,376	82,605	77,139	80,055
Motor vehicle license fees								1,783	1,026	1,180
Other taxes	9,076	8,946	8,731	8,318	7,780	7,756	7,272	7,288	7,288	8,041
Gain on sale on capital assets	6,258									
Unrestricted investment earnings	2,783	2,116	3,692	2,725	2,930	1,094	3,598	3,667	7,012	8,667
Other	105	106	87	55	49	1,857	873	614	1,175	394
Transfers	4,114	7,701	10,856	(169,119)	7,288	12,824	12,571	8,537	19,602	41,141
Special Item		(8,218)								
Extraordinary gain							102,882			
Governmental activities	334,540	310,858	308,557	102,484	261,968	256,223	364,800	265,298	271,876	303,434
Business-type activities:										
Unrestricted investment earnings	4,423	4,001	5,710	8,086	6,986	3,323	10,216	9,617	15,825	19,580
Transfers	(4,114)	(7,701)	(10,856)	169,119	(7,288)	(12,824)	(12,571)	(8,537)	(19,602)	(41,141)
Business-type activities	309	(3,700)	(5,146)	177,205	(302)	(9,501)	(2,355)	1,080	(3,777)	(21,561)
Total government	334,849	307,158	303,411	279,689	261,666	246,722	362,445	266,378	268,099	281,873
Change in Net Position										
Governmental activities	32,209	76,453	104,067	(108,626)	113,106	82,761	148,518	66,909	10,188	64,772
Business-type activities	38,669	9,947	35,887	211,678	16,648	26,186	4,192	13,138	(1,984)	(20,911)
Total government change in net position	$ 70,878	$ 86,400	$ 139,954	$ 103,052	$ 129,754	$ 108,947	$ 152,710	$ 80,047	$ 8,204	$ 43,861

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)

	Amounts						
Fiscal Year	Property Taxes	Property Tax Increments	Sales and Use Taxes	Transient Occupancy Taxes	Motor Vehicle License Fees[1]	Other Taxes	Total
2018	$ 76,547		$ 80,732	$ 154,925		$ 9,076	$ 321,280
2017	72,909		77,732	149,566		8,946	309,153
2016	70,646		76,975	137,570		8,731	293,922
2015	68,405		72,356	119,744		8,318	268,823
2014	66,282		67,505	110,134		7,780	251,701
2013	64,311		65,445	102,936		7,756	240,448
2012	58,896	$ 28,678 [2]	59,654	90,376	[3]	7,272	244,876
2011	59,053	47,040	54,711	82,605	1,783	7,288	252,480
2010	59,689	47,731	51,214	77,139	1,026	7,288	244,087
2009	60,806	47,115	56,035	80,055	1,180	8,041	253,232

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

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

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

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

Source: Finance Department, City of Anaheim

Fund Balances of Governmental Funds
Last Ten Fiscal Years (In thousands)
(Modified accrual basis of accounting)

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
General Fund										
Nonspendable	$ 519	$ 819	$ 958	$ 1,538	$ 2,099	$ 2,531	$ 3,082	$ 3,626		
Restricted	5,194	6,238	7,730	6,124	6,449	1,766	982	582		
Committed						788				
Assigned	11,008	2,056	7,442	513	4,073	6,879	320	141		
Unassigned	41,556	42,336	39,850	39,615	30,394	26,920	22,636	22139		
Reserved									$ 4,092	$ 4,530
Unreserved - undesignated									29,490	47,729
Total General fund	58,277	51,449	55,980	47,790	43,015	38,884	27,020	26,488	33,582	52,259
Housing Authority Fund										
Nonspendable	34		2	4	7	38		42		
Restricted	60,180	62,338	48,974	43,703	41,134	32,234	29,935	7778		
Assigned	26,574	22,904	16,129	14,283	11,664	11,823	11,237	9922		
Reserved									1,373	1,830
Unreserved - undesignated									11,603	5,669
Total Housing Authority Fund	86,788	85,242	65,105	57,990	52,805	44,095	41,172	17,742	12,976	7,499
Nonmajor Governmental Funds										
Nonspendable	9,091	8,713	6,000	6,270	3,542	4,619	1	631		
Restricted	320,034	303,036	237,930	197,360	170,950	164,870	158,933	241,674		
Committed	4,063									
Assigned	6,797	9,612	5,875	3,040	3,291	8,055	7,400	7,761		
Unassigned	(11,535)	(12,202)	(17,991)	(20,071)	(19,005)	(11,231)	(32,448)	(34,293)		
Reserved									130,313	142,760
Unreserved - designated, reported in:										
Special revenue funds									7,349	7,211
Debt service funds									156	4,433
Capital projects funds									31,899	41,544
Unreserved - undesignated, reported in:										
Special revenue funds									14,350	5,342
Capital projects funds									(3,376)	(7,037)
Total nonmajor governmental funds	328,450	309,159	231,814	186,599	158,778	166,313	133,886	215,773	180,691	194,253
Total governmental funds[1]	$ 473,515	$ 445,850	$ 352,899	$ 292,379	$ 254,598	$ 249,292	$ 202,078	$ 260,003	$ 227,249	$ 254,011

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

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

Source: Finance Department, City of Anaheim

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

(Modified accrual basis of accounting)

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Revenues										
Property taxes	$ 76,547	$ 72,909	$ 70,646	$ 68,405	$ 66,282	$ 64,311	$ 58,896	$ 59,053	$ 59,689	$ 60,806
Property tax increments							28,678	47,040	47,731	47,115
Sales and use taxes	81,680	80,500	81,844	71,977	68,581	62,793	58,589	55,034	48,210	56,493
Transient occupancy taxes	154,925	149,566	137,570	119,744	110,134	102,936	90,376	82,605	77,139	80,055
Other taxes	8,311	8,287	8,024	7,478	7,012	7,078	6,401	6,486	6,303	6,451
Licenses fees, and permits	45,047	36,504	30,653	28,573	21,353	22,305	17,067	18,772	21,580	21,062
Intergovernmental revenues	124,696	123,797	121,055	155,314	215,755	186,018	143,348	150,394	141,418	158,729
Charges for services	43,982	42,047	36,147	33,295	32,569	30,883	29,672	24,408	18,351	17,874
Fines, forfeits, and penalties	2,988	2,756	2,875	2,823	2,656	2,907	3,515	3,304	3,255	3,409
Use of money and property[5]	26,801	47,505	67,204 [2]	20,068	22,427	12,141	10,582	12,423	12,647	11,754
Contribution from property owners		36,864 [4]						41,007 [1]		
Other[5]	1,178	2,127	1,368	9,738	809	4,843	3,692	374	1,598	7,676
Total revenues	566,155	602,862	557,386	517,415	547,578	496,215	450,816	500,900	437,921	471,424
Expenditures										
General government	21,358	19,447	18,679	19,052	21,070	18,270	16,502	16,055	15,822	16,953
Police	156,338	148,801	139,775	127,226	120,962	117,702	112,656	114,678	115,379	112,057
Fire & Rescue	74,888	70,164	66,399	61,483	57,529	56,127	55,886	55,802	55,713	55,966
Community & Economic Development	93,855	92,089	107,544 [3]	89,446	83,658	86,282	95,352	110,138	126,590	112,406
Planning & Building	23,649	21,997	19,935	17,667	16,086	15,785	14,408	14,560	15,173	15,489
Public Works	34,331	30,886	30,388	29,814	29,737	25,387	22,861	27,087	19,957	29,321
Community Services	34,042	32,258	31,980	28,394	30,602	25,268	24,618	27,813	31,311	33,572
Public Utilities	2,341	2,496	2,727	2,622	2,510	2,398	2,313	2,220	1,939	1,507
Convention, Sports & Entertainment	14,639	14,023	13,089	11,608	10,714	10,002	9,725	9,917	6,369	6,699
Capital outlay	46,366	44,532	32,589	79,710	136,597	98,601	55,505	70,918	62,422	52,229
Debt service:										
Principal	14,749	26,123	28,448	25,289	24,220	18,948	16,294	12,219	12,777	16,085
Interest charges	28,412	15,571	16,930	18,085	18,797	19,808	26,927	33,032	33,509	34,830
Debt issuance costs				127				227		70
Total expenditures	544,968	518,387	508,483	510,523	552,482	494,578	453,047	494,666	496,961	487,184
Revenues over (under) expenditures	21,187	84,475	48,903	6,892	(4,904)	1,637	(2,231)	6,234	(59,040)	(15,760)
Other Financing Sources (Uses)										
Transfers in	97,513	103,797	95,920	85,818	84,813	73,470	131,093	99,571	83,498	121,987
Transfers out	(93,285)	(101,446)	(85,403)	(79,373)	(75,953)	(59,393)	(119,552)	(86,621)	(59,970)	(76,304)
Issuance of refunding bonds				6,200						5,084
Payments to refunded bond escrow agent				(6,200)						(5,683)
Premium on long term debt				1,790						94
Issuance of long-term debt	2,250	6,125	1,100	22,654	1,350	31,500		13,570	8,000	2,769
Claims settlement proceeds									750	3,848
Extraordinary loss							(67,235)			
Total other financing sources	6,478	8,476	11,617	30,889	10,210	45,577	(55,694)	26,520	32,278	51,795
Net change in fund balances	$ 27,665	$ 92,951	$ 60,520	$ 37,781	$ 5,306	$ 47,214	$ (57,925)	$ 32,754	$ (26,762)	$ 36,035
Debt service as a percentage of non-capital expenditures	8.66%	8.80%	9.54%	10.07%	10.34%	9.79%	10.87%	10.68%	10.65%	11.71%

1 Contribution from property owners pursuant to the issuance of Community Facility District 08-1 Platinum Triangle Series 2010 Special Tax Bond
2 Increase in Use of money and property is due to one-time land held for resale transferred from the Successor Agency
3 Increase in Community and Economic Development expenditures is due to a one-time loss on sale of land held for resale.
4 Contribution from property owners pursuant to the issuance of Community Facility District 08-1 Platinum Triangle Series 2016 Special Tax Bond
5 Certain reclassifications have been made to prior fiscal years' data to conform to the current presentation.

See accompanied independent auditors' report

General Government Tax Revenues By Source
Last Ten Fiscal Years (In thousands)
(Modified accrual basis of accounting)

	Amounts in Dollars											
	Property Taxes				Property Tax Increments							
Fiscal Year	Secured Property Taxes	Unsecured Property Taxes	Supplemental Property Taxes	Residual	Secured Property Taxes	Unsecured Property Taxes	Supplemental Property Taxes	Property Taxes in-lieu of VLF[1]	Sales and Use Taxes	Transient Occupancy Taxes	Other Taxes	Total
2018	$ 39,396	$ 1,265	$ 1,259	$ 2,892				$ 31,735	$ 81,680	$ 154,925	$ 8,311	$ 321,463
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 [3]	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 [2]	$ 6,884 [2]	$ 218 [2]	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

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

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

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

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

Source: Finance Department, City of Anaheim

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

	Fiscal Year 2018	2017	2016	2015	2014
City of Anaheim					
Secured property	$ 36,199,163	$ 34,732,460	$ 33,338,748	$ 32,023,757	$ 30,548,214
Unsecured property	1,175,627	1,172,650	1,243,307	1,515,905	1,266,403
Total City of Anaheim	37,374,790	35,905,110	34,582,055	33,539,662	31,814,617
Dissolved Anaheim Redevelopment Agency					
Secured property	5,182,683	4,773,715	4,479,386	4,102,931	3,916,169
Unsecured property	720,305	684,544	753,736	759,729	654,982
Total Anaheim Redevelopment Agency	5,902,988	5,458,259	5,233,122	4,862,660	4,571,151
Total Taxable Assessed Value	$ 43,277,778	$ 41,363,369	$ 39,815,177	$ 38,402,322	$ 36,385,768
Total Direct Tax Rate	0.10851%	0.10851%	0.11024%	0.11049%	0.11062%

	Fiscal Year 2013	2012	2011	2010	2009
City of Anaheim					
Secured property	$ 29,608,967	$ 28,808,849	$ 28,600,152	$ 28,775,989	$ 29,329,062
Unsecured property	1,265,519	1,232,825	1,278,062	1,283,263	1,226,209
Total City of Anaheim	30,874,486	30,041,674	29,878,214	30,059,252	30,555,271
Dissolved Anaheim Redevelopment Agency					
Secured property	4,338,935	3,977,843	3,751,227	3,762,168	3,644,931
Unsecured property	683,237	656,505	743,403	762,903	789,618
Total Anaheim Redevelopment Agency	5,022,172	4,634,348	4,494,630	4,525,071	4,434,549
Total Taxable Assessed Value	$ 35,896,658	$ 34,676,022	$ 34,372,844	$ 34,584,323	$ 34,989,820
Total Direct Tax Rate	0.11078%	0.11075%	0.11075%	0.11031%	0.11024%

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

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

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

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
City Direct Rate (1)										
City Basic Rate (2)	0.10851	0.10851	0.10851	0.10851	0.10851	0.10851	0.10851	0.10851	0.10816	0.10816
Anaheim General Obligation Bond Fund	0.00000	0.00000	0.00173	0.00198	0.00211	0.00227	0.00224	0.00224	0.00215	0.00208
	0.10851	0.10851	0.11024	0.11049	0.11062	0.11078	0.11075	0.11075	0.11031	0.11024
Overlapping Rates:										
Anaheim Elementary General Fund	0.29873	0.29873	0.29873	0.29873	0.29873	0.29873	0.29873	0.29873	0.29778	0.29778
Anaheim High General Fund	0.19043	0.19043	0.19043	0.19043	0.19043	0.19043	0.19043	0.19043	0.18982	0.18982
Educational Revenue Augmentation Fund	0.15592	0.15592	0.15592	0.15592	0.15592	0.15592	0.15592	0.15592	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	0.07755	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	0.01579	0.01574	0.01574
Orange County Flood Control District General	0.02197	0.02197	0.02197	0.02197	0.02197	0.02197	0.02197	0.02197	0.02190	0.02190
Orange County General Fund	0.06849	0.06849	0.06849	0.06849	0.06849	0.06849	0.06849	0.06849	0.06827	0.06827
Orange County Harbors Beaches & Parks CSA	0.01698	0.01698	0.01698	0.01698	0.01698	0.01698	0.01698	0.01698	0.01693	0.01693
Orange County Sanitation District #2 Operating	0.03227	0.03227	0.03227	0.03227	0.03227	0.03227	0.03227	0.03227	0.03469	0.03469
Orange County Transportation Authority	0.00312	0.00312	0.00312	0.00312	0.00312	0.00312	0.00312	0.00312	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	0.00831	0.00893	0.00893
Orange County Water District Water Reserve	0.00012	0.00012	0.00012	0.00012	0.00012	0.00012	0.00012	0.00012	0.00013	0.00013
Anaheim Elementary School Districts	0.04502	0.04461	0.04227	0.02867	0.05848	0.05382	0.05371	0.03363	0.03193	0.02248
Anaheim High School Districts	0.02211	0.04259	0.04948	0.02412	0.02620	0.02858	0.02678	0.02745	0.02617	0.02363
North Orange County Community College	0.02927	0.02885	0.03043	0.01704	0.01704	0.01902	0.01742	0.01758	0.01662	0.01493
Water District Rate	0.00350	0.00350	0.00350	0.00350	0.00350	0.00350	0.00370	0.00370	0.00430	0.00430
Total Direct and Overlapping Rate	1.09990	1.11955	1.12741	1.07531	1.10733	1.10719	1.10385	1.08460	1.08117	1.06742

(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)

	Fiscal Year					
	2018			2009		
Tax Payer	**Rank**	**Percentage of Total Assessed Value**	**Taxable Assessed Value**	**Rank**	**Percentage of Total Assessed Value**	**Taxable Assessed Value**
Walt Disney World Company	1	79.30%	$ 4,310,881	1	77.06%	$ 3,746,771
HHC HA Investment II Inc.	2	3.82%	207,587			
Anaheim Concourse ILP LLC	3	3.46%	188,151			
US REIF MG Madison Park CA LLC	4	2.32%	126,338			
Irvine Company LLC	5	2.14%	116,566			
Teachers Insurance & Annuity Association	6	1.96%	106,759			
Prologis California I LLC	7	1.82%	98,750			
Gateway Apartments II LLC	8	1.74%	94,449			
Angeli LLC	9	1.73%	93,946	8	1.74%	84,668
OTR	10	1.71%	92,868			
Lennar Platinum Trialble				2	4.39%	213,460
Maker Anaheim LLC				3	3.91%	190,006
Kaiser Foundation Health				4	3.19%	154,884
Anaheim GW II LLC				5	2.40%	116,740
PPC Anaheim Apartments				6	2.23%	108,243
Maguire Properties Syadium Gateway				7	1.75%	84,897
Worldmark Club				9	1.68%	81,600
Anaheim Memorial Hospital				10	1.66%	80,879
Total		100.00%	$ 5,436,295		100.00%	$ 4,862,148

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

See accompanied independent auditors' report

Property Tax Levies and Collections
Last Ten Fiscal Years (In thousands)

		Collected within the Fiscal Year of the Levy			Total Collections to Date			Collected within the Fiscal Year of the Levy			Total Collections to Date	
Fiscal Year	Total Taxes Levy	Amount [1]	Percentage of Levy	Collections in Subsequent Years	Amount	Percentage of Levy	Total Tax Increments Levy [2]	Amount [2]	Percentage of Levy	Collections in Subsequent Years	Amount	Percentage of Levy
2018	$ 42,432	$ 41,578	97.99%	$ 162	$ 41,740	98.37%						
2017	40,787	39,710	97.36%	342	40,052	98.20%						
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%

[1] Excludes property taxes in-lieu of vehicle license fees

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

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

Source: Auditor-Controller, County of Orange

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

	Fiscal Year				
	2018	2017	2016	2015	2014
Governmental Activities					
Bonds	$ 621,675	$ 627,589	$ 632,321	$ 640,891	$ 614,757
Certificates of participation					8,880
Notes and loans	28,008	29,577	20,820	21,372	50,757
Capital leases	1,550	1,738	2,088	2,346	1,325
Total governmental activities	651,233	658,904	655,229	664,609	675,719
Business-Type Activities					
Bonds	1,214,339	1,235,400	1,124,159	1,116,443	780,553
Certificates of participation					38,000
Notes and loans	16,972	20,523	36,200	57,399	48,271
Total business-type activities	1,231,311	1,255,923	1,160,359	1,173,842	866,824
Total Government	$ 1,882,544	$ 1,914,827	$ 1,815,588	$ 1,838,451	$ 1,542,543
Percentage of Personal Income	19.87%	20.12%	20.18%	21.26%	17.22%
Per Capita	$ 5,272	$ 5,341	$ 5,070	$ 5,231	$ 4,429

	Fiscal Year				
	2013	2012	2011	2010	2009
Governmental Activities					
Bonds	$ 616,086	$ 616,444	$ 821,587	$ 810,504	$ 805,068
Certificates of participation	10,020	11,085	12,070	12,990	13,840
Notes and loans	54,877	25,546	34,566	29,094	24,621
Capital leases	1,369	1,694	2,341	2,605	1,235
Total governmental activities	682,352	654,769	870,564	855,193	844,764
Business-Type Activities					
Bonds	863,987	889,581	908,683	805,925	829,707
Certificates of participation	38,000	38,000	38,000	38,000	38,000
Notes and loans	62,722	24,652	30,519	11,379	12,299
Total business-type activities	964,709	952,233	977,202	855,304	880,006
Total Government	$ 1,647,061	$ 1,607,002	$ 1,847,766	$ 1,710,497	$ 1,724,770
Percentage of Personal Income	19.74%	20.95%	24.57%	23.32%	23.96%
Per Capita	$ 4,758	$ 4,674	$ 5,418	$ 5,088	$ 5,193

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 2018	2017	2016	2015	2014
Bonds					
General Obligation			$ 700	$ 1,360	$ 1,995
Lease Revenue	$ 621,675	$ 627,589	631,621	639,531	612,762
	621,675	627,589	632,321	640,891	614,757
Less amounts available in debt service fund	150,052	127,581	108,482	88,174	73,500
Total net obligation bonds outstanding	$ 471,623	$ 500,008	$ 523,839	$ 552,717	$ 541,257
Percentage of Assessed Value of Property	1.09%	1.21%	1.32%	1.44%	1.51%
Per capita	$ 1,321	$ 1,395	$ 1,463	$ 1,573	$ 1,554

	Fiscal Year 2013	2012	2011	2010	2009
Bonds					
General Obligation	$ 2,605	$ 3,185	$ 3,735	$ 4,255	$ 4,750
Lease Revenue	613,481	616,444	609,683	605,252	600,064
Tax Allocation			208,169	200,997	200,254
	616,086	619,629	821,587	810,504	805,068
Less amounts available in debt service fund	61,625	53,398	67,363	69,043	63,560
Total net obligation bonds outstanding	$ 554,461	$ 566,231	$ 754,224	$ 741,461	$ 741,508
Percentage of Assessed Value of Property	1.54%	1.63%	2.19%	2.14%	2.12%
Per capita	$ 1,602	$ 1,647	$ 2,212	$ 2,205	$ 2,233

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, 2018 (In thousands)

2017-18 Assessed Valuation $ 43,277,778

			Outstanding
DIRECT TAX AND ASSESSMENT DEBT:			
City of Anaheim			$ -
DIRECT GENERAL FUND DEBT:			
City of Anaheim General Fund Obligations			651,233
TOTAL GROSS DIRECT DEBT			651,233
Less: City of Anaheim Public Financing Authority (100% self-supporting)			621,675
City of Anaheim various revenue funds (100% self-supporting)			29,558
TOTAL NET DIRECT DEBT			$ -

	Total Debt 6/30/2018	% Applicable (1)	City's Share of Debt 6/30/2018
OVERLAPPING TAX AND ASSESSMENT DEBT:			
Metropolitan Water District	$ 60,600	1.577 %	$ 956
North Orange Joint Community College District	206,054	27.453	56,568
Rancho Santiago Community College District	246,734	12.451	30,721
Rancho Santiago Community College District School Facilities Improvement District No 1	121,395	0.384	466
Anaheim Union High School District	200,529	67.590	135,538
Fullerton Joint Union High School District	169,665	0.249	422
Garden Grove Unified School District	328,540	0.576	1,892
Orange Unified School District	188,000	25.958	48,801
Placentia - Yorba Linda Unified School District	236,975	19.244	45,603
Anaheim School District	168,236	99.138	166,786
Magnolia School District	21,793	67.359	14,680
Other School Districts	150,086	Various	24,316
City of Anaheim Community Facilities Districts	66,960	100.000	66,960
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT	2,165,567		593,709
OVERLAPPING GENERAL FUND DEBT:			
Orange County General Fund Obligations	210,347	7.761	16,325
Orange County Pension Obligation Bonds	383,564	7.761	29,768
Orange County Board of Education Certificates of Participation	13,990	7.761	1,086
North Orange County Regional Occupation Program Certificates of Participation	9,610	28.265	2,716
Orange Unified School District Certificates of Participation	31,578	25.958	8,197
Orange Unified School District Benefit Obligations	78,765	25.958	20,446
Placentia-Yorba Linda Unified School District Certificates of Participation	94,175	19.244	18,123
Anaheim Union High School District Certificates of Participation	68,605	67.590	26,093
Fullerton Joint Union High School District Certificates of Participation	19,295	0.249	48
Fullerton School District Certificates of Participation	4,810	0.166	8
Magnolia School District Certificates of Participation	16,257	67.359	10,951
TOTAL GROSS OVERLAPPING GENERAL FUND OBLIGATION DEBT	930,996		133,761
OVERLAPPING TAX INCREMENT DEBT (Successor Agency):			
City of Anaheim Tax Allocation Bonds	189,870	.0005-100 %	156,463
TOTAL OVERLAPPING TAX INCREMENT DEBT			156,463
TOTAL GROSS OVERLAPPING DEBT			883,933
TOTAL NET OVERLAPPING DEBT			883,933
GROSS COMBINED TOTAL DEBT			$ 1,535,166 (2)
NET COMBINED TOTAL DEBT			$ 883,933

(continued)

Direct and Overlapping Governmental Activities Debt
As of June 30, 2018 (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 2017-18 Assessed Valuation:	
Direct Debt ($0)	0.00%
Total Overlapping Tax and Assessment Debt	1.37%
Ratios to Adjusted Assessed Valuation:	
Gross Combined Direct Debt ($651,233)	1.50%
Net Combined Direct Debt ($0)	0.00%
Gross Combined Total Debt	3.55%
Net Combined Total Debt	2.04%
Ratios to Redevelopment Increment Valuation ($5,906,608)	
Total Overlapping Tax Increment Debt	2.65%

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				
	2018	2017	2016	2015	2014
Debt limit	$ 1,622,917	$ 1,551,126	$ 1,493,069	$ 1,440,087	$ 1,364,466
Total net debt applicable to limit			(700)	(1,360)	(1,995)
Legal debt margin	$ 1,622,917	$ 1,551,126	$ 1,492,369	$ 1,438,727	$ 1,362,471
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.05%	0.09%	0.15%
Legal Debt Margin					
Assessed value	$ 43,277,778	$ 41,363,369	$ 39,815,177	$ 38,402,322	$ 36,385,768
Debt limit (3.75% of total assessed value)[1]	$ 1,622,917	$ 1,551,126	$ 1,493,069	$ 1,440,087	$ 1,364,466

	Fiscal Year				
	2013	2012	2011	2010	2009
Debt limit	$ 1,346,125	$ 1,300,351	$ 1,288,982	$ 1,296,912	$ 1,312,118
Total net debt applicable to limit	(2,605)	(3,185)	(3,735)	(4,255)	(4,750)
Legal debt margin	$ 1,343,520	$1,297,166	$1,285,247	$ 1,292,657	$ 1,307,368
Total net debt applicable to the limit as a percentage of debt limit	0.19%	0.24%	0.29%	0.33%	0.36%
Legal Debt Margin					
Assessed value	$ 35,896,658	$ 34,676,022	$ 34,372,844	$ 34,584,323	$ 34,989,820
Debt limit (3.75% of total assessed value)[1]	$ 1,346,125	$ 1,300,351	$ 1,288,982	$ 1,296,912	$ 1,312,118

Note:

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

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

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

Source: Finance Department, City of Anaheim

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

Electric Utility Revenue Bonds

Fiscal Year	Electric Revenue	Less Operating Expenses [1]	Net Available Revenue	Debt Service Principal	Debt Service Interest	Debt Service Total	Coverage
2018	$ 446,156	$ 330,376	$ 115,780	$ 21,305	$ 30,613	$ 51,918	2.2301
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

[1] Operating expenses includes transfer for right of way and excludes amortization and depreciation.

See accompanied independent auditors' report

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

Water Utility Revenue Bonds

Fiscal Year	Water Revenue	Less Operating Expenses [1]	Net Available Revenue	Debt Service Principal	Debt Service Interest	Debt Service Total	Coverage
2018	$ 80,131	$ 59,975	$ 20,156	$ 3,370	$ 7,638	$ 11,008	1.8310
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
2011	56,935	45,293	11,642	880	3,275	4,155	2.8019
2010	57,787	45,231	12,556	1,490	2,544	4,034	3.1125
2009	53,039	40,123	12,916	1,435	1,967	3,402	3.7966

[1] Operating expenses include transfer and excludes amortization and depreciation.
Note: Details regarding the City's outstanding debt can be found in the notes to the basic financial statements.
Source: Finance Department, City of Anaheim

Sanitation Revenue Bonds

Fiscal Year	Wastewater Revenue [2]	Less Operating Expenses [3]	Net Available Revenue	Debt Service Principal	Debt Service Interest	Debt Service Total	Coverage
2018	$ 13,963	$ 6,779	$ 7,184	$ 1,095	$ 1,902	$ 2,997	2.3971
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

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

(continued)

Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population (1)	Personal Income (thousands of dollars)	Per Capita Personal Income	Median Age (1)	Education Level in Years of Schooling	School Enrollment	Orange County Unemployment Rate
2018	357,084	$9,476,295	26,538(2)	33.7	12.2	63,727	3.30%
2017	358,546	9,515,094	26,538	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%

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

(2) Per capita income for FY 2018 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

	Fiscal Year					
	2018			2009		
Employer	Rank	Employees	Percentage of Total City Employment	Rank	Employees	Percentage of Total City Employment
Disneyland Resort	1	31,160	19.0%	1	20,050	12.6%
Kaiser Foundation Hospital	2	6,185	3.8%	2	3,660	2.3%
Northgate Gonzalez Supermarkets	3	2,000	1.2%	4	2,000	1.3%
Anaheim Regional Medical Center	4	1,200	0.7%	5	1,185	0.7%
Hilton Anaheim	5	1,000	0.6%	8	920	0.6%
Angels Baseball	6	930	0.6%			
Anaheim Global Medical Center	7	900	0.5%			
L-3 Communications	8	860	0.5%			
Carrington Mortgage Services LLC (CMS)	9	800	0.5%			
G4S Secure Solutions	10	800	0.5%			
St. Joseph Heritage Healthcare	10	800	0.5%			
Airport Bus				3	2,000	1.3%
West Anaheim Medical Center				9	774	0.5%
Honda Center				7	1,000	0.6%
AT & T				6	1,000	0.6%
Alstyle Apparel				10	750	0.5%
Total		46,635	28.4%		33,339	21.0%

Source: Inside Prospects Database

See accompanied independent auditors' report

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

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Function/Program										
City Council	9	9	6	7	7	7	7	7	7	7
City Administration	19	19	19	20	20	20	21	21	24	24
City Attorney	33	33	33	33	31	30	30	30	35	35
City Clerk	8	8	8	7	7	7	6	6	7	7
Human Resources	40	40	39	37	37	38	36	36	40	40
Finance	55	55	54 [1]	44	44	44	46	47	52	53
Police	590	576	569	561	549	536	530	554	610	610
Fire & Rescue	276	276	274	267	262	262	275	277	289	289
Community & Economic Development	73	73	73	71	68	78	102	105	106	109
Planning & Building	76	76	76	75	71	69	73	75	93	94
Public Works	236	236	235	237	236	234	235	252	252	252
Community Services	93	92	92	91	87	87	115	123	180	183
Public Utilities	352	352	352	354	353	352	355	377	377	377
Convention, Sports & Entertainment	85	85	85	85	84	83	91	91	91	91
Total	1,945	1,930	1,915	1,889	1,856	1,847	1,922	2,001	2,163	2,171

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

Source: City of Anaheim

(continued)

Operating Indicators by Function
Last Ten Fiscal Years

	Fiscal Year									
Function/Program	**2018**	**2017**	**2016**	**2015**	**2014**	**2013**	**2012**	**2011**	**2010**	**2009**
Police Department										
Number of calls for service	200,934	200,695	208,710	195,305	186,042	186,461	189,751	195,587	185,934	191,037
Number of 911 calls received	146,770	150,555	155,371	158,447	145,813	182,856	179,313	165,698	140,529	129,998
Number of Part I Crimes per 100,000 population	2,925	2,917	3,279	2,950	2,883	3,326	3,057	2,886	2,857	2,764
Number of Arrest	11,865	11,010	11,604	11,405	11,846	11,617	11,494	13,345	17,650	15,951
Number of Field Reports processed by Records Bureau	45,402	41,208	41,655	39,191	38,362	39,066	33,050	35,807	35,256	37,999
Number of traffic collisions	4,757	4,817	5,179	4,833	4,686	4,414	4,044	4,046	4,027	4,251
Number of Hours of Volunteer service	19,270	21,132	21,647	22,885	24,124	23,470	25,309	20,335	18,038	16,201
Fire & Rescue Department										
Fire & Rescue responses	1,057	1,035	1,082	952	885	902	923	983	1,275	1,016
False alarm responses	1,803	1,903	1,848	3,910	1,735	1,424	1,390	1,487	1,467	1,503
Mutual aid responses	4,069	5,450	5,506	4,322	3,001	2,860	2,744	2,707	2,560	2,532
Medical responses	29,385	28,437	28,858	27,158	24,912	24,735	23,061	22,202	24,045	21,553
Hazardous condition responses	190	222	211	213	211	207	201	199	207	224
Public Works										
Centerline miles of arterial highway pavement improved	1.29	1.22	4.7	3.55	7.13	5.9	8.7	5.8	9.0	8.1
Square feet of deteriorated pavement replaced	2,960,600	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
Square feet of deteriorated pavement slurry sealed	4,704,400	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
Number of traffic intersections maintained	360	335	333	321	327	318	318	319	318	318
Number of traffic control hubs maintained	18	18	18	18	19	18	18	18	18	17
Square feet of deteriorated sidewalk replaced	162,774	102,305	232,922	153,531	96,399	77,590	74,780	62,940	60,000	50,500
Linear feet of damaged curb/gutter replaced	65,569	6,797	33,373	30,152	29,996	25,187	27,661	24,755	11,500	12,500
Square feet of medians/parkways maintained	6,101,098	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
Square feet of landscape maintained in the Anaheim Resort	1,605,958	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
Square feet of hardscape maintained in the Anaheim Resort	991,350	991,360	991,360	991,370	991,360	858,828	858,828	1,001,743	858,828	858,828
Number of vehicles maintained	1,050	1,036	1,025	1,097	1,144	1,106	1,152	1,162	1,331	1,331
Number of vehicles per mechanic	52	49	49	57	58	58	50	47	50	55
Square feet of interior space maintained	2,399,337	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
Square feet of exterior space maintained	37,698,184	37,662,184	37,662,184	37,662,184	37,655,278	37,645,278		39,138,187	39,138,187	39,138,187
Number of facility square feet (interior) per worker	126,281	125,215	1,459,000	1,459,000	150,000	139,000	120,904	114,540	103,631	103,631
Number of construction projects	180	80	120	100	165	120	100	136	130	130
Number of permit inspections	900	650	510	429	486	380	404	355	800	800
Parks										
Number of park acres maintained per full-time equivalent employee	77	77	77	76	75	75	75	75	12	12
Number of sports fields prepared	66	66	66	66	66	66	66	66	66	66
Cost per acre of parks maintained.	$9,497	$9,221	$8,952	$8,691	$8,438	$8,192	$8,031	$8,333	$9,651	$9,950
Cost per sports field maintained.	$4,934	$4,791	$4,655	$4,519	$4,387	$4,260	$4,133	$4,261	$5,134	$5,134
Golf Courses										
Cost per acre of golf course maintained	$11,147	$10,434	$10,076	$9,455	$9,931	$9,595	$9,010	$9,569	$11,327	$10,674
Number of rounds played	102,498	102,542	102,234	110,855	117,652	118,879	120,675	116,287	124,404	137,948
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 2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
City Libraries										
Hours open	17,065	16,023	15,461	16,929	16,820	16,243	15,530	15,364	18,944	19,290
Total circulation of materials, including eBooks	1,026,897	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
Patron assistance (reference, information, computer)	207,724	226,429	185,436	207,305	240,287	291,960	347,085	397,287	530,364	537,807
Patron visits	1,460,551	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
Library cardholders	233,312	230,951	217,661	201,194	186,891	158,396	157,278	156,444	149,501	138,826
Programs offered	4,770	4,507	3,900	3,800	3,397	3,097	3,235	3,927	3,991	4,777
Program attendance	144,660	142,098	125,609	117,226	111,380	102,728	101,696	124,401	146,357	158,669
Hours of public internet usage	151,709	144,364	150,712	184,851	209,953	237,340	220,930	209,673	246,676	277,097
Community Services Programs										
Number of youth program participants	197,228	181,697	183,967	177,746	126,429	136,345	129,215	110,013	134,611	146,381
Number of youth program participants in recreation classes	7,957	8,500	13,026	10,136	13,897	10,906	9,213	10,231	10,125	16,332
Number of adult program sports teams	588	679	725	750	791	841	845	908	885	875
Number of park ranger contacts	641,320	382,310	278,599	327,893	263,765	233,308	275,014	232,132	187,000	208,176
Public Utilities Department										
Electric Utility:										
Number of meters	119,564	118,248	117,593	115,682	115,474	115,418	115,113	114,662	113,434	112,548
Megawatt-hours - sales	3,217,353	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
Megawatt-hours - purchased power	2,985,962	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
Megawatt-hours - owned generation	231,391	398,068	318,921	371,657	467,348	410,601	430,323	431,027	410,784	435,835
								-		
Water Utility:										
Number of meters	64,001	63,489	63,775	63,145	63,002	62,917	62,793	62,717	62,607	62,456
Millions of gallons sold	19,308	17,422	16,607	19,804	20,743	20,464	19,672	19,526	20,492	22,238
Millions of gallons purchased from Metropolitan Water	8,767	4,170	4,373	4,717	5,286	6,878	7,023	7,398	8,054	6,614
Millions of gallons pumped from water system wells	10,742	14,217	13,213	15,180	16,749	14,659	14,100	13,399	14,669	17,034
Anaheim Convention Center										
Number of events serviced	171	179	181	197	221	263	222	200	232	310
Number of attendees	960,000	925,000	954,000	986,000	1,020,000	1,070,000	1,059,000	935,000	944,000	917,000
Percentage of occupancy	68.0%	72.0%	59.0%	63.0%	63.0%	58.0%	62.0%	56.0%	68.0%	56.0%
ARTIC Management[1]										
Hours Open	7,118	7,118								
Daily Ridership [2]										
Non-event day	4,364									
Event day	5,199									

[1] The ARTIC management started operation on December 6, 2014.

[2] Ridership survey is performed every two years.

Sources: Various City departments

Capital Assets Statistics by Function
Last Ten Fiscal Years

	Fiscal Year									
Function/Program	**2018**	**2017**	**2016**	**2015**	**2014**	**2013**	**2012**	**2011**	**2010**	**2009**
Police Department										
Police Facilities	10	10	10	10	10	10	10	10	10	10
Motorized Equipment	256	260	260	250	247	247	242	242	250	266
Police Helicopters	3	3	2	2	2	3	3	3	4	4
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	1			
Fire & Rescue Department										
Fire & Rescue stations	11	11	11	11	11	11	11	11	11	11
Training center	1	1	1	1	1	1	1	1	1	1
Fire & Rescue trucks, engines, and other vehicles	76	75	75	74	74	79	74	69	74	74
Public Works										
Streets (center lane miles)	584	585	584	584	578	578	578	578	588	633
Traffic signals	360	335	321	321	321	318	318	318	306	318
Sewers (miles)	578.43	578.17	578.13	577.60	575.52	575.52	573.63	570.44	569.60	568.30
Storm Drains (miles)	151.82	151.82	151.30	151.30	151.30	151.30	151.24	151.24	151.24	148.00
Parks										
Community parks	11	11	11	11	11	11	11	11	11	11
Mini parks	15	15	15	9	7	7	7	7	7	7
Neighborhood parks	23	23	23	21	21	21	21	21	21	21
Special use parks	9	8	8	7	7	7	7	7	6	6
Golf Courses	2	2	2	2	2	2	2	2	2	2
City Libraries										
Branch libraries	8	8	8	8	7	7	7	7	7	7
Book mobiles	1	1	1	1	1	1	1	1	2	2
Museums/Historic properties	5	5	5	5	5	5	5	5	5	3

See accompanied independent auditors' report

Capital Assets Statistics by Function
Last Ten Fiscal Years

(continued)

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Function/Program										
Public Utilities Department										
Electric Utility:										
Transmission, 69 kV, circuit miles	90	90	88	87	86	87	86	90	80	80
Distribution, 12 kV and lower, circuit miles										
Overhead	401	402	408	414	420	426	428	440	446	446
Underground	709	708	693	680	666	662	656	658	617	625
Water Utility:										
Active Wells	15	18	17	18	17	18	18	18	18	18
Reservoirs	13	14	14	14	14	14	14	14	13	13
Water Mains (miles)	754	753	753	753	753	753	753	752	753	750
Fire & Rescue Hydrants	7,835	7,842	7,832	7,840	7,832	7,816	7,812	7,802	7,805	7,751
Anaheim Convention Center										
Square footage available	1,370,000	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	7	5	5	5	5	5	5	5	5	5
ARTIC Management[1]	67,000	67,000								
Terminal square footage	1,059	1,059								
Parking stalls	18	18								
Bus bays	24	24								
Bike lockers										

[1] The ARTIC management started operation on December 6, 2014.

Source: Various City Departments

Other Information

Summary of Pension Obligation Funding Progress

(in thousands)

June 30, 2017 Actuarial Valuation Date	Market Value of Assets (MVA)	Accrued Liability	Unfunded Liability	Funded Ratio	Annual Covered Payroll	UL as a % of Payroll
Miscellaneous	$ 957,141	$ 1,361,536	$ 404,395	70.3%	$ 120,748	334.9%
Police Safety	534,056	749,345	215,289	71.3%	49,413	435.7%
Fire Safety	302,285	423,670	121,385	71.3%	22,593	537.3%
Total	$ 1,793,482	$ 2,534,551	$ 741,069	70.8%	$ 192,754	384.5%

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	$ 1,653,192	$ 2,408,409	$ 755,217	68.6%	$ 186,053	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	$ 1,684,340	$ 2,271,132	$ 586,792	74.2%	$ 174,250	336.8%

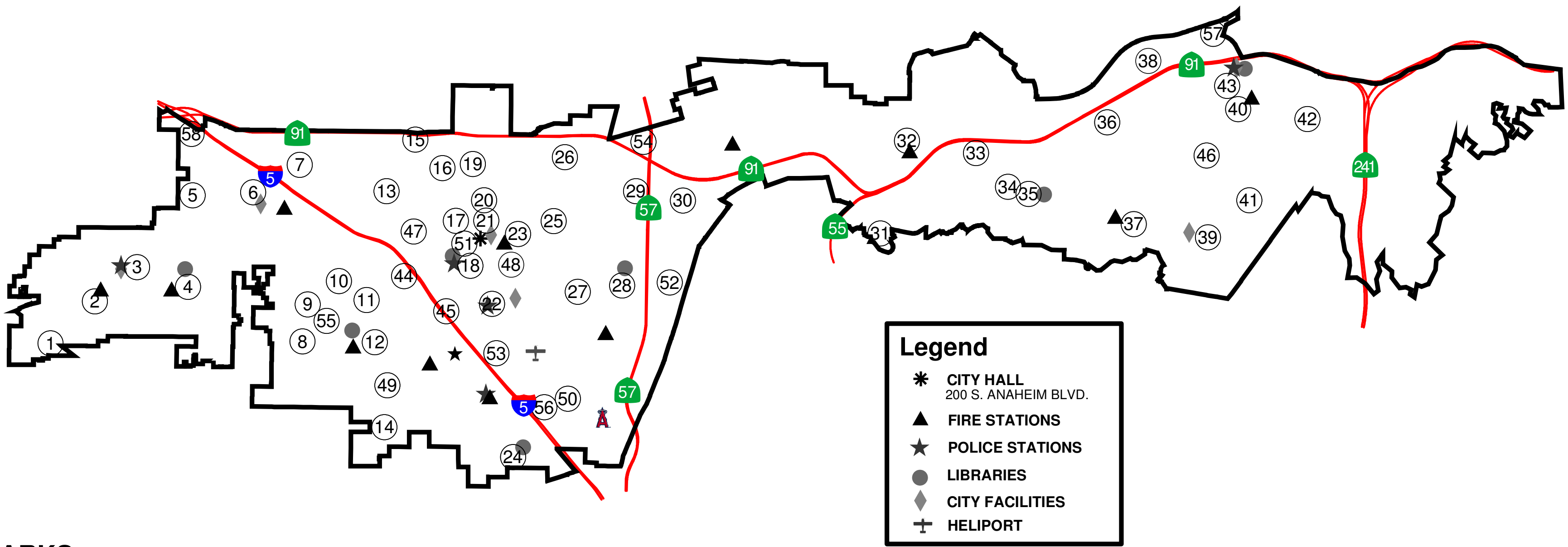
Summary of Other Postemployment Benefits (OPEB) Funding Progress

(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 Covered Employee Payroll
July 1, 2017	$ 89,953	$ 273,950	$ 183,997	32.8%	$ 203,473	90.4%
July 1, 2015	79,787	271,243	191,456	29.4%	178,721	107.1%
July 1, 2013	74,013	237,202	163,189	31.2%	167,871	97.2%

See accompanied independent auditors' report

CITY OF ANAHEIM



PARKS

1. **HANSEN PARK**
   1300 S. Knott St.
2. **TWILA REID PARK**
   3100 W. Orange Ave.
3. **SCHWEITZER PARK**
   238 S. Bel Air St.
4. **MAXWELL PARK**
   2660 W. Orange Ave.
5. **PETER MARSHALL PARK**
   801 N. Magnolia Ave.
6. **BROOKHURST COMMUNITY PARK**
   2271 W. Cresent Ave.
7. **JOHN MARSHALL PARK**
   2066 Falmouth Ave.
8. **MODJESKA PARK**
   1331 S. Nutwood St.
9. **CLARA BARTON PARK**
   1926 Clearbrook Ln.
10. **CHAPARRAL PARK**
    1770 E. Broadway
11. **WILLOW PARK**
    1625 W. Crone Ave.
12. **PALM LANE PARK**
    1595 Palais Rd.
13. **SAGE PARK**
    1313 Lido Pl.
14. **STODDARD PARK**
    901 S. Ninth St.
15. **MANZANITA PARK**
    1260 Riviera St.
16. **LA PALMA PARK & STADIUM**
    1151 La Palma Park Way
17. **PEARSON PARK**
    400 N. Harbor Blvd.
18. **LITTLE PEOPLES PARK**
    220 W. Elm St.
19. **JULIANNA PARK**
    309 E. Juliana St.
20. **GEORGE WASHINGTON PARK**
    250 E. Cypress St.
21. **COLONY SQUARE**
    210 E. Lincoln Ave.
22. **WALNUT GROVE PARK**
    905 S. Anaheim Blvd.
23. **CITRUS PARK**
    104 S. Atchison St.
24. **PONDEROSA PARK**
    2100 S. Haster St.
25. **LINCOLN PARK**
    1440 E. Lincoln Ave.
26. **EDISON PARK**
    1145 Baxter St.
27. **BOYSEN PARK**
    951 State College Blvd.
28. **JUAREZ PARK**
    841 S. Sunkist St.
29. **PIONEER PARK**
    2565 E. Underhill Ave.
30. **RIO VISTA PARK**
    201 N. Park Vista St.
31. **OLIVE HILLS PARK**
    4200 Nohl Ranch Rd.
32. **RIVERDALE PARK**
    4545 E. Riverdale Ave.
33. **PERALTA CANYON PARK**
    115 N. Pinney Dr.
34. **PELANCONI PARK**
    222 S. Avenida Margarita
35. **IMPERIAL PARK**
    450 S. Imperial Hwy.
36. **EUCALYPTUS PARK**
    100 N. Quintana Dr.
37. **OAK PARK**
    6400 E. Nohl Ranch Rd.
38. **YORBA PARK**
    7600 E. La Palma Ave.
39. **OAK CANYON NATURE CENTER**
    6700 Walnut Canyon Rd.
40. **SYCAMORE PARK**
    8268 Monte Vista Rd.
41. **CANYON RIM PARK**
    7305 E. Canyon Rim Rd.
42. **RONALD REAGAN PARK**
    945 S.Weir Canyon Rd.
43. **ROOSEVELT PARK**
    8160 E.Bauer Rd.
44. **ROSS PARK**
    1280 W. Santa Ana St.
45. **COTTONWOOD PARK**
    853 W. Cottonwood Cir.
46. **DEER CANYON PARK**
    Mohler & Santa Ana Rd.
47. **FOUNDERS PARK**
    400 N. West St.
48. **COLONY PARK**
    501 E. Water St.
49. **ENERGY FIELD**
    1625 S. Ninth St.
50. **MAGNOLIA PARK**
    1515 Wright Cir.
51. **FRIENDSHIP PLAZA PARK**
    200 S. Anaheim Blvd.
52. **ANAHEIM COVES**
    962 S. Rio Vista St.
53. **PAUL REVERE PARK**
    160 Guinida Ln.
54. **MIRALOMA PARK**
    2600 E. Miraloma Way
55. **CIRCLE PARK**
    924 S.Park Cir.
56. **CORAL TREE PARK**
    1711 S. Betmor Ln.
57. **ANAHEIM WETLANDS PARK**
    8500 E. La Palma Ave.
58. **DELPHI PARK**
    1211 N. MAGNOLIA AVE.

Date: 10/9/2018
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