



CITY OF YORBA LINDA, CALIFORNIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT



FOR THE FISCAL YEAR ENDED JUNE 30, 2018



The image on the front cover this year is of the fountain in the central square of the new Yorba Linda Town Center (YLTC). Located near the intersection of Imperial Highway and Yorba Linda Boulevard, the YLTC is the heart of Yorba Linda's historic downtown area, along with Main Street, where there are several buildings dating from the early 1900s. Opening in phases during 2019, the YLTC has been in the making for over 25 years. The center includes over 125,000 square feet of high-end shopping and entertainment options, anchored by a Regal movie theater and a Bristol Farms specialty grocery store, and supported by a new public parking structure providing over 400 spaces of additional parking to serve the Town Center area.

**CITY OF YORBA LINDA, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**



City Council

**Gene Hernandez
Mayor**

**Tara Campbell
Mayor Pro Tem**

**Peggy Huang
Council Member**

**Tom Lindsey
Council Member**

**Dr. Beth Haney
Council Member**

**Prepared by the Finance Department
Scott Catlett, Finance Director / City Treasurer
Sophia Leung, Financial Services Manager**

**4845 Casa Loma Avenue
Yorba Linda, CA 92886
(714) 961-7140**

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INTRODUCTORY SECTION



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CITY OF YORBA LINDA

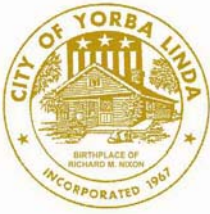
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CITY OF YORBA LINDA

4845 CASA LOMA AVENUE
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FINANCE DEPARTMENT

March 30, 2019

HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL

It is our pleasure to submit the Comprehensive Annual Financial Report (CAFR) of the City of Yorba Linda (the City) for the fiscal year ended June 30, 2018.

This report consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management has established a comprehensive internal control framework that is designed both to protect the City's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with accounting principles generally accepted in the United States of America (US GAAP). Because the costs of internal controls should not outweigh their benefits, internal controls have been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatements.

The City's financial statements have been audited by Macias Gini & O'Connell LLP, a firm of certified public accountants. The independent auditor concluded, based on the audit, that there was a reasonable basis for rendering an unmodified opinion on the City's basic financial statements for the fiscal year ended June 30, 2018. The independent auditor's report is presented as the first component of the financial section of this report.

US GAAP requires that management provide a narrative, introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

City of Yorba Linda Profile

The City, which has a population of 69,121 and is 20.0 square miles, is located in the northeast section of Orange County. The City is strategically located in Southern California, 37 miles from downtown Los Angeles and 13 miles from downtown Santa Ana. Neighboring communities include Anaheim, Brea, Placentia, and Corona. Among the attractions located in the City is the Richard Nixon Presidential Library.

The City is a General Law City and was incorporated in 1967. Since its incorporation, the City has committed itself to providing the highest quality public services at the lowest possible cost. This has been accomplished through the use of contract service providers combined with the development of a skilled, customer service-oriented City workforce. The City has a Council-Manager form of government, with a City Council comprised of five members elected bi-annually to four-year alternating terms. City Council members are elected at-large, on a non-partisan basis, with the City Council annually selecting a Mayor from its members. The City Council appoints the City Manager and City Attorney. The City Manager is responsible for implementing the policy direction of the City Council and directing the day-to-day administration and management of City business within all City departments.

The City provides a wide range of municipal services to its residents either directly or by contract with private vendors or other government agencies. These services including construction and maintenance of streets and other infrastructure, planning and zoning, recreational activities, golf course, library services, and general administrative and support services provided through a staff of approximately 218 full- and part-time employees. The City contracts with the Orange County Sheriff's Department to provide Police Services, and Fire Protection Services are provided by the Orange County Fire Authority. In addition to general City activities, the City Council is financially accountable for the Yorba Linda Public Financing Authority, the Yorba Linda Municipal Financing Authority, and the Yorba Linda Housing Authority. These entities are therefore included as an integral part of the City's financial statements. Additional information regarding these legally separate entities can be found in Note 1 in the notes to the basic financial statements.

The annual budget serves as the foundation for the City's financial planning and control. The City Council holds a public hearing and adopts an annual budget for all funds. The City Council may modify appropriations with majority approval. The budgets are adopted and presented on a basis consistent with US GAAP. The legal level of expenditures is controlled at the fund level, with supplemental budget appropriations or transfers in an amount greater than \$25,000 requiring approval by the City Council. Smaller changes to the budget may be approved by the City Manager and are reported quarterly to the City Council. Appropriations lapse at the end of each fiscal year unless they are encumbered for purchases in process, related to capital projects, or specifically approved by the City Council for re-appropriation in the following fiscal year. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted.

Local Economic Outlook

The California economy continues to grow, with the City of Yorba Linda and the County of Orange outperforming much of the State. The City relies heavily on taxes, its primary source of revenue, comprising approximately 80% of all General Fund revenues. The majority of the tax revenues are collected from property taxes and sales taxes. The City's sales tax revenue has increased over the past several years and is expected to continue to increase next year, which reflects a thriving local business community. The City's property tax revenues are expected to continue to show positive growth based on an increase in assessed valuation and continued residential development in the City. While the City expects revenues to increase during the upcoming fiscal year, we continue to be cautious with the City's financial resources and are committed to maintaining a balanced operating budget and one of the strongest General Fund budget reserves in Orange County.

Long-Term Financial Policies and Planning

A portion of fund balance in the General Fund is set aside and committed for future emergencies, economic contingencies, and known long-term needs pursuant to a City Council-approved Budget Reserves Policy (the Policy). The Policy requires operating reserves to be maintained at a level of at least 50% of budgeted General Fund expenditures (excluding transfers) and other reserves for long-term needs to be established and funded in a prudent manner. As of June 30, 2018, the City's General Fund had budget reserves of approximately \$18.5 million. Of this amount, \$17.4 million is committed to operating reserves for emergencies and economic contingencies and \$1.1 million is committed to special reserves for facilities, road maintenance, self-insurance, and other long-term needs. Assigned fund balance amounts to approximately \$3.2 million assigned to capital projects, budget carryovers, and encumbrances. Nonspendable fund balance of approximately \$25.1 million consists primarily of outstanding loans to the City's Successor Agency and the Black Gold Golf Course enterprise fund. The remainder of fund balance,

amounting to approximately \$3.9 million, is unassigned and available for any purpose at the direction of the City Council.

Major Initiatives

Annually, the City updates a seven-year Capital Improvement Program (CIP). Planned capital expenditures during fiscal year 2018/19 are budgeted at approximately \$72.2 million, which is a much higher amount than is typical for the City due to the ongoing construction of the City's Library and Cultural Arts Center (\$48.1 million). Funding comes from multiple sources, including existing funds, user fees, impact fees, and regional, state and federal funds. The remainder of the CIP consists primarily of transportation-related projects, landscaping improvements, and parks & recreation facilities.

Acknowledgements

The preparation and publication of this report would not have been possible without the dedication, professionalism, and teamwork of the entire staff of the Finance Department. We would like to express our appreciation to all members of the department who assisted in its preparation. This financial report is a clear indication that the City's financial position is solid. We would like to thank the Mayor and the City Council for their continued support for maintaining the highest standards of professionalism and conservatism in the management of the City's finances. Without the energy, ideas, and hours put forth by the City Council, Commissioners, staff, and the citizens of Yorba Linda, this community would not live up to its motto of "Land of Gracious Living."

Respectfully submitted,



Mark A. Pulone
City Manager



Scott Catlett
Finance Director / City Treasurer

LEGISLATIVE OFFICIALS

Gene Hernandez..... Mayor
 Tara Campbell..... Mayor Pro Tem
 Tom Lindsey..... Council Member
 Peggy Huang Council Member
 Dr. Beth Haney..... Council Member

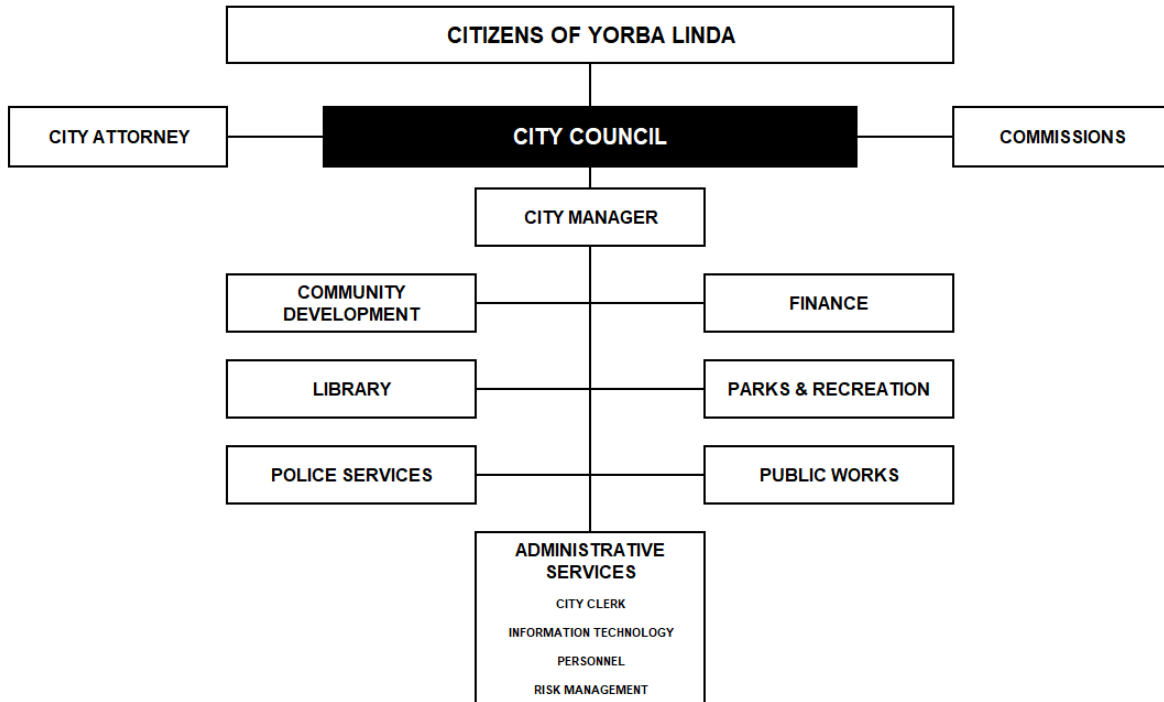
APPOINTED CITY OFFICIALS

Mark Pulone City Manager
 Todd Litfin City Attorney

CITY OFFICIALS

David Christian..... Assistant City Manager
 David Brantley..... Community Development Director
 Scott Catlett..... Finance Director / City Treasurer
 Mike Kudron Parks & Recreation Director
 Lt. Jarrett Kurimay..... Chief of Police Services
 Carrie Lixey Library Director
 E. "Max" Maximous Public Works Director / City Engineer

ORGANIZATIONAL CHART



FINANCIAL SECTION



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Independent Auditor's Report

To the Honorable Mayor and Members of the City Council
City of Yorba Linda, 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 Yorba Linda, California (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 accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion 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. 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 auditor's 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 as of June 30, 2018, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the basic financial statements, effective July 1, 2017, the City adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinions are not modified with respect to this matter.

As discussed in Note 12 to the basic financial statements, the City restated the beginning net position balance as of July 1, 2017 to correct the interest accretion related to the 1993 Tax Allocation Bonds. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, budgetary comparison information, Infrastructure Assets Reported Using the Modified Approach, Schedule of Changes in the Net Pension Liability and Related Ratios – Last 10 Years, Schedule of Pension Contributions – Last 10 Years, Schedule of Changes in the Net OPEB Liability and Related Ratios – Last 10 Years, and Schedule of OPEB Contributions – Last 10 Years, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the GASB, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 budgetary comparison schedule – Capital Improvements Capital Projects Fund and the combining and individual fund statements and schedules and other information, such as the introductory and statistical section as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The budgetary comparison schedule – Capital Improvements Capital Projects Fund and the combining and individual fund statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison schedule – Capital Improvements Capital Projects Fund and the combining and individual fund statements and schedules are fairly stated in all material respects, in relation to the basic financial statements as a whole.

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

Macias Gini & O'Connell LLP

Newport Beach
March 30, 2019

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CITY OF YORBA LINDA
Management's Discussion and Analysis (Required Supplemental Information-Unaudited)
For the Fiscal Year Ended June 30, 2018

The management of the City of Yorba Linda (City) offers readers of the City's basic financial statements this narrative overview and analysis of the City's financial activities for the fiscal year ended June 30, 2018. We encourage readers to consider the information presented here in conjunction with additional information that is provided in our letter of transmittal. The presentation of the City's financial data in this analysis and statements will differ from the City's budget, in that the analysis and statements are required to follow Governmental Accounting Standards Board (GASB) Statement No. 34 and other GASB Statements to allocate costs associated with capital related items, long-term debt transactions, accrued interest, compensated absences, and depreciation to the various functions of the City; whereas, the City's budget is an operational financial plan for the upcoming fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis provide 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 the basic financial statements.

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

The statement of net position presents information on all of the City's assets and deferred outflows of resources, and liabilities and deferred inflows of resources, with the difference between the two being 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 is improving or deteriorating.

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

The government-wide financial statements 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, public safety, community development, parks and recreation, library, and public works. The business activities of the City include the Black Gold Golf Course and the catering operation at the Yorba Linda Community Center.

The government-wide financial statements include the activities of the City and three blended component units, the Yorba Linda Public Financing Authority (PFA), the Yorba Linda Municipal Financing Authority (MFA), and the Yorba Linda Housing Authority. Although legally separate, these entities function for all practical purposes as departments of the City and therefore have been blended as part of the primary government. The Successor Agency to the Yorba Linda Redevelopment Agency (Successor Agency) is also included as a private-purpose trust fund since it would be misleading to exclude the Successor Agency due to the nature and significance of the relationship between the City and the Successor Agency. The activity of the Successor Agency is reported with the City's fiduciary funds, which are not included in the government-wide statements, since the resources of those funds are not available to support the City's own programs.

CITY OF YORBA LINDA

Management's Discussion and Analysis (Required Supplemental Information-Unaudited) For the Fiscal Year Ended June 30, 2018

The MFA was established on April 17, 2018, pursuant to a joint exercise of powers agreement between the City and the Yorba Linda Housing Authority for the purpose of financing future capital improvements. The MFA was created to replace the PFA, which was dissolved on June 5, 2018. The former PFA had been used since 1989 to finance capital improvements of the City, but at the time of its dissolution no debt remained outstanding. The formation of a new financing authority was required due to the dissolution of the City's former Redevelopment Agency, which had been a participant in the joint exercise of powers agreement for the PFA with the City.

Both the Governmental Activities and the Business-Type Activities are presented on the accrual basis of accounting, a basis of accounting that differs from the modified accrual basis of accounting used in presenting governmental fund financial statements. Note 1 of the Notes to the basic financial statements fully describes these bases of accounting.

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains nineteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Affordable Housing Fund, the Miscellaneous Grants Fund, the Public Library Fund, the Landscape Maintenance Assessment District Fund, and the Capital Improvements Fund, which are considered to be major funds. Data from the other thirteen 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 combining statements elsewhere in this report.

The City adopts an annual appropriated budget for its governmental and proprietary funds. A budgetary comparison statement has been provided for each governmental fund to demonstrate compliance with this budget.

Proprietary funds. Proprietary funds are used to account for activities where the City needs to show the full costs of providing the services, including depreciation, and utilize the accrual basis of accounting. The City maintains two enterprise funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for the Black Gold Golf Course and the catering operation at the Yorba Linda Community Center.

CITY OF YORBA LINDA
Management's Discussion and Analysis (Required Supplemental Information-Unaudited)
For the Fiscal Year Ended June 30, 2018

Proprietary funds provide the same type of information as the government-wide financial statements (business-type activities), only in more detail. The proprietary fund financial statements provide separate information for the Black Gold Golf Course and the catering operation at the Yorba Linda Community Center operations, both of which are considered to be major funds of the City.

Fiduciary Funds. Fiduciary funds are used to account for situations where the City's role is purely custodial. 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 accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to the basic 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.

Combining statements. The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the notes.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The two tables below show the City's net position, as well as changes in the net position for the City's governmental and business-type activities. These tables present government-wide information that provides a comprehensive view of the City's financial status across all funds.

The table below summarizes the City's assets, liabilities, deferred inflows and outflows of resources, and net position as of June 30, 2018, and the end of the prior fiscal year. As noted earlier, a government's net position may serve over time as a useful indicator of its financial position.

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Current and other assets	\$145,959,630	\$151,411,153	(\$22,060,468)	(\$22,562,496)	\$123,899,162	\$128,848,657
Capital assets, net	393,042,394	376,813,472	24,442,477	25,162,397	417,484,871	401,975,869
Total assets	\$539,002,024	\$528,224,625	2,382,009	2,599,901	541,384,033	530,824,526
Deferred outflows of resources	6,111,017	5,494,671	-	-	6,111,017	5,494,671
Current liabilities	5,123,590	3,735,623	858,299	801,454	5,981,889	4,537,077
Noncurrent liabilities						
Long-term liabilities	2,154,814	2,466,097	-	-	2,154,814	2,466,097
Net OPEB obligation	27,087,094	9,626,304	-	-	27,087,094	9,626,304
Net pension liability	21,790,493	19,573,178	-	-	21,790,493	19,573,178
Total liabilities	56,155,991	35,401,202	858,299	801,454	57,014,290	36,202,656
Deferred inflows of resources	3,603,012	2,432,719	-	-	3,603,012	2,432,719
Net position:						
Net investment in capital assets	393,042,394	376,813,472	24,442,477	25,162,397	417,484,871	401,975,869
Restricted	89,319,318	87,562,146 *	-	-	89,319,318	87,562,146
Unrestricted	2,992,326	31,509,757 *	(22,918,767)	(23,363,950)	(19,926,441)	8,145,807
Total net position	\$485,354,038	\$495,885,375	\$ 1,523,710	\$ 1,798,447	\$486,877,748	\$497,683,822

* Includes reclassification of capital projects released in the prior year.

The City's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$485.4 million at June 30, 2018, a decrease of \$10.8 million from June 30, 2017.

CITY OF YORBA LINDA

Management's Discussion and Analysis (Required Supplemental Information-Unaudited) For the Fiscal Year Ended June 30, 2018

The largest portion of the City's net position reflects its investment in capital assets (e.g. land, buildings, machinery, equipment, and infrastructure), net of accumulated depreciation and any related debt that is still outstanding used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. The portion of net position invested in capital assets increased by \$15.5 million versus the prior year, which was primarily due to the addition of the Town Center parking garage and other infrastructure.

An additional portion of the City's net position represents resources that are subject to external restrictions on how they may be used. Restricted net position increased by \$1.8 million versus the prior year, which was primarily due to an increase in the cash balances of the Public Library and Landscape Maintenance Assessment District Funds. The Public Library Fund has generated an operating surplus of approximately \$2 million per year in recent years, which has been placed into cash reserves for future building projects. The Landscape Maintenance Assessment District Fund has recently increased assessments for certain local landscaping zones, with a portion of the additional revenue to be set aside for landscaping projects that will be completed in future years.

Unrestricted net position may be used to meet the government's ongoing obligations to citizens and creditors. Unrestricted net position had a negative balance of \$19.9 million at June 30, 2018. The entirety of this negative balance was attributable to the negative \$22.9 million unrestricted net position of the City's business-type activities, which reflects the advances due from the Black Gold Golf Course Fund to the General Fund. The City's governmental activities and a positive unrestricted net position of \$1.4 million as of June 30, 2018. While unrestricted net position for the City's governmental activities at June 30, 2017, was \$31.5 million, implementation of GASB Statement No. 75 required a restatement to decrease beginning net position by \$19.7 million in the current year to reflect an increase in the City's net OPEB obligation. With this adjustment taken into account, the prior year unrestricted net position would have been \$11.8 million. An increase of \$2.2 million to the City's net pension liability, a reduction in loans receivable from the Successor Agency, and additional capital spending related to the Town Center project contributed to the current year decline in unrestricted net position. Business-type activities increased the City's unrestricted net position by \$0.5 million, primarily due to positive operating results of the Black Gold Golf Course. In total, unrestricted net position decreased by \$28.1 million as of June 30, 2018, as compared to the prior fiscal year.

CITY OF YORBA LINDA
Management's Discussion and Analysis (Required Supplemental Information-Unaudited)
For the Fiscal Year Ended June 30, 2018

A condensed summary of activities for the period ended June 30, 2018, and the prior fiscal year is illustrated in the table below.

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues						
Program revenues:						
Charges for services	\$3,783,290	\$7,017,721	\$6,034,313	\$5,949,659	\$9,817,603	\$12,967,380
Operating contributions and grants	3,938,022	1,972,296	-	-	3,938,022	1,972,296
Capital contributions and grants	3,011,719	4,917,936	-	-	3,011,719	4,917,936
General revenues:						
Taxes:						
Property taxes	24,724,246	23,301,893	-	-	24,724,246	23,301,893
Sales taxes	7,426,486	7,666,640	-	-	7,426,486	7,666,640
Franchise taxes	2,101,241	1,949,679	-	-	2,101,241	1,949,679
Transient occupancy taxes	487,217	482,652	-	-	487,217	482,652
Business license taxes	385,676	418,008	-	-	385,676	418,008
Other taxes	8,392,701	7,340,671	-	-	8,392,701	7,340,671
Motor vehicle in lieu - unrestricted	35,736	30,300	-	-	35,736	30,300
Use of money and property	5,448,994	857,105	-	-	5,448,994	857,105
Other	894,799	394,295	4,065	-	898,864	394,295
Transfers	-	(12,248)	-	12,248	-	-
Total revenues	\$60,630,127	\$56,336,948	6,038,378	5,961,907	\$66,668,505	62,298,855
Expenses						
General government	8,042,790	7,017,603	-	-	8,042,790	7,017,603
Public safety	11,691,912	10,751,963	-	-	11,691,912	10,751,963
Community development	9,363,144	3,076,508	-	-	9,363,144	3,076,508
Parks and recreation	7,535,284	7,401,076	-	-	7,535,284	7,401,076
Library	3,592,713	3,777,151	-	-	3,592,713	3,777,151
Public works	11,202,747	22,728,098	-	-	11,202,747	22,728,098
Golf	-	-	6,092,497	6,043,094	6,092,497	6,043,094
Community center catering	-	-	220,618	179,229	220,618	179,229
Total expenses	51,428,590	54,752,399	6,313,115	6,222,323	57,741,705	60,974,722
Change in net position	9,201,537	1,584,549	(274,737)	(260,416)	\$8,926,800	1,324,133
Net position, beginning, as previously reported	495,885,375	488,398,131	1,798,447	2,058,863	497,683,822	490,456,994
Restatements	(19,732,874)	5,902,695	-	-	(19,732,874)	5,902,695
Net position, beginning, as restated	476,152,501	494,300,826	1,798,447	2,058,863	477,950,948	496,359,689
Net position, ending	\$485,354,038	\$495,885,375	\$ 1,523,710	\$ 1,798,447	\$486,877,748	\$497,683,822

NOTE: The Library category of expenses was included in the General government category of expenses in 2017. The Library is now presented as a separate category of expenses to better reflect the primary categories of expenses of the City. The presentation of 2017 data has been modified to facilitate comparison of the two years.

Governmental Activities. Governmental activities increased the City's net position by \$9.2 million (1.9%) compared to a net increase of \$1.6 million (0.3%) in the prior year. Key elements of this year's activity in relation to the prior year are as follows:

Revenues – While variances between years exist for the various revenue categories, the total net increase was \$4.3 million. Of note, property tax revenues increased by \$1.4 million due to continued growth in assessed valuation and residential development in the City and use of money and property revenue increased due to the accrual of interest of \$4.9 million for various affordable housing owner participation agreements as more fully described in Note 5 to the basic financial statements. Also of note, certain revenues were reclassified within program revenues in the current year and administrative charges to other City funds by the General Fund were moved from charges for services to other general revenue, both to better reflect the nature of these revenues.

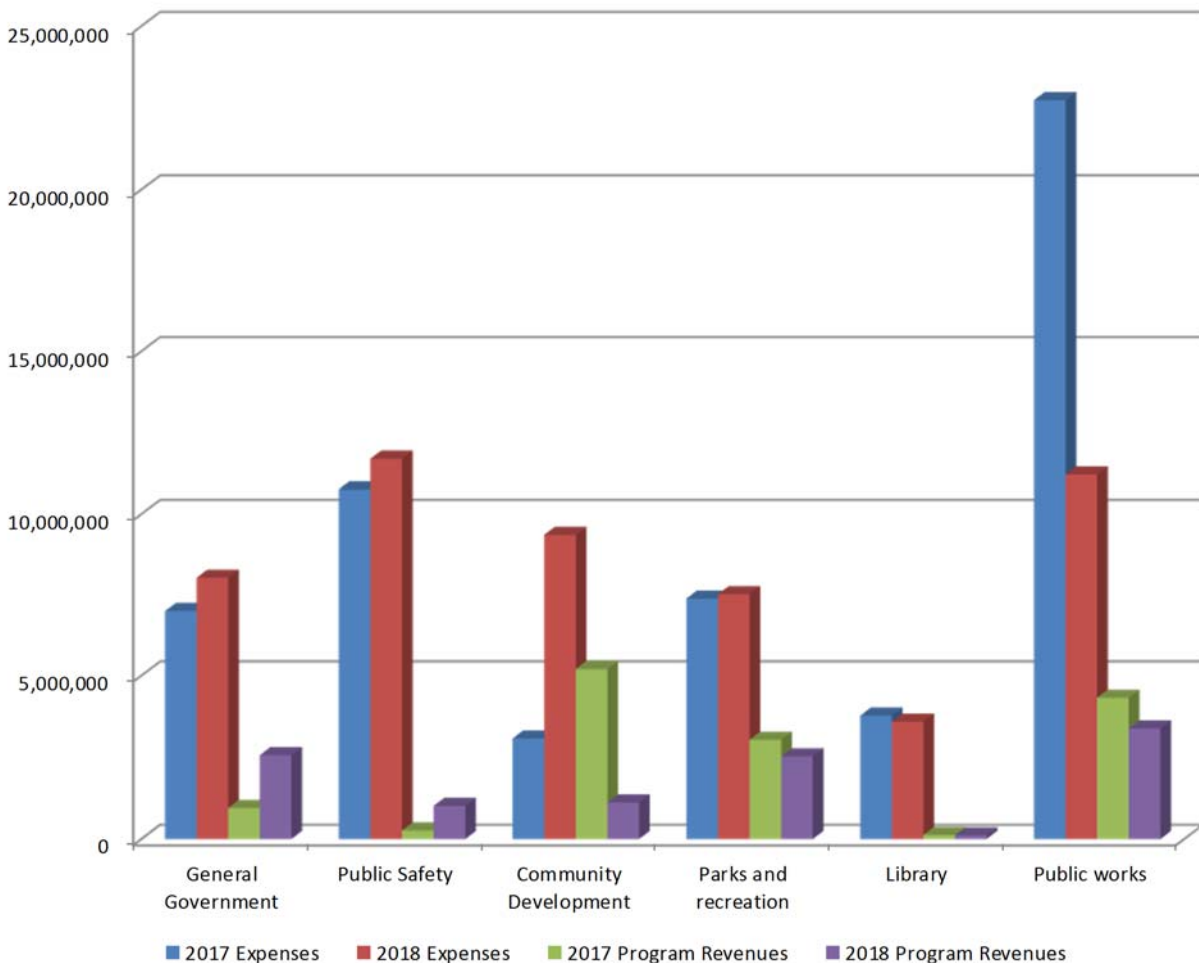
CITY OF YORBA LINDA

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Expenses – While variances between years exist for the various expense functions, the total net decrease was \$3.3 million, which reflects the net impact of several increases and decreases to various expense categories. Of note, community development expenses increased by \$6.3 million in the current year, which is primarily due to the write-off of certain affordable housing owner participation agreement receivables that were determined to not be collectible due to forgiveness clauses in the agreements. There was an increase in general government expenses of \$1.0 million, which is primarily attributable to 1) a change in budgeting for the City’s unfunded liability payment to CalPERS for its pension liability, which is now paid as a lump sum from the personnel division budget in lieu of allocated as a percentage of pay to the City’s various departments, and 2) an increase in general government staff versus the prior year. Lastly, these increased expenses were offset by a decrease in public works spending of \$11.5 million, which was primarily attributable to a one-time write-off of work in progress for capital projects in the prior year that could not be capitalized under the modified approach to infrastructure assets.

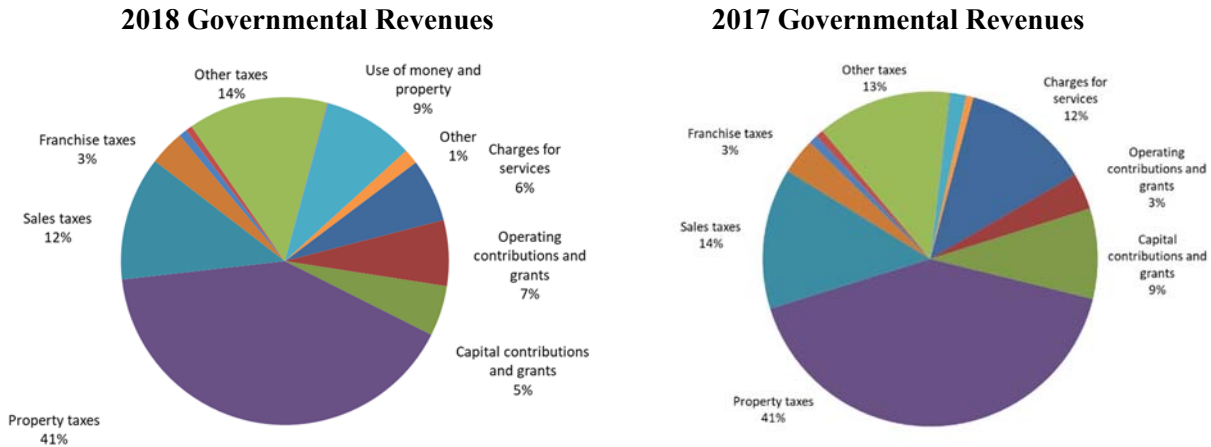
The chart below presents the cost of each of the City’s six governmental fund programs, as well as their respective program revenues.

Expenses and Program Revenues – Governmental Activities



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The charts below compare the governmental fund revenues by source in fiscal years 2017 and 2018.



Note: revenue sources totaling less than 2% are not labeled.

Note: revenue sources totaling less than 3% are not labeled.

Business-Type Activities. Business-type activities decreased the City's net position by \$0.3 million (15.3%) compared to a net decrease of \$0.3 million (12.6%) in the prior year. Key elements of this year's activity in relation to the prior year are as follows:

Revenues – Revenues increased by \$0.1 million, primarily due to an increase in fees at the Black Gold Golf Course. These fee increases were designed to offset increasing operating costs for the facility.

Expenses – Expenses increased by \$0.1 million, primarily due to the aforementioned higher operating costs for the Black Gold Golf Course. The State's increase to the minimum wage and higher costs for contract services were the primary contributing factors to the increase.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information 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.

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The balance sheet for the City's General fund and Other Governmental Funds in the aggregate for the period ended June 30, 2018, and the prior fiscal year is illustrated in the table below.

	General Fund		Other Governmental Funds		Total	
	2018	2017	2018	2017	2018	2017
Total assets	\$ 54,766,651	\$ 61,606,804	\$ 92,141,823	\$ 91,896,924	\$ 146,908,474	\$ 153,503,728
Total liabilities	2,947,969	2,079,668	3,124,465	3,748,530	6,072,434	5,828,198
Deferred inflows of resources						
Unavailable revenues	993,773	1,090,777	471,495	1,434,681	1,465,268	2,525,458
Fund balances:						
Nonspendable	25,134,611	25,360,804	20,567	1,304	25,155,178	25,362,108
Restricted	-	-	89,319,318	87,562,146	89,319,318	87,562,146
Committed:						
Operating reserves	17,407,531	16,335,810	-	-	17,407,531	16,335,810
Special reserves	1,147,048	6,760,862	-	-	1,147,048	6,760,862
Assigned	3,198,889	6,026,646	-	-	3,198,889	6,026,646
Unassigned	3,936,830	3,952,237	(794,022)	(849,737)	3,142,808	3,102,500
Total fund balance	50,824,909	58,436,359	88,545,863	86,713,713	139,370,772	145,150,072
Total liabilities, deferred inflows and fund balances	\$ 54,766,651	\$ 61,606,804	\$ 92,141,823	\$ 91,896,924	\$ 146,908,474	\$ 153,503,728

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balance of \$139.4 million, a decrease of \$5.8 million (4.0%) from the prior fiscal year's balance. This decrease was primarily attributable to the planned expenditure of funds from special reserves for the Town Center project. The City Council has designated certain revenues toward the project that will be received in future fiscal years, which when received will be deposited into special reserves to offset the use of the funds during the current fiscal year.

The components of the combined fund balance are as follows:

- 64.1% of fund balance (\$89.3 million) is *restricted*, which represents the portion of fund balance that is subject to externally enforceable limitations by law, enabling legislation, or limitations imposed by creditors or grantors. Restricted fund balance increased by \$1.7 million versus the prior year, primarily due to the previously discussed increased resources available in the Public Library and Landscape Maintenance Assessment District Funds.
- 18.0% of fund balance (\$25.2 million) is *nonspendable*, which represents the portion of fund balance that cannot be spent due to form. Specifically, this amount offsets prepaid costs and advances to the Black Gold Golf Course and Successor Agency from the General Fund. Nonspendable fund balance decreased by \$0.2 million, which was primarily the result of the repayment of a portion of certain advances from the General Fund to the Black Gold Golf Course Fund.
- 13.3% of fund balance (\$18.6 million) is *committed* due to the City Council-approved Budget Reserves Policy, which establishes required minimum balances for operating reserves (50% of the expenditure budget excluding transfers) and special reserves (various amounts set aside for facilities, self-insured retention, and other long-term costs). Committed fund balance decreased by \$4.5 million due to the previously discussed use of special reserve funds for the Town Center project. The decline in special reserves of \$5.6 million was partially offset by an increase in operating reserves of \$1.1 million.

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- 2.3% of fund balance (\$3.2 million) is constrained by the City's intent to utilize fund balance for specific purposes, which is reported within the assigned fund balance classification. Assigned fund balance decreased by \$2.8 million, which was primarily the result of a smaller balance of unspent capital project appropriations in the General Fund as of the end of the fiscal year that were carried forward into fiscal year 2019.
- The remaining 2.3% of fund balance (\$3.1 million) is unassigned and available for use at the City Council's discretion. Unassigned fund balance increased by only \$0.04 million and remained essentially flat.

The City's governmental funds reported combined total assets of \$146.9 million as of June 30, 2018, a decrease of \$6.6 million compared to the prior year. Liabilities and deferred inflows of resources amounted to \$7.5 million, a decrease of \$0.8 million compared to the prior year. The primary reason for the decrease in total assets is the previously discussed expenditures for the Town Center project from special reserves. The net decrease in liabilities and deferred outflows of resources was primarily the result of a decrease in amounts due to other funds and unavailable revenues in the Miscellaneous Grants Fund of \$1.8 million, partially offset by a decrease in General Fund accounts payable of \$0.7 million.

The General Fund is the principal operating fund of the City. At the end of the current fiscal year, total fund balance equaled \$50.8 million in comparison to \$58.4 million in the prior year, a decrease of \$7.6 million (13.0%). Included in this amount are the operating reserves and special reserves, which totaled \$18.6 million as of June 30, 2018. The declines in fund balance for the General Fund is primarily due to the use of special reserves for the Town Center project.

Other governmental funds realized an increase in fund balance of \$1.8 million (2.1%). While variances between years exist for the various other governmental funds, the net increase was primarily attributable to the aforementioned increases in total assets in the Public Library Fund. This increase was the result of continued strong growth in property tax revenues, which are the primary revenue source of the Library Fund. The majority of the available fund balance of the Library Fund is currently earmarked for funding a portion of a new Library and Cultural Arts Center project that is now under construction.

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

Total unrestricted net position of the Black Gold Golf Course and Community Center Catering Funds as of June 30, 2018, amounted to negative \$22.9 million, a decrease in the negative unrestricted net position of \$0.4 million as compared to the prior year. The decrease in the negative unrestricted net position is primarily the result of positive operating results at the Black Gold Golf Course. The deficit net position is due to the outstanding loans from the General Fund to the Black Gold Golf Course Fund, the proceeds of which were utilized to fund capital projects at the golf course and to repay outstanding bonds issued to construct the course. Additional details can be found in Note 6 to the basic financial statements.

Black Gold Golf Course Fund operating results experienced an increase in sales and service charges of \$45,501, which was the result of implementation of a fee increase at the Golf Course to cover higher operating costs. Operating expenses decreased by \$69,466, which was primarily due to a reduction in payroll costs. The Community Center Catering Fund operating results experienced an increase in sales and service charges of \$39,153 and a related increase in operating expenses of \$41,276, which were the result of additional usage of the catering services by users of the Community Center. Net position of the Community Center Catering Fund increased by \$189,303 from (\$188,696) to \$607. This change was

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primarily due to a one-time transfer from the Black Gold Golf Course Fund to eliminate the deficit net position, which was generated through early operating losses when the Community Center's catering function was first outsourced to the third-party operator of the Golf Course.

GENERAL FUND BUDGETARY HIGHLIGHTS

The table below provides a comparison of the original adopted budget for the City's General Fund versus the final budget and actual amounts expended during fiscal year 2018.

	Original Budget	Final Budget	Actual Amounts	Variance w/ Final Budget
Revenues				
Taxes	\$ 28,729,081	\$ 28,968,272	\$ 29,591,101	\$ 622,829
Other revenues	6,430,952	7,422,628	7,479,797	57,169
Total revenues	<u>35,160,033</u>	<u>36,390,900</u>	<u>37,070,898</u>	<u>679,998</u>
Expenditures				
General government	7,518,568	8,881,984	7,405,102	1,476,882
Public safety	11,239,505	11,517,941	11,601,058	(83,117)
Community development	3,072,542	3,354,250	2,977,725	376,525
Parks and recreation	6,670,039	6,738,581	6,098,032	640,549
Public works	4,327,065	5,175,966	3,936,150	1,239,816
Capital outlay	358,717	688,066	696,540	(8,474)
Total expenditures	<u>33,186,436</u>	<u>36,356,788</u>	<u>32,714,607</u>	<u>3,642,181</u>
Excess of revenues over expenditures	<u>1,973,597</u>	<u>34,112</u>	<u>4,356,291</u>	<u>4,322,179</u>
Other financing sources				
Transfers in	1,134,170	439,170	331,295	(107,875)
Transfers out	(4,695,248)	(19,794,487)	(12,299,036)	7,495,451
Total other financing sources	<u>(3,561,078)</u>	<u>(19,355,317)</u>	<u>(11,967,741)</u>	<u>7,387,576</u>
Net change in fund balances	(1,587,481)	(19,321,205)	(7,611,450)	11,709,755
Fund balance at beginning of fiscal year	58,436,359	58,436,359	58,436,359	-
Fund balance at end of fiscal year	<u>\$ 56,848,878</u>	<u>\$ 39,115,154</u>	<u>\$ 50,824,909</u>	<u>\$ 11,709,755</u>

The final budget differed from the original budget for the following reasons:

- The budget for taxes and other revenues was increased to account for mid-year adjustments to projected revenues. Of note, the increase in other revenues included \$0.6 million of unclaimed deposits that were received by the General Fund following the State-mandated public notice process. Additionally, \$0.7 was received from the Federal and State governments related to reimbursement claims for storm damage.
- The increase in the budget for general government primarily related to an additional payment sent to CalPERS to reduce the City's unfunded pension liability and a deposit into the City's OPEB trust with CalPERS.
- The increase in the capital outlay budget primarily related to mid-year appropriations for a new camera system for City Hall and several minor improvements to parks & recreation facilities.

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- The remaining increases in the budget for expenditures were routine in nature and related to 1) carryovers of unspent appropriations from the prior year’s budget and 2) mid-year appropriations by the City Council for various items that are primarily of a one-time nature.
- The increase in the budget for transfers out was primarily due to routine carryovers of unspent appropriations from the prior year’s budget and mid-year appropriations related to capital projects.

Actual revenues were \$0.7 million higher than the final budgeted amount, which is primarily due to better than projected property tax revenue as previously discussed. In comparison to the original budget, the variance is \$1.9 million. The expenditures for the General Fund at fiscal year-end were \$3.6 million less than the final budgeted expenditures, which is primarily due to routine position vacancies and operational and contract savings across all City departments. Some of this amount has been carried forward into fiscal year 2019 that relates to incomplete projects and purchases. The positive variance for transfers out is primarily the result of budgeted transfers related to capital projects that have not yet been made. The related budget has been carried forward into fiscal year 2019.

CAPITAL ASSETS AND LONG-TERM LIABILITIES

Capital Assets. GASB Statement No. 34 allows for governmental agencies to either depreciate their infrastructure assets or to use a modified approach to maintain an inventory of these assets. The City has elected the modified approach for its street pavement infrastructure, which does not require these assets to be depreciated as long as the assets are managed using an asset management system and are being preserved approximately at or above a condition level established and disclosed by the City. There have been no significant changes in the assessed condition of the street pavement infrastructure assets during fiscal year 2018, and the current condition of these assets complies with the condition level established by the City. All other capital assets, including other infrastructure assets, are depreciated. More detail on the City’s capital assets can be found in Note 4 to the basic financial statements of this report and the required supplementary information section of this report.

The table below summarizes the current capital assets held by the City as of June 30, 2018, as compared to the prior fiscal year.

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land	\$ 34,385,475	\$ 34,385,475	\$ 12,721,948	\$ 12,726,948	\$ 47,107,423	\$ 47,112,423
Street pavement infrastructure	200,603,744	200,603,744	-	-	200,603,744	200,603,744
Construction in progress	27,616,711	14,916,539	-	-	27,616,711	14,916,539
Buildings and improvements	31,175,602	31,462,292	11,245,385	11,740,001	42,420,987	43,202,293
Machinery and equipment	2,572,864	2,356,727	475,144	695,448	3,048,008	3,052,175
Motor vehicles	364,131	413,105	-	-	364,131	413,105
Other infrastructure	96,323,867	92,675,590	-	-	96,323,867	92,675,590
Totals	\$ 393,042,394	\$ 376,813,472	\$ 24,442,477	\$ 25,162,397	\$ 417,484,871	\$ 401,975,869

At the end of fiscal year 2018, the City had \$417.5 million invested in capital assets, including land, buildings, infrastructure, and equipment. This amount represents a net increase of \$15.5 million in comparison to the prior year, which is primarily due to the construction of the parking garage and other infrastructure for the Town Center project.

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Management's Discussion and Analysis (Required Supplemental Information-Unaudited)
For the Fiscal Year Ended June 30, 2018

Long-term liabilities. The table below summarizes the current long-term liabilities of the City as of June 30, 2018, as compared to the prior fiscal year.

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Net pension liability	\$ 21,790,493	\$ 19,573,178	\$ -	\$ -	\$ 21,790,493	\$ 19,573,178
Other post-employment benefits	27,087,094	9,626,304	-	-	27,087,094	9,626,304
Claims and judgments	1,071,471	1,504,346	-	-	1,071,471	1,504,346
Compensated absences	1,083,343	961,751	-	-	1,083,343	961,751
Total long-term liabilities	\$ 51,032,401	\$ 31,665,579	\$ -	\$ -	\$ 51,032,401	\$ 31,665,579

At the end of fiscal year 2018, the City had a total of \$51.0 million in long-term liabilities, which primarily was comprised of a net pension liability of \$21.8 million and a net OPEB obligation related to medical insurance provided to retirees of \$27.1 million. Both of these amounts increased when compared to the prior fiscal year. In the case of the net pension liability, the increase was the result of additional accrued liabilities related to future retiree-related costs. In the case of the net OPEB liability, the increase was the result of the implementation of GASB Statement No. 75, which required a restatement of (decrease to) beginning net position by (of) \$19.7 million in the current year to reflect an increase in the City's net OPEB obligation. This change is designed to better reflect the full amount of the City's net OPEB obligation on the face of the basic financial statements, whereas under the previous US GAAP dictated by GASB Statement No. 45 only a portion of the net OPEB obligation was reported on the face of the City's financial statements. Fortunately, on a restated basis, the City's net OPEB obligation declined by \$2.3 million versus the prior year, which is a reflection of the impact of implementing a second tier of OPEB benefits and establishing an OPEB trust with CalPERS in 2017. These changes were implemented by the City Council in order to reduce the City's future exposure to OPEB costs and begin to prefund the net OPEB obligation through trust fund contributions.

The current CalPERS rates charged to the City amortize the City's net pension liability over a period of 30 years, while in 2017 the City Council approved a policy to make additional elective contributions to CalPERS in order to mirror a 20-year amortization in years when the funds are available. Contributions have been made in each of the prior two fiscal years. While this change is expected to decrease the City's net pension liability over time, the increase in the liability in the current year of \$2.2 million and additional increases anticipated over the next several years are the result of changes to the CalPERS actuarial assumptions that have, among other recent changes, lowered the projection of future investment earnings.

Notably, the City has no outstanding bonds or other external debt. The Successor Agency to the City's former Redevelopment Agency does have tax allocation bonds outstanding, but these debts are not reported in the City's government-wide financial statements because they are contained in a private purpose trust fund.

The City's compensated absences liability relates to accrued but as yet unutilized vacation and sick leave balances of employees, and the claims and judgments liability relates to incurred but as yet unpaid liability and workers' compensation claims. The increase of \$0.1 million in the compensated absences liability is the result of routine changes to accrued leave balances. The decrease of \$0.4 million in the claims and judgments liability primarily is due to a decrease in expected payments required to the City of Brea for workers compensation claims from the period during which the City of Brea provided Police Services to the City.

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More detail on the City's long-term liabilities can be found in Notes 7, 10, 11, and 12 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The City has experienced strong growth in property tax and sales tax revenues in recent years, and that trend is expected to continue in the years ahead. A forecast commissioned by the City from Beacon Economics projects growth in the 3-6% range for the City's core revenue sources over the next five years. Consistent with past practice, the City will continue to budget conservatively and utilize any new revenues prudently to address long-term liabilities, unfunded needs, and targeted increases in service levels and program-related spending. The budget for fiscal year 2018/19 remains balanced, with General Fund expenditures and transfers out totaling \$40.6 million with a \$0.4 million budget surplus projected.

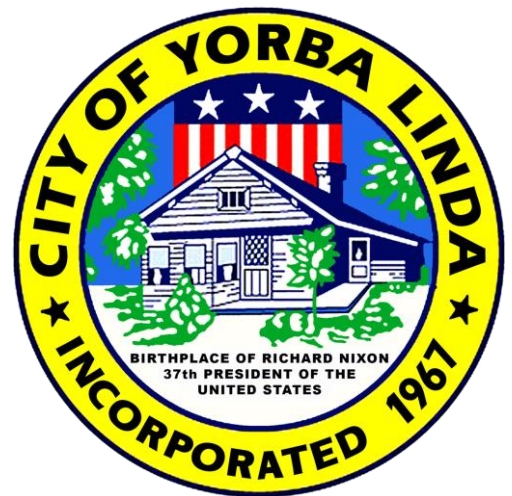
While the City is currently in sound financial shape, long-term liabilities and unfunded needs continue to be a focus of the City Council. During the most recent Two-Year Budget process, City staff presented the City's first Five-Year Financial Plan to the City Council. Additionally, the City Council endorsed a strategy to begin to address the City's unfunded pension and OPEB liabilities as well as other unfunded needs such as full funding for the rehabilitation of existing city infrastructure and facilities. The City is now making contributions to special reserves to fund required rehabilitation of existing city infrastructure and facilities, mirroring a 20-year amortization of its unfunded pension liability in lieu of the default CalPERS 30-year amortization through elective contributions to CalPERS, and making contributions to an OPEB trust with CalPERS to offset its unfunded OPEB liability. Union contracts approved in 2017 ended generous retiree medical benefits for new employees, which will also serve to reduce the City's unfunded OPEB liability over time. With these enhancements to the City's already conservative and sound financial management, the City will remain in good financial condition throughout the fiscal year and in the future, with no General Fund debt and one of the strongest General Fund budget reserves in Orange County.

REQUESTING ADDITIONAL FINANCIAL INFORMATION

This financial report is designed to provide the City of Yorba Linda's citizens, customers, and creditors with a general overview of the City's finances and to illustrate the City's accountability for the money that it receives. If you have questions about this report or need additional financial information, please contact the City's Finance Department at 4845 Casa Loma Avenue, Yorba Linda, California 92886 or at (714) 961-7100.

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BASIC FINANCIAL STATEMENTS



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CITY OF YORBA LINDA
Statement of Net Position
June 30, 2018

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets:			
Pooled cash and investments	\$ 71,153,143	\$ 424,910	\$ 71,578,053
Receivables:			
Accounts	984,977	246,246	1,231,223
Taxes	314,252	-	314,252
Notes and loans	38,459,031	-	38,459,031
Accrued interest	274,056	-	274,056
Internal balances	22,869,571	(22,869,571)	-
Advances to Successor Agency of Former RDA	7,270,593	-	7,270,593
Prepaid costs	123,370	902	124,272
Due from other governments	2,750,307	-	2,750,307
Inventories	-	137,045	137,045
Land held for resale	1,760,330	-	1,760,330
Capital assets, not being depreciated	262,605,930	12,721,948	275,327,878
Capital assets, net of accumulated depreciation	130,436,464	11,720,529	142,156,993
Total assets	539,002,024	2,382,009	541,384,033
Deferred Outflows of Resources:			
Deferred outflows related to pension	4,933,290	-	4,933,290
Deferred outflows related to OPEB	1,177,727	-	1,177,727
Total deferred outflows of resources	6,111,017	-	6,111,017
Total assets and deferred outflows of resources	545,113,041	2,382,009	547,495,050
Liabilities:			
Accounts payable	4,115,337	128,279	4,243,616
Accrued liabilities	638,253	200,021	838,274
Unearned revenue	370,000	519,999	889,999
Deposits payable	-	10,000	10,000
Noncurrent liabilities:			
Due within one year	1,141,666	-	1,141,666
Due in more than one year	49,890,735	-	49,890,735
Total liabilities	56,155,991	858,299	57,014,290
Deferred Inflows of Resources:			
Deferred inflows related to pension	795,779	-	795,779
Deferred inflows related to OPEB	2,807,233	-	2,807,233
Total deferred inflows of resources	3,603,012	-	3,603,012
Total liabilities and deferred inflows of resources	59,759,003	858,299	60,617,302
Net position:			
Net investment in capital assets	393,042,394	24,442,477	417,484,871
Restricted for:			
Parks and recreation	2,416,628	-	2,416,628
Public works	21,404,313	-	21,404,313
Library	20,206,285	-	20,206,285
Low and moderate housing	45,002,216	-	45,002,216
PEG	289,876	-	289,876
Unrestricted	2,992,326	(22,918,767)	(19,926,441)
Total net position	\$ 485,354,038	\$ 1,523,710	\$ 486,877,748

See accompanying notes to the basic financial statements.

CITY OF YORBA LINDA
Statement of Activities
For the Fiscal Year Ended June 30, 2018

Functions/programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
		Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
General government	\$ 8,042,790	\$ 1,127,014	\$ 1,440,143	\$ -	\$ (5,475,633)	\$ -	\$ (5,475,633)
Public safety	11,691,912	838	1,013,830	-	(10,677,244)	-	(10,677,244)
Community development	9,363,144	516,178	603,525	-	(8,243,441)	-	(8,243,441)
Parks and recreation	7,535,284	1,838,992	-	692,835	(5,003,457)	-	(5,003,457)
Library	3,592,713	110,951	2,291	-	(3,479,471)	-	(3,479,471)
Public works	11,202,747	189,317	878,233	2,318,884	(7,816,313)	-	(7,816,313)
Total governmental activities	51,428,590	3,783,290	3,938,022	3,011,719	(40,695,559)	-	(40,695,559)
Business-type activities:							
Black Gold Golf Course	6,092,497	5,824,698	-	-	-	(267,799)	(267,799)
Community Center Catering	220,618	209,615	-	-	-	(11,003)	(11,003)
Total business-type activities	6,313,115	6,034,313	-	-	-	(278,802)	(278,802)
Total	\$ 57,741,705	\$ 9,817,603	\$ 3,938,022	\$ 3,011,719	(40,695,559)	(278,802)	(40,974,361)
General revenues:							
Taxes:							
Property taxes, levied for general purpose					24,724,246	-	24,724,246
Sales taxes					7,426,486	-	7,426,486
Franchise taxes					2,101,241	-	2,101,241
Transient occupancy taxes					487,217	-	487,217
Business licenses taxes					385,676	-	385,676
Special assessments taxes					7,747,039	-	7,747,039
Other taxes					645,662	-	645,662
Motor vehicle in lieu - unrestricted					35,736	-	35,736
Intergovernmental-unrestricted					-	-	-
Investment income					5,448,994	-	5,448,994
Gain on sale of property					14,257	4,065	18,322
Other					880,542	-	880,542
Total general revenues					49,897,096	4,065	49,901,161
Change in net position					9,201,537	(274,737)	8,926,800
Net position at beginning of fiscal year, as restated (See Note 12)					476,152,501	1,798,447	477,950,948
Net position at end of fiscal year					\$ 485,354,038	\$ 1,523,710	\$ 486,877,748

See accompanying notes to the basic financial statements.

CITY OF YORBA LINDA
Balance Sheet
Governmental Funds
For the Fiscal Year Ended June 30, 2018

	Special Revenue Funds					Capital Projects Fund	Total Nonmajor Governmental Funds	Total Governmental Funds
	General	Affordable Housing	Miscellaneous Grants	Public Library	Landscape Maintenance Assessment District	Capital Improvements		
Assets:								
Pooled cash and investments	21,960,984	\$ 3,144,764	\$ -	\$ 20,202,985	\$ 6,823,049	\$ 1,156,318	\$ 17,865,043	\$ 71,153,143
Receivables:								
Accounts	777,790	146,125	-	2,965	19,226	-	38,870	984,977
Taxes	181,683	-	-	83,216	49,353	-	-	314,252
Notes and loans	-	38,459,031	-	-	-	-	-	38,459,031
Accrued interest	108,153	8,221	-	73,812	21,848	-	62,022	274,056
Prepaid costs	102,803	-	-	20,567	-	-	-	123,370
Due from other governments	1,673,230	-	471,495	-	-	-	605,582	2,750,307
Due from other funds	3,842,662	-	-	-	-	-	-	3,842,662
Advances to other funds	19,975,754	-	-	-	-	-	-	19,975,754
Advances to Successor Agency of Former RDA	6,035,572	1,235,021	-	-	-	-	-	7,270,593
Land held for resale	108,020	1,652,310	-	-	-	-	-	1,760,330
Total assets	\$ 54,766,651	\$ 44,645,472	\$ 471,495	\$ 20,383,545	\$ 6,913,476	\$ 1,156,318	\$ 18,571,517	\$ 146,908,474
Liabilities, deferred inflows of resources, and fund balances:								
Liabilities:								
Accounts payable	2,062,538	\$ 2,954	\$ -	\$ 58,119	\$ 835,308	1,156,318	\$ 99	\$ 4,115,336
Accrued liabilities	515,431	-	-	98,574	22,460	-	1,788	638,253
Unearned revenues	370,000	-	-	-	-	-	-	370,000
Due to other funds	-	-	794,022	-	39	-	154,784	948,845
Total liabilities	2,947,969	2,954	794,022	156,693	857,807	1,156,318	156,671	6,072,434
Deferred inflows of resources:								
Unavailable revenues	993,773	-	471,495	-	-	-	-	1,465,268
Total deferred inflows of resources	993,773	-	471,495	-	-	-	-	1,465,268
Fund balances:								
Nonspendable:								
Prepaid costs	102,803	-	-	20,567	-	-	-	123,370
Advances to other funds	18,996,236	-	-	-	-	-	-	18,996,236
Advances to Successor Agency of Former RDA	6,035,572	-	-	-	-	-	-	6,035,572
Restricted for:								
Parks and recreation	-	-	-	-	-	-	2,416,628	2,416,628
Public works	-	-	-	-	6,055,669	-	15,348,644	21,404,313
Library	-	-	-	20,206,285	-	-	-	20,206,285
Low and moderate housing	-	44,642,518	-	-	-	-	359,698	45,002,216
PEG projects	-	-	-	-	-	-	289,876	289,876
Committed:								
Operating reserves	17,407,531	-	-	-	-	-	-	17,407,531
Special reserves	1,147,048	-	-	-	-	-	-	1,147,048
Assigned to:								
Capital projects	665,649	-	-	-	-	-	-	665,649
Budget carryovers	1,795,972	-	-	-	-	-	-	1,795,972
Encumbrances	737,268	-	-	-	-	-	-	737,268
Unassigned	3,936,830	-	(794,022)	-	-	-	-	3,142,808
Total fund balances	50,824,909	44,642,518	(794,022)	20,226,852	6,055,669	-	18,414,846	139,370,772
Total liabilities, deferred inflows of resources, and fund balances	\$ 54,766,651	\$ 44,645,472	\$ 471,495	\$ 20,383,545	\$ 6,913,476	\$ 1,156,318	\$ 18,571,517	\$ 146,908,474

See accompanying notes to the basic financial statements.

CITY OF YORBA LINDA

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
June 30, 2018

Fund balances of governmental funds		\$ 139,370,772
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets net of accumulated depreciation used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.		393,042,394
Non-current liabilities, as listed below, are not due and payable in the current period and therefore are not reported in the governmental funds:		
Claims and judgments	(1,071,471)	
Compensated absences	(1,083,343)	
Net OPEB obligation	(27,087,094)	
Net pension liability	<u>(21,790,493)</u>	(51,032,401)
Revenues that do not meet the "availability" criteria for revenue recognition are deferred inflows of resources in the funds.		1,465,268
Deferred amounts on pensions related to contributions after the measurements date, changes in assumptions, differences between expected and actual experience and net difference between projected and actual earnings on pension plan investments.		4,137,511
Deferred amounts on OPEB related to contributions after the measurement date, changes in assumptions, and net difference between projected and actual earnings on pension plan investments.		<u>(1,629,506)</u>
Net position of governmental activities		<u><u>\$ 485,354,038</u></u>

CITY OF YORBA LINDA
Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds
For the Fiscal Year Ended June 30, 2018

	General	Special Revenue Funds				Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
		Affordable Housing	Miscellaneous Grants	Public Library	Landscape Maintenance Assessment District	Capital Improvements		
Revenues:								
Taxes	\$ 29,591,101	\$ -	\$ -	\$ 5,911,065	\$ 7,861,952	\$ -	\$ 153,449	\$ 43,517,567
Licenses and permits	1,277,319	-	-	-	-	-	-	1,277,319
Intergovernmental	1,264,316	-	379,522	2,291	-	-	3,408,395	5,054,524
Charges for services	3,672,339	-	-	110,951	-	-	-	3,783,290
Investment income	191,904	4,928,166	-	151,699	35,618	-	141,607	5,448,994
Fines and forfeitures	63,433	-	-	50,816	-	-	57,904	172,153
Developer participation	-	-	-	-	-	-	1,336,048	1,336,048
Gain on sale of City property	14,257	-	-	-	-	-	-	14,257
Contributions from Successor Agency	205,338	285	-	-	-	-	-	205,623
Miscellaneous	790,891	-	-	3,883	85,768	-	-	880,542
Total Revenues	37,070,898	4,928,451	379,522	6,230,705	7,983,338	-	5,097,403	61,690,317
Expenditures:								
General government	7,405,102	7,787	-	-	-	-	-	7,412,889
Public safety	11,601,058	-	-	-	-	-	-	11,601,058
Community development	2,977,725	5,657,786	-	-	-	-	368,575	9,004,086
Parks and recreation	6,098,032	-	-	-	-	-	-	6,098,032
Library	-	-	-	3,967,009	-	-	-	3,967,009
Public works	3,936,150	-	-	-	7,647,220	-	-	11,583,370
Capital outlay	696,540	36,510	-	31,725	626,544	16,411,854	-	17,803,173
Total Expenditures	32,714,607	5,702,083	-	3,998,734	8,273,764	16,411,854	368,575	67,469,617
Excess (deficiency) of revenues over (under) expenditures	4,356,291	(773,632)	379,522	2,231,971	(290,426)	(16,411,854)	4,728,828	(5,779,300)
Other financing sources (uses):								
Transfers in	331,295	-	-	-	865,939	16,411,854	212,064	17,821,152
Transfers out	(12,299,036)	-	(323,807)	(1,775,053)	-	-	(3,423,256)	(17,821,152)
Total other financing sources (uses)	(11,967,741)	-	(323,807)	(1,775,053)	865,939	16,411,854	(3,211,192)	-
Net change in fund balances	(7,611,450)	(773,632)	55,715	456,918	575,513	-	1,517,636	(5,779,300)
Fund balances at beginning of fiscal year	58,436,359	45,416,150	(849,737)	19,769,934	5,480,156	-	16,897,210	145,150,072
Fund balances at end of fiscal year	\$ 50,824,909	\$ 44,642,518	\$ (794,022)	\$ 20,226,852	\$ 6,055,669	\$ -	\$ 18,414,846	\$ 139,370,772

See accompanying notes to the basic financial statements.

CITY OF YORBA LINDA
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2018

Net changes in fund balances - total governmental funds \$ (5,779,300)

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 as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.

Capital outlay	\$ 20,282,492	
Depreciation	(3,693,832)	
Abandonment of construction in progress	<u>(359,738)</u>	16,228,922

Some expenses reported in the statement of activities do not require the use of current resources and therefore are not reported as expenditures in governmental funds. The following adjustments combine the net change of these liabilities:

Changes in claims and judgments obligation	432,875	
Change in compensated absence benefits, net	<u>(121,592)</u>	311,283

Revenues reported as unavailable revenue in the governmental funds. Amounts are not recorded as revenue under the modified accrual basis of accounting. This is the net change in unavailable revenue from the prior fiscal year.

(1,060,190)

Governmental funds recognize pension costs when employer contributions are made; however, in the statement of activities, pension costs are recognized on the accrual basis. This is the difference between accrual-basis pension costs and actual employer contributions.

(1,141,756)

Governmental funds recognize OPEB costs when employer contributions are made; however, in the statement of activities, OPEB costs are recognized on the accrual basis. This is the difference between accrual-basis OPEB costs and actual employer contributions.

642,578

Change in net position of governmental activities

\$ 9,201,537

CITY OF YORBA LINDA
Statement of Net Position
Proprietary Funds
Fiscal Year End June 30, 2018

	Business-Type Activities - Enterprise Funds		
	Black Gold Golf Course	Community Center Catering	Total
Assets:			
Current:			
Pooled cash and investments	\$ 423,012	\$ 1,898	\$ 424,910
Accounts receivable, net	246,246	-	246,246
Prepaid costs	902	-	902
Due from other funds	-	1,294	1,294
Inventories	137,045	-	137,045
Total current assets	807,205	3,192	810,397
Noncurrent:			
Capital assets not being depreciated	12,721,948	-	12,721,948
Capital assets - net of accumulated depreciation	11,720,529	-	11,720,529
Total capital assets, net	24,442,477	-	24,442,477
Total noncurrent assets	24,442,477	-	24,442,477
Total assets	25,249,682	3,192	25,252,874
Liabilities:			
Current:			
Accounts payable	126,730	1,549	128,279
Accrued liabilities	198,985	1,036	200,021
Unearned revenues	519,999	-	519,999
Deposits payable	10,000	-	10,000
Due to other funds	2,895,111	-	2,895,111
Advances from other funds, current portion	92,540	-	92,540
Total current liabilities	3,843,365	2,585	3,845,950
Noncurrent:			
Advances from other funds, net of current portion	19,883,214	-	19,883,214
Total noncurrent liabilities	19,883,214	-	19,883,214
Total liabilities	23,726,579	2,585	23,729,164
Net position:			
Net investment in capital assets	24,442,477	-	24,442,477
Unrestricted	(22,919,374)	607	(22,918,767)
Total net position	\$ 1,523,103	\$ 607	\$ 1,523,710

See accompanying notes to the basic financial statements.

CITY OF YORBA LINDA
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Fiscal Year Ended June 30, 2018

	Business-Type Activities - Enterprise Funds		
	Black Gold Golf Course	Community Center Catering	Total
Operating revenues:			
Charges for services	\$ 5,824,698	\$ 209,615	\$ 6,034,313
Operating expenses:			
Administration and general	4,250,960	175,469	4,426,429
Cost of sales and services	690,171	42,336	732,507
Depreciation expense	857,595	-	857,595
Total operating expenses	5,798,726	217,805	6,016,531
Operating income (loss)	25,972	(8,190)	17,782
Non-operating revenues (expenses):			
Interest expense	(293,771)	(2,813)	(296,584)
Gain on sale of capital assets	4,065	-	4,065
Total non-operating expenses	(289,706)	(2,813)	(292,519)
Loss before transfers	(263,734)	(11,003)	(274,737)
Transfer in	-	200,306	200,306
Transfer out	(200,306)	-	(200,306)
Change in net position	(464,040)	189,303	(274,737)
Net position (deficit) at beginning of fiscal year	1,987,143	(188,696)	1,798,447
Net position at end of fiscal year	\$ 1,523,103	\$ 607	\$ 1,523,710

See accompanying notes to the basic financial statements.

CITY OF YORBA LINDA
Statement of Cash Flows-Proprietary Funds
For the Fiscal Year Ended June 30, 2018

	Business-Type Activities - Enterprise Funds		
	Black Gold Golf Course	Community Center Catering	Total
Cash flows from operating activities:			
Cash received from customers and users	\$ 6,221,130	\$ 544,097	\$ 6,765,227
Cash paid to suppliers for goods and services	(821,831)	(42,445)	(864,276)
Cash paid to employees for services	(4,102,274)	(175,228)	(4,277,502)
Net cash provided by operating activities	1,297,025	326,424	1,623,449
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets	(144,062)	-	(144,062)
Interest paid on capital debt	(293,771)	(2,813)	(296,584)
Principal paid on advances from other funds	(265,500)	-	(265,500)
Advance from other funds to pay off capital debt	268,657	-	268,657
Proceeds from sales of capital assets	10,452	-	10,452
Net cash used by capital and related financing activities	(424,224)	(2,813)	(427,037)
Cash flows from non-capital financing activities:			
Transfers from other funds	(200,306)	200,306	-
Payments received from (made to) other funds	184,675	(1,294)	183,381
Repayment made to other funds	(435,069)	(520,812)	(955,881)
Net cash used by non-capital financing activities	(450,700)	(321,800)	(772,500)
Net increase in cash and cash equivalents	422,101	1,811	423,912
Cash and cash equivalents at beginning of fiscal year	911	87	998
Cash and cash equivalents at end of fiscal year	\$ 423,012	\$ 1,898	\$ 424,910
Reconciliation of operating income (loss) to net cash provided by operating activities			
Operating income (loss)	\$ 25,972	\$ (8,190)	\$ 17,782
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	857,595	-	857,595
Decrease (increase) in accounts receivable	350,843	334,482	685,325
Decrease (increase) in prepaid costs	(902)	-	(902)
Decrease (increase) in inventories	6,804	-	6,804
Increase (decrease) in accounts payable	(137,562)	(109)	(137,671)
Increase (decrease) in accrued liabilities	148,686	241	148,927
Increase (decrease) in unearned revenues	45,589	-	45,589
Total adjustments	1,271,053	334,614	1,605,667
Net cash provided by operating activities	\$ 1,297,025	\$ 326,424	\$ 1,623,449

See accompanying notes to the basic financial statements.

CITY OF YORBA LINDA
Statement of Net Position (Deficit)
Fiduciary Funds
June 30, 2018

	Agency Funds	Private- Purpose Trust Fund Successor Agency of the former RDA
Assets:		
Pooled cash and investments	\$ 1,550,402	7,707,062
Receivables:		
Accounts receivable	-	3,391
Accrued interest	-	15,222
Restricted assets:		
Cash and investments with fiscal agents	-	4,235,345
	\$ 1,550,402	11,961,020
Liabilities:		
Account payable	\$ 147,294	3,549
Accrued liabilities	-	367,314
Deposits payable	1,403,108	-
Long-term liabilities:		
Due in one year	-	5,841,815
Due in more than one year	-	53,826,830
	\$ 1,550,402	60,039,508
Net position (deficit):		
Held by Successor Agency		\$ (48,078,488)

See accompanying notes to the basic financial statements.

CITY OF YORBA LINDA
Statement of Changes in Net Position (Deficit)
Fiduciary Funds
For the Fiscal Year Ended June 30, 2018

	Private- Purpose Trust Fund <hr/> Successor Agency of the Former RDA <hr/>
Additions:	
Taxes	\$ 8,851,645
Interest and change in fair value of investments	107,770
Gain on restructured debt	20,916,404
Miscellaneous	927
Total additions	<hr/> 29,876,746 <hr/>
Deductions:	
Administrative expenses	44,662
Contractual services	110,670
Bond issuance cost	4,017,479
Loss on bonds retirement	5,338,857
Loss on sale of real property	1,264,042
Contributions to City	205,623
Miscellaneous	15,204
Total deductions	<hr/> 10,996,537 <hr/>
Change in net position	<hr/> 18,880,209 <hr/>
Net position (deficit) at beginning of fiscal year	(68,950,659)
Prior period adjustment	<hr/> 1,991,962
Net position (deficit) at beginning of fiscal year, as restated	<hr/> (66,958,697) <hr/>
Net position (deficit) at end of fiscal year	<hr/> \$ (48,078,488) <hr/>

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CITY OF YORBA LINDA
Notes to the Basic Financial Statements
For the Year Ended June 30, 2018

Note 1. Summary of Significant Accounting Policies

a. Description of Entity

The City of Yorba Linda (City) was incorporated in November 1967 under the general laws of the State of California. The City operates under a Council-Manager form of government and provides the following services: public works, public safety, community development, parks and recreation, library, and general administrative services.

As required by accounting principles generally accepted in the United States of America (GAAP), these financial statements present the City of Yorba Linda (the primary government) and its component units. The component units discussed below are included in the City's reporting entity because of the significance of their operational or financial relationship with the City. These entities are legally separate from the City. However, the City of Yorba Linda's elected officials have a continuing full or partial accountability for fiscal matters of the other entities. The financial reporting entity consists of: 1) the City, 2) organizations for which the City is financially accountable, and 3) organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete.

An organization is fiscally dependent on the primary government if it is unable to adopt its budget, levy taxes or set rates or charges, or issue bonded debt without approval by the primary government. In a blended presentation, a component unit's balances and transactions are reported in a manner similar to the balances and transactions of the City. Component units are presented on a blended basis when the component unit's governing body is substantially the same as the City's or the component unit provides services almost entirely to the City.

Blended Component Units

Yorba Linda Public Financing Authority

The Yorba Linda Public Financing Authority (the PFA) was established on July 18, 1989, pursuant to a joint exercise of powers agreement between the City and the former Yorba Linda Redevelopment Agency. The purpose of the PFA is to enable the City and the Authority to finance public capital improvements. The PFA's financial data and transactions are included in the debt service fund type. Separate financial statements for the Yorba Linda Public Financing Authority have not been prepared. On June 5, 2018, the City Council and the Oversight Board for the Successor Agency to the Yorba Linda Redevelopment Agency dissolved the PFA through the adoption of Resolution Nos. 2018-5574 and 2018-17, respectively.

CITY OF YORBA LINDA
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 1. Summary of Significant Accounting Policies (Continued)

a. Description of Entity (Continued)

Yorba Linda Housing Authority

The Yorba Linda Housing Authority (the Housing Authority) was established on March 1, 2011, through the adoption of Resolution No. 2011-5039. The Housing Authority has not had any financial activity as of June 30, 2018.

Yorba Linda Municipal Financing Authority

The Yorba Linda Municipal Financing Authority (the MFA) was established on April 17, 2018, pursuant to a joint exercise of powers agreement between the City and the Yorba Linda Housing Authority. The purpose of the MFA is to enable the City and the Authority to finance public capital improvements. The MFA had not yet had any financial activity as of June 30, 2018.

Fiduciary Component Unit

Successor Agency to the Yorba Linda Redevelopment Agency (Successor Agency)

The Successor Agency is a separate legal entity, which was formed to hold the assets and liabilities of the former Redevelopment Agency pursuant to City Council actions taken on January 3, 2012. The activity of the Successor Agency is overseen by Successor Agency Board comprised of individuals appointed by the City Council as Successor Agency of the former Redevelopment Agency. The nature and significance of the relationship between the City and the Successor Agency is such that it would be misleading to exclude the Successor Agency from the City's financial statements. The Successor Agency is presented herein in the City's fiduciary funds as a private-purpose trust fund.

b. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities that rely to a significant extent on fees and charges for support. The statement of activities demonstrates the degree to which the direct expenses of a given function or segment, are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

CITY OF YORBA LINDA
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 1. Summary of Significant Accounting Policies (Continued)

b. Government-Wide and Fund Financial Statements (Continued)

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

c. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements, except Agency Funds, which do not have a measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The City's fiduciary fund financial statements report one agency fund and one private purpose trust fund. The City's fiduciary funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The City's agency fund is accounted for on an accrual basis of accounting; however, does not present a net position. Private purpose trust fund funds are accounted for using the "*economic resources*" measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

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

CITY OF YORBA LINDA
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 1. Summary of Significant Accounting Policies (Continued)

c. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

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 Affordable Housing Fund accounts for the assets and liabilities of the City's affordable housing programs, including those of the former Yorba Linda Redevelopment Agency low and moderate income housing fund.
- The Miscellaneous Grants Fund accounts for miscellaneous grants and developer contributions related to capital improvement projects being constructed by the City. This fund was named as the Aid to Cities Fund in the City's 2017 basic financial statements.
- The Public Library Fund accounts for the property taxes restricted by enabling legislation and other revenues and expenditures relating to the operations of the public library. On September 4, 1984, the Yorba Linda City Council voted to approve the merger of the Yorba Linda Library District into the City of Yorba Linda. At that time, the City Council agreed to earmark all future revenues received and funds transferred from the Library District for Library purposes, consistent with the enabling legislation that established the Library District.
- The Landscape Maintenance Assessment District Fund accounts for the revenues and expenditures associated with the maintenance of City-owned street lights and traffic signals, as well as landscaped areas within the City's various arterial and local landscaping districts. Benefiting property owners are assessed their proportionate share of the costs in excess of ad valorem property tax revenues received by certain of the districts. This fund was named as the Street Lighting and Maintenance District Fund in the City's 2017 basic financial statements.
- The Capital Improvements Fund accounts for expenditures for construction of various capital improvements projects throughout the City.

The City reports the following major proprietary funds:

- The Black Gold Golf Course Enterprise Fund accounts for all activities related to the operations of the Black Gold Golf Club.
- The Community Center Catering Enterprise Fund accounts for all activities related to the catering operations at the City's Community Center.

CITY OF YORBA LINDA
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 1. Summary of Significant Accounting Policies (Continued)

c. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Additionally, the City reports the following fund types:

- One agency fund used to report resources held by the City in a purely custodial capacity that involves only the receipt, temporary investment and remittance of fiduciary resources to individuals, private organizations or other governments.
- One private-purpose trust fund used to account for the assets and liabilities of the former Yorba Linda Redevelopment Agency and the allocated revenue to pay estimated installment payments of enforceable obligations until the obligations of the former Redevelopment Agency are paid in full and assets have been liquidated.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the government's proprietary funds function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Enterprise Funds are charges to customers for sales and services.

Operating expenses for Enterprise Funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

d. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity

Deposits and Investments

The City values its cash and investments in accordance with the provisions of GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, and GASB Statement No. 72, *Fair Value Measurement and Application*, which requires governmental entities to use valuation techniques that are appropriate under the circumstances and for which sufficient data are available to measure fair value. The techniques should be consistent with one or more of the following approaches: the market approach, the cost approach or the income approach.

CITY OF YORBA LINDA
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 1. Summary of Significant Accounting Policies (Continued)

d. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity (Continued)

Deposits and Investments (Continued)

Cash accounts of all funds are pooled for investment purposes to enhance safety and liquidity while maximizing interest earnings. Investments are stated at fair value except for investments in investment contracts which are recorded at contract value. All highly liquid investments (including restricted assets) with a maturity of 90 days or less when purchased are considered cash equivalents. Cash and investments held on behalf of proprietary funds by the City Treasurer are considered highly liquid and are classified as cash equivalents for the purpose of presentation in the statement of cash flows.

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Property tax revenue is recognized on the modified accrual basis, that is, in the fiscal year for which the taxes have been levied providing they become available. Available means then due or past due, and receivable within the current period and collected within the current period or expected to be collected soon enough thereafter (within 60 days) to be used to pay liabilities of the current period. The County of Orange collects property taxes for the City. Tax liens attach annually as of 12:01 A.M. on the first day in January proceeding the fiscal year for which the taxes are levied. Taxes are levied on both real and personal property, as it exists on that date. The tax levy covers the fiscal period July 1 to June 30. All secured personal property taxes and one-half of the taxes on real property are due November 1; the second installment is due February 1. All taxes are delinquent if unpaid on December 10 and April 10, respectively. Unsecured personal property taxes become due on the first of March each year and are delinquent if unpaid on August 31.

Inventories, Prepaid Items, and Land Held for Resale

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventory costs are recorded as an expense when used. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. Land purchased for resale is valued at acquisition costs or net realizable value, if lower.

CITY OF YORBA LINDA
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 1. Summary of Significant Accounting Policies (Continued)

d. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity (Continued)

Restricted Assets

Certain proceeds of debt issues, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. In addition, funds have been restricted for future capital improvements by enabling legislation.

Capital Assets

Capital assets that include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial individual cost of more than \$2,000, dependent on asset class type and an estimated useful life in excess of one year. Such assets are recorded at historical 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 should be recorded at estimated acquisition value at the date of donation.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

The Governmental Accounting Standards Board (GASB) issued GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis –for State and Local Governments*, which requires the inclusion of infrastructure capital assets in local governments' basic financial statements. GASB Statement No. 34 defines infrastructure assets as "...long lived capital assets that are stationary in nature and normally can be preserved for a significantly greater number of years than most capital assets..." Infrastructure assets are normally stationary in nature and are of value only to the government entity. They are basic physical assets that allow the government entity to function. Examples include streets, bridges and storm drains. Each major infrastructure system can be divided into subsystems. For example, the street system can be subdivided into concrete and asphalt pavements, concrete curb and gutters, sidewalks, medians, etc. Subsystem detail is not presented in these basic financial statements; however, the City maintains detailed information on these subsystems.

CITY OF YORBA LINDA
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 1. Summary of Significant Accounting Policies (Continued)

d. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity (Continued)

Capital Assets (Continued)

In accordance with GASB Statement No. 34, the City has elected the Modified Approach for reporting of the Pavement Subsystem infrastructure assets and as a result, no depreciation is recorded for that system under the following requirements:

- The City manages the eligible infrastructure capital assets using an asset management system with characteristics of (1) an up-to-date inventory, (2) performing condition assessments and summarizing the results using a measurement scale, and (3) estimating the annual amount to maintain and preserve at an established and disclosed condition level.
- The City documents that eligible infrastructure capital assets are being preserved approximately at or above the established and disclosed condition level.

For all other capital assets, the City has elected to use the Basic Approach as defined by GASB Statement No. 34. Accordingly, these capital assets are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Building and building improvements	7 - 50
Improvements other than building	7 - 50
Machinery and equipment	5 - 7
Furniture, fixtures computers, and software	1 - 10
Vehicles (including motorcycles)	3 - 10
Infrastructure	5 - 100

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and balance sheet of governmental funds will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position/fund balance that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then.

CITY OF YORBA LINDA
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 1. Summary of Significant Accounting Policies (Continued)

d. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity (Continued)

Deferred Outflows / Inflows of Resources (Continued)

In addition to liabilities, the statement of net position and balance sheet of governmental funds will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

The City has two types of items, which arises only under a modified accrual basis of accounting that qualify for reporting in these categories. The first item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from sources such as: property taxes, grant revenue, and long-term loan receivables. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The second item, deferred outflows and deferred inflows of resources related to pension, is reported only in the statement of net position. See Notes 10d and 11d to the basic financial statements for more information on deferred outflows and deferred inflows of resources related to pension and OPEB, respectively, on the statement of net position.

Net Position Flow Assumption

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

Fund Balance Flow Assumptions

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

CITY OF YORBA LINDA
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 1. Summary of Significant Accounting Policies (Continued)

d. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity (Continued)

Compensated Absences

It is the government's policy to permit employees to accumulate earned but unused vacation and sick leave benefits. City employees have an option to convert 100% of their unused sick leave benefits to California Public Employee's Retirement System (CalPERS) service credit upon retirement. Additionally, employees hired prior to 2001 have the option to convert a portion of their sick leave to cash compensation upon retirement based on years of service. This benefit is not available to employees hired since 2001. City employees receive from 10 to 20 days of vacation leave each year depending on the employee's length of service. All vacation and sick leave is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements.

Long-Term Obligations

In the government-wide financial statements, and the proprietary fund and fiduciary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, proprietary fund type or fiduciary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

Pensions

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 Employees' Retirement System (CalPERS) plan (Plan) and additions to/deductions from the Plan's 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.

Reported results pertain to assets, deferred outflows of resources, liabilities, and deferred inflows of resources information within the following defined time frames:

Valuation Date (VD) – June 30, 2016
Measurement Date (MD) – June 30, 2017
Measurement Period (MP) – July 1, 2016 to June 30, 2017

CITY OF YORBA LINDA
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 1. Summary of Significant Accounting Policies (Continued)

d. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity (Continued)

Functional Classifications

Expenditures of the Governmental Funds are classified by function. Functional classifications are defined as follows:

- General Government includes legislative activities that have a primary objective of providing legal and policy guidelines for the City. Also included in this classification are those activities which provide management or support services across more than one functional area.
- Public Safety includes those activities that involve the protection of people and property.
- Community Development includes those activities that involve the enhancing of the general quality of life.
- Parks and Recreation includes those activities that involve community park maintenance and recreational activities within the community.
- Library includes those activities related to the Yorba Linda Public Library's activities within the community
- Public Works includes those activities that involve the maintenance and improvement of City streets and roads.

Fund Equity

Pursuant to GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, on June 21, 2011, the Yorba Linda City Council adopted City Council Policy No. F-3 – Fund Balance. This Policy establishes the City Council's policy regarding the classification of fund equity. In the fund financial statements, governmental funds report the following fund balance classifications:

Nonspendable 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.

Restricted includes amounts that are constrained on the use of resources by either (a) external creditors, grantors, contributors, or laws of regulations of other governments or (b) by law through constitutional provisions or enabling legislation.

CITY OF YORBA LINDA
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 1. Summary of Significant Accounting Policies (Continued)

d. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity (Continued)

Fund Equity (Continued)

Committed includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest authority, the City Council. The formal action that is required to be taken to establish, modify, or rescind a fund balance commitment is a minute action of the City Council.

On October 4, 2016, the City Council adopted an updated City Council Policy A-4 – Budget Reserves, which establishes the framework through which funds are to be committed. These committed amounts cannot be used for any other purpose unless the City Council removes or changes the specified use through the same type of formal action taken to establish the commitment. City Council action to commit fund balance needs to occur within the fiscal reporting period; however the amount can be determined subsequently.

For the General Fund, committed fund balance equal to 50% of budgeted expenditures, excluding transfers, shall be committed to operating reserves. 40% is for the purpose of an emergency reserve and 10% is for the purpose of an economic contingency reserve, as more fully described in the Budget Reserves Policy. Use of the emergency reserve requires the City Council to declare an emergency and use of the economic contingency reserve requires approval by the City Council. In both cases, staff must present a plan for replenishment of the reserve.

Additionally, the Policy establishes what are termed special reserves for the General Fund, which are set aside for risk management, employee leave liabilities, and infrastructure, facilities, vehicles, and equipment replacement. The Policy requires amounts to be committed to special reserves sufficient to address anticipated requirements over a projected period of 30 years, subject to the availability of funds and prioritization of funding between the categories of special reserves by the City Council. Use of special reserves requires approval by the City Council.

Assigned includes amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. The City Manager and Finance Director are authorized to assign amounts to a specific purpose pursuant to City Council Policy No. F-3 – Fund Balance. Other than funds assigned for capital projects and encumbrances, the City Council also annually approves a list of budget carryovers, which are unencumbered operating funds not related to capital projects. These funds relate to specific projects, programs, or purchases that have not yet occurred, but for which funding will still be required in the following fiscal year.

CITY OF YORBA LINDA
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 1. Summary of Significant Accounting Policies (Continued)

d. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity (Continued)

Fund Equity (Continued)

Unassigned includes the residual amounts not contained in the other classifications. Unassigned amounts are technically available for any purpose. The unassigned fund balance classification is where to report negative amounts for all governmental funds, other than the general fund.

e. Future Accounting Pronouncements

GASB Statements listed below will be implemented in the future financial statements.

GASB Statement No. 83	<i>Certain Asset Retirement Obligations</i>	The provisions of this Statement are effective for fiscal years beginning after June 15, 2018.
GASB Statement No. 84	<i>Fiduciary Activities</i>	The provisions of this Statement are effective for fiscal years beginning after December 15, 2018.
GASB Statement No. 87	<i>Leases</i>	The provisions of this Statement are effective for fiscal years beginning after December 15, 2019.
GASB Statement No. 88	<i>Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements</i>	The provisions of this Statement are effective for fiscal years beginning after June 15, 2018.
GASB Statement No. 89	<i>Accounting for Interest Cost Incurred Before the End of a Construction Period</i>	The provisions of this Statement are effective for fiscal years beginning after December 15, 2019.
GASB Statement No. 90	<i>Majority Equity Interests - an Amendment of GASB Statements No. 14 and No. 61</i>	The provisions of this Statement are effective for fiscal years beginning after December 15, 2018.

Note 2. Stewardship, Compliance, and Accountability

a. Deficit Fund Balance / Net Position

The Miscellaneous Grants Fund had a deficit fund balance of \$794,022 at June 30, 2018. The deficit is offset by \$471,495 of grant-related revenues that are reflected as a deferred inflow of resources due to revenues not meeting the “availability” criteria for revenue recognition. The remaining deficit of \$322,527 will be funded through future receipt of grants or developer contributions toward projects.

b. Expenditures in Excess of Appropriations

The Affordable Housing Fund reported an excess of expenditures over appropriations of \$5,656,483 at June 30, 2018, which was primarily due to the write-off certain Owner Participation Agreements with forgiveness clauses as discussed in more detail in Note 5 to the basic financial statements.

CITY OF YORBA LINDA
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 3. Cash and Investments

Cash and investments as of June 30, 2018 are classified in the accompanying financial statements as follows:

Statement of Net Position:	
Pooled Cash and Investments	\$ 71,578,053
Statement of Fiduciary Net Position:	
Pooled Cash and Investments	9,257,464
Cash and Investments with Fiscal Agents	<u>4,235,345</u>
Total Cash and Investments	<u>\$ 85,070,862</u>

Cash and investments as of June 30, 2018 consist of the following:

Petty Cash	\$ 7,370
Deposits with Financial Institutions	2,706,720
Investments	<u>82,356,772</u>
Total Cash and Investments	<u>\$ 85,070,862</u>

The City maintains a cash and investment pool that is available for use for all funds. Each fund type's position in the pool is reported on its Balance Sheet and Statement of Net Position as pooled cash and investments. The City has adopted an investment policy that authorizes it to invest in various investments.

Deposits

The California Government Code (CGC) requires California banks to secure the City's deposits by pledging government securities with a value of 110% of a City's deposits and by pledging first trust deed mortgage notes having a fair value of 150% of a City's total deposits. The City Treasurer may waive the collateral requirement for deposits that are fully insured up to \$250,000 by the FDIC. The collateral for deposits in federal and state chartered banks is held in safekeeping by an authorized Agent of Depository recognized by the State of California Department of Banking. The collateral for deposits with savings and loan associations is generally held in safekeeping by the Federal Home Loan Bank in San Francisco, California, as an Agent of Depository. These securities are physically held in an undivided pool for all California public agency depositors. Under Government Code Section 53655, the placement of securities by a bank or savings and loan association with an "Agent of Depository" has the effect of perfecting the security interest in the name of the local governmental agency. Accordingly, all collateral held by California Agents of Depository are considered to be held for, and in the name of, the local governmental agency.

CITY OF YORBA LINDA
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 3. Cash and Investments (Continued)

Investments Authorized by the CGC and the City's Investment Policy

The table below identifies the investment types that are authorized for the City by the CGC (or the City's investment policy, where more restrictive). The table also identifies certain provisions of the CGC (or the City's investment policy, where more restrictive) 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 bond indentures of the City, rather than the general provisions of the CGC or the City's investment policy.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio *</u>	<u>Maximum Investment in One Issuer</u>
United States (U.S.) Treasury Issues	5 years	N/A	N/A
U.S. Government Agency Securities	5 years	N/A	N/A
Certificates of Deposit	5 years	30%	5%
Commercial Paper	270 days	30%	5%
Medium Term Corporate Notes	5 years	30%	5%
Negotiable Certificates of Deposit	5 years	30%	N/A
Money Market Funds	None	20%	N/A
Municipal Debt	5 years	30%	5%
Supranational Obligations	5 years	15%	5%
Asset-Backed Securities	5 years	10%	5%
Local Agency Investment Fund (LAIF)	N/A	N/A	N/A
California Asset Management Program (CAMP)	N/A	N/A	N/A

*Based on state law requirements or investment policy requirements, whichever is more restrictive.

Investments Authorized by Debt Agreements

The above investments do not address investment of debt proceeds held by a bond trustee. Investments of debt proceeds held by a bond trustee are governed by provisions of the debt agreements rather than the general provisions of the CGC or the City's investment policy. The table below identifies the investment types that are authorized for investments held by a bond trustee. The table also identifies certain provisions of these debt agreements that address interest rate risk and concentration of credit risk.

CITY OF YORBA LINDA
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 3. Cash and Investments (Continued)

Investments Authorized by Debt Agreements (Continued)

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
U.S. Treasury Obligations	N/A	N/A	N/A
U.S. Agency Securities	N/A	N/A	N/A
Banker's Acceptances	360 days	N/A	N/A
Commercial Paper	270 days	N/A	N/A
Money Market Mutual Funds	N/A	N/A	N/A
Investment Agreements	N/A	N/A	N/A
Local Agency Bonds	N/A	N/A	N/A
Medium Term Notes	N/A	N/A	N/A
Negotiable Certificate of Deposits	N/A	N/A	N/A
Local Agency Investment Fund (LAIF)	N/A	N/A	N/A

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The City's investment policy limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The City has elected to use the segmented time distribution method of disclosure for its interest rate risk. As of June 30, 2018, the City had the following investments and original maturities:

	Remaining		Investment	Maturities		Fair Value
	6 months or less	6 months to 1 year	1 to 3 years	3 to 5 years		
Medium Term Corporate Notes	\$ -	\$ -	\$ 10,419,230	\$ 2,750,105	\$ 13,169,335	
Commercial Paper	-	2,981,427	-	-	2,981,427	
Negotiable Certificates of Deposit	-	-	7,308,858	-	7,308,858	
Asset-Backed Securities	-	-	-	4,198,216	4,198,216	
U.S Treasury Issues	-	-	7,147,712	-	7,147,712	
U.S Government Agency Securities:						
Federal Home Loan Mortgage Corp.	-	-	174,123	-	174,123	
Federal National Mortgage Assn.	-	-	4,928,030	-	4,928,030	
Municipal Bond	-	-	568,643	-	568,643	
Supra-National Agency Bond / Note	-	-	3,868,508	-	3,868,508	
Local Agency Investment Funds (LAIF)	19,651,042	-	-	-	19,651,042	
California Asset Management Program (CAMP)	13,097,663	-	-	-	13,097,663	
Money Market Mutual Funds	1,027,870	-	-	-	1,027,870	
Held by Fiscal Agent:						
Money Market Mutual Funds	4,235,345	-	-	-	4,235,345	
	<u>\$ 38,011,920</u>	<u>\$ 2,981,427</u>	<u>\$ 34,415,104</u>	<u>\$ 6,948,321</u>	<u>\$ 82,356,772</u>	

CITY OF YORBA LINDA
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 3. Cash and Investments (Continued)

Fair Value Measurements

The Pool categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. These principles recognize a three-tiered fair value hierarchy, as follows:

- Level 1: Investments reflect prices quoted in active markets;
- Level 2: Investments reflect prices that are based on a similar observable asset either directly or indirectly, which may include inputs in markets that are not considered to be active; and,
- Level 3: Investments reflect prices based upon unobservable sources.

Investments in money market mutual funds, LAIF, and local government investment pools are priced using amortized cost which approximates fair value, with a net asset value of \$1.00 (in absolute dollar amounts) per share, and per GASB Statement No. 72 not subject to the fair value hierarchy.

The Pool has the following recurring fair value measurements as of June 30, 2018:

Investment Type	Totals June 30, 2018	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Debt Securities:				
Medium Term Corporate Notes	\$ 13,169,335	\$ -	\$ 13,169,335	\$ -
Commercial Paper	2,981,427	-	2,981,427	-
Negotiable Certificates of Deposit	7,308,858	-	7,308,858	-
Asset-backed Securities	4,198,216	-	4,198,216	-
U.S. Treasury Issues	7,147,712	-	7,147,712	-
US Government Agency Securities	5,102,153	-	5,102,153	-
Municipal Bond	568,643	-	568,643	-
Supra-National Agency Bond / Note	3,868,508	-	3,868,508	-
Total Investments at Fair Value	44,344,852	\$ -	\$ 44,344,852	\$ -
Investments not subject to fair value hierarchy:				
Money Market Mutual Funds	5,263,215			
Local Agency Investment Funds (LAIF)	19,651,042			
California Asset Management Program (CAMP)	13,097,663			
Total Pooled and Directed Investments	\$ 82,356,772			

CITY OF YORBA LINDA
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 3. Cash and Investments (Continued)

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization (NRSRO). The City's investment policy does not limit investments in Federal Agency Securities to ratings issued by nationally recognized statistical rating organizations. Presented below is the minimum rating required by (where applicable) the CGC, the City's investment policy, or debt agreements, and the actual rating, by Standards and Poor's, as of fiscal year end for each investment type. For the Medium Term Corporate Notes shown with a rating below the minimum level required of A-, a NRSRO other than Standard and Poor's currently maintains an A or better rating on these securities.

Investment Type	Amount	Minimum Legal Rating	Rating as of Fiscal Year End				Not Rated
			AAA	AA +/-	A +/-	BBB	
Medium Term Corporate Notes	\$ 13,169,335	A-	\$ -	\$ 3,048,689	\$ 8,379,912	\$ 1,740,734	\$ -
Commercial Paper	2,981,427	A-1	-	-	2,981,427	-	-
Negotiable Certificates of Deposit	7,308,858	A-	-	2,449,636	4,859,222	-	-
Asset-backed Securities	4,198,216	A-	4,198,216	-	-	-	-
U.S. Treasury Issues	7,147,712	N/A	-	7,147,712	-	-	-
U.S. Government Agency Securities:							
Federal Home Loan Mortgage Corp.	174,123	N/A	-	174,123	-	-	-
Federal National Mortgage Assn.	4,928,030	N/A	-	4,928,030	-	-	-
Municipal Bond	568,643	N/A	-	568,643	-	-	-
Supra-National Agency Bond / Note	3,868,508	N/A	3,868,508	-	-	-	-
Local Agency Investment Funds (LAIF)	19,651,042	N/A	-	-	-	-	19,651,042
California Asset Management Program (CAMP)	13,097,663	N/A	-	-	-	-	13,097,663
Money Market Mutual Funds	1,027,870	N/A	-	-	-	-	1,027,870
Held by Fiscal Agent:							
Money Market Mutual Funds	4,235,345	N/A	-	-	-	-	4,235,345
Totals	\$ 82,356,772		\$ 8,066,724	\$ 18,316,833	\$ 16,220,561	\$ 1,740,734	\$ 38,011,920

Concentration of Credit Risk

The City is in compliance with restrictions imposed by its investment policy, which limits certain types of investments. In addition, GASB Statement No. 40 requires a separate disclosure if any single issuer comprises more than 5% of the total investment value. Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total City investments are as follows:

Issuer	Investment Type	Reported Amount	Maturity
Federal Home Loan Mortgage Corp.	U.S Gov't Agency Securities	\$ 174,123	2023
Federal National Mortgage Assn.	U.S Gov't Agency Securities	\$ 983,645	2018
Federal National Mortgage Assn.	U.S Gov't Agency Securities	983,100	2020
Federal National Mortgage Assn.	U.S Gov't Agency Securities	1,671,270	2020
Federal National Mortgage Assn.	U.S Gov't Agency Securities	1,290,015	2020
		\$ 4,928,030	

CITY OF YORBA LINDA
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 3. Cash and Investments (Continued)

Custodial Credit Risk

The custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party.

As of June 30, 2018, none of the City's deposits or investments were exposed to custodial credit risk.

External Investment Pools

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

The total amount invested by all public agencies in LAIF as of June 30, 2018, was \$22.5 billion. LAIF is part of the California Pooled Money Investment Account (PMIA), which at June 30, 2018, had a balance of \$88.8 billion. Of that amount 2.67% was invested in medium-term and short-term structured notes and asset-backed securities. The average maturity of PMIA investments was 193 days as of June 30, 2018. LAIF is unrated as to credit quality.

California Asset Management Program – The City is a voluntary participant in the California Asset Management Program (CAMP), a California Joint Powers Authority (JPA) established in 1989 to provide California public agencies with professional investment services. The CAMP Pool is a permitted investment foal all local agencies under CGC Section 53601(p). CAMP is directed by a Board of Trustees, which is made up of experienced finance directors and treasurers of California public agencies that are members of the JPA. CAMP determines fair value on its investment portfolio based on amortized cost. The City measures the value of its CAMP investment at the fair value amount provided by CAMP. At June 30, 2018, CAMP had a total portfolio of approximately \$3.8 billion of which all was invested in non-derivative financial products.

CITY OF YORBA LINDA
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 4. Capital Assets

The City elected to use the “Modified Approach” as defined by GASB Statement No. 34 for infrastructure reporting for its street pavement subsystem. As a result, no accumulated depreciation or depreciation expense has been recorded for this system. A more detailed discussion of the “Modified Approach” is presented in the Required Supplementary Information section of this report. All other capital assets including other infrastructure systems were reported using the Basic Approach whereby accumulated depreciation and depreciation expense have been recorded.

Capital asset activity for the fiscal year ended June 30, 2018, was as follows:

Governmental Activities:	Balance July 1, 2017	Increases	Decreases	Transfers	Balance June 30, 2018
Capital Assets, Not Being Depreciated:					
Land	\$ 34,385,475	\$ -	\$ -	\$ -	\$ 34,385,475
Street pavement infrastructure	200,603,744	-	-	-	200,603,744
Construction In Progress	14,916,539	14,034,648	(359,738)	(974,738)	27,616,711
Total Capital Assets					
Not Being Depreciated	<u>249,905,758</u>	<u>14,034,648</u>	<u>(359,738)</u>	<u>(974,738)</u>	<u>262,605,930</u>
Capital Assets, Being Depreciated:					
Buildings and improvements	57,209,990	340,000	-	772,488	58,322,478
Machinery and equipment	11,418,976	888,458	-	-	12,307,434
Motor vehicles	1,411,789	83,955	(52,499)	-	1,443,245
Other Infrastructure	126,304,737	4,935,431	-	202,250	131,442,418
Total Capital Assets					
Being Depreciated	<u>196,345,492</u>	<u>6,247,844</u>	<u>(52,499)</u>	<u>974,738</u>	<u>203,515,575</u>
Less Accumulated Depreciation:					
Buildings and improvements	25,747,698	1,399,178	-	-	27,146,876
Machinery and equipment	9,062,249	672,321	-	-	9,734,570
Motor vehicles	998,684	132,929	(52,499)	-	1,079,114
Other Infrastructure	33,629,147	1,489,404	-	-	35,118,551
Total Accumulated Depreciation	<u>69,437,778</u>	<u>3,693,832</u>	<u>(52,499)</u>	<u>-</u>	<u>73,079,111</u>
Total Capital Assets					
Being Depreciated, Net	<u>126,907,714</u>	<u>2,554,012</u>	<u>-</u>	<u>974,738</u>	<u>130,436,464</u>
Capital Assets, Net	<u>\$ 376,813,472</u>	<u>\$ 16,588,660</u>	<u>\$ (359,738)</u>	<u>\$ -</u>	<u>\$ 393,042,394</u>

Depreciation expense was charged to the following functions in the Statement of Activities:

Governmental Activities:	
General government	\$ 828,807
Public safety	90,854
Community development	68,939
Parks and recreation	1,144,697
Public works	1,560,535
Total	<u>\$ 3,693,832</u>

CITY OF YORBA LINDA
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 4. Capital Assets (Continued)

	Balance July 1, 2017	Increases	Decreases	Transfers	Balance June 30, 2018
Business-Type Activities					
Capital Assets, Not Being Depreciated:					
Land	\$ 12,726,948	\$ -	\$ (5,000)	\$ -	\$ 12,721,948
Total Capital Assets					
Not Being Depreciated	12,726,948	-	(5,000)	-	12,721,948
Capital Assets, Being Depreciated:					
Structures and improvements	21,511,532	116,407	(224,677)	(14,120)	21,389,142
Machinery and equipment	2,708,664	27,655	(181,626)	14,120	2,568,813
Total Capital Assets					
Being Depreciated	24,220,196	144,062	(406,303)	-	23,957,955
Less Accumulated Depreciation:					
Structures and improvements	9,771,531	596,903	(224,677)	-	10,143,757
Machinery and equipment	2,013,216	260,692	(180,239)	-	2,093,669
Total Accumulated Depreciation	11,784,747	857,595	(404,916)	-	12,237,426
Total Capital Assets					
Being Depreciated, Net	12,435,449	(713,533)	(1,387)	-	11,720,529
Business-Type Activities					
Capital Assets, Net	<u>\$ 25,162,397</u>	<u>\$ (713,533)</u>	<u>\$ (6,387)</u>	<u>\$ -</u>	<u>\$ 24,442,477</u>

Depreciation expense was charged to the following function in the Statement of Revenues, Expenses and Changes in Fund Net Position:

Business-Type Activities:	
Golf Course	<u>\$ 857,595</u>

CITY OF YORBA LINDA
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 5. Long-Term Receivables

Loans Receivable (Net)

Contracts and notes receivable as of June 30, 2018, totaled \$38,459,031 and were recorded as follows in the Affordable Housing Fund:

Owner Participation Agreements

AHP Parkwood, L.P.

During fiscal year 2002-2003, the former Redevelopment Agency entered into an Owner Participation Agreement (OPA) with developer AHP Parkwood, L.P. (AHP) for the development of a 101-unit housing project designed for low-income senior citizens. Ninety-nine of the units are rent-restricted for 55 years. The Agency provided \$3,100,000 toward the total development cost of \$11,570,000 in the form of an interest-free, forgivable loan. In return, the Agency was granted a security interest pursuant to a deed of trust in the property where the project was constructed. The developer is required to pay 12.75% of its net cash flow to the Housing Successor Agency over the 55 year covenant period; however, 1/55th of the debt under this Residual Receipts Promissory note shall be forgiven each year provided AHP continues to operate the project as defined in the OPA. The documents were amended in April 2003 to defer the forgiveness of any debt during the first 15 years, thereby avoiding classification of the forgiveness as income under Internal Revenue Service regulations. Following this period, the amount due under the note during the first 15 years was forgiven on October 19, 2017. Following an evaluation of the accounting treatment of the City's various owner participation agreements, the remaining outstanding loan balance of \$3,100,000 was written off during the fiscal year ended June 30, 2018, due to the virtual certainty of the forgiveness of the remaining loan balance.

Yorba Linda Family Partners, L.P.

In March 2004, the former Redevelopment Agency entered into an OPA with Yorba Linda Family Partners, L.P. for the construction of a 44-unit apartment complex designed for low-income families. The Agency provided the developer with financial assistance in the form of a forgivable loan up to the maximum amount of \$2,200,000 toward the total development cost of \$11,025,000. This loan bears simple interest at 3% per annum. In return, the Agency was granted a security interest pursuant to a subordinated deed of trust in the property where the project was constructed.

The developer is required to pay 15% of all residual receipts to the Housing Successor Agency over the 55 year covenant period. However, at any time on or after the 15th anniversary date of the Residual Receipts Promissory Note, the developer may request that the Housing Successor Agency forgive all then-unpaid and accrued principal and interest of the note. It is anticipated that the developer will request full forgiveness of the loan no later than the fiscal year ended June 30, 2020.

CITY OF YORBA LINDA
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 5. Long-term Receivables (Continued)

Owner Participation Agreements (Continued)

Following an evaluation of the accounting treatment of the City's various owner participation agreements, the outstanding loan balance of \$2,200,000 was written off during the fiscal year ended June 30, 2018, due to the virtual certainty of the forgiveness of the entire loan balance and any accrued interest.

Yorba Linda Housing Partners, L.P.

In May 2006, the former Redevelopment Agency (the Agency) entered into an OPA with Yorba Linda Housing Partners, L.P. for the purchase and rehabilitation of a multi-family apartment complex commonly known as "Linda Gardens Apartments." The Project consists of substantially rehabilitating and developing the Property in order to create a 76-unit multi-family affordable rental housing comprised of a new community center, 52 two-bedroom units and 24 three-bedroom units subject to affordable housing restrictions. The Agency provided the developer with financial assistance by providing: (1) a loan of \$7,400,000 to assist in financing the acquisition of the property, and (2) a loan not to exceed \$5,376,000 to assist in financing the development of the project. In June 2008, the developer was granted an additional \$200,000 in loan proceeds from the Agency to comply with additional requirements placed upon the project by the Agency relating to ADA accessibility requirements. This brought the total maximum loan to \$12,976,000. The loan bears simple interest at 3% per annum and will be repaid over the 55-year covenant period. The Agreement also provides that payments toward principal and interest shall not commence until the operation of the project has generated residual receipts calculated annually. Following an evaluation of the accounting treatment of the City's various owner participation agreements, the outstanding loan balance was increased by the amount of accrued interest to date of \$3,973,202 during the fiscal year ended June 30, 2018, as repayment of the loan balance, including accrued interest, is expected on or before the end date of the covenant period. The outstanding balance at June 30, 2018, was \$16,615,261.

Victoria Woods

The former Redevelopment Agency entered into an OPA with Stonehaven Associates, LP for the purpose of developing and providing a senior, multi-family affordable housing project known as "Victoria Woods". The Project consists of constructing 124 apartment units, and one manager's unit, including recreational and parking amenities. The Agency provided the developer with financial assistance by providing a loan of \$720,000 to assist in developing the project. The loan does not bear interest. Each year 1/55th of the original loan amount is forgiven until year 55. Following an evaluation of the accounting treatment of the City's various owner participation agreements, the remaining outstanding loan balance of \$458,182 was written off during the fiscal year ended June 30, 2018, due to the virtual certainty of the forgiveness of the remaining loan balance.

CITY OF YORBA LINDA
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 5. Long-term Receivables (Continued)

Owner Participation Agreements (Continued)

Evergreen Villas, L.P.

In December 2009, the former Redevelopment Agency entered into an Affordable Housing Agreement with Evergreen Villas, LP for the purchase and rehabilitation of a multi-family condominium complex commonly known as “Evergreen Condominiums”. The project consists of rehabilitating all 26 condominium units and offering them at rents affordable to and to be occupied by very low-income occupants. The Agency assisted in the development of the project by providing financial assistance in the form of a subordinate financing loan in an amount not to exceed \$3,254,200. This amount consists of the agreed upon value of the property of \$3,169,500 plus an amount not to exceed \$84,700 cash for certain property acquisition and development expenses associated with the project. The loan bears no interest and will be repaid over the 55-year covenant period from the close of escrow. In June 2010, the Agency provided further financial assistance in the form of a subordinate financing loan in the amount of \$196,140 for the developer’s acquisition and rehabilitation of an additional unit. Additional amounts of \$744,142, \$494,516, \$1,329,009, and \$331,569 were loaned during fiscal years 2013-2014, 2014-2015, 2016-2017, and 2017-2018, respectively. The total outstanding balance at June 30, 2018, for Evergreen Villas was \$12,361,393.

National Community Renaissance of California, L.P.

In March 2011, the former Redevelopment Agency entered into an Affordable Housing Agreement with National Community Renaissance of California, LP for the construction of 69 apartment units for extremely low, very low, and low income residents. In June 2013, a second Affordable Housing Agreement was entered into to provide for an additional 54 units in a second phase of development. An Agency acquisition loan was made in an amount not to exceed \$5,075,250, secured by a promissory note that the developer was not obligated to pay until it has received its tax credits. At that time the entire loan amount was rolled into the balance of a development loan in an amount not to exceed \$3,257,227 towards the construction costs. An additional amount of \$480,271 was added to the loan in 2013. The developer will repay the loan over a period of 55 years from the date a certificate of occupancy is issued, with simple interest accruing at a maximum rate of 3% per annum. The principal and accrued interest shall not commence until the operation of the project has generated residual receipts. Following an evaluation of the accounting treatment of the City’s various owner participation agreements, the outstanding loan balance was increased by the amount of accrued interest to date of \$947,080 during the fiscal year ended June 30, 2018, as repayment of the loan balance, including accrued interest, is expected on or before the end date of the covenant period. The outstanding balance at June 30, 2018, was \$9,482,377.

CITY OF YORBA LINDA
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 5. Long-term Receivables (Continued)

Advances to Successor Agency of Former RDA

The advances to the Successor Agency of the former Redevelopment Agency (RDA) consist of \$6,035,572 for loans made to the former RDA to assist in various Redevelopment projects and a \$3,815,853 loan to make the SERAF payment. On January 3, 2017, the Yorba Linda City Council approved a settlement agreement with the State Department of Finance that, among other terms, memorialized a repayment schedule for the outstanding advances due to the City from the Successor Agency. Repayment of these advances had been delayed due to ongoing litigation between the City and the State. As a result of the settlement agreement, the Successor Agency is now be allowed to request funds from the County Auditor/Controller via the Recognized Obligation Payment Schedule (ROPS) process to repay the advances from the City. A payment of \$2,164,686 was made against the SERAF loan during the fiscal year ending June 30, 2018. The total outstanding balance at June 30, 2018, was \$7,270,593. The ROPS approval for the fiscal year ending June 30, 2019, received on May 17, 2018, authorized the final SERAF loan payment of \$1,235,021 and the first projects loan payment of \$989,150. It is anticipated that the projects loan will be paid in full by June 30, 2022, as shown in the table below:

Fiscal Year	
Ending June 30,	Projects
2019	\$ 989,150
2020	2,224,171
2021	2,224,171
2022	598,080
	\$ 6,035,572

CITY OF YORBA LINDA
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 6. Interfund Receivables, Payables and Transfers

The composition of interfund balances as of June 30, 2018, was as follows:

a. Due To / From Other Funds

Paying Funds	Amount	Receiving Funds	Amount
<u>Major Governmental Funds</u>		<u>Major Governmental Funds</u>	
General Fund	\$ 3,842,662	Miscellaneous Grants Fund	\$ 794,022
		Landscape Maintenance	
		Assessment District Fund	39
<u>Proprietary Fund</u>		<u>Nonmajor Governmental Funds</u>	
Community Center Catering Fund	1,294	Traffic Safety Fund	5,275
		CDBG Grant Fund	149,509
		<u>Proprietary Fund</u>	
		Black Gold Golf Course Fund	2,895,111
	\$ 3,843,956		\$ 3,843,956

With the exception of the amount due from the Black Gold Golf Course Fund to the General Fund, interfund balances are the result of 1) short term borrowing to cover negative cash balances and operating shortages at June 30, 2018, or 2) the time lag between the dates that reimbursable expenditures occur and the dates the related revenues are received. All of these balances are expected to be reimbursed within the subsequent year.

The amount due from the Black Gold Golf Course Fund to the General Fund relates to a long-standing but decreasing negative cash position of the Black Gold Golf Course Fund. In the early years of operating the Black Gold Golf Course, the General Fund loaned funds totaling \$4,702,898 to the Black Gold Golf Course Fund for various capital projects. Interest has been accrued on this balance annually. During the 2013-2014 fiscal year, the then-outstanding balance of \$15,635,000 of the 2003 Revenue Bonds issued to construct the Golf Course was paid off using an interfund advance from the General Fund of \$14,060,987 and cash on hand with the City's bond trustee totaling \$1,574,014. The General Fund also funded related costs of the refunding totaling \$49,730. Interest has been accrued on the total initial advance balance of \$14,110,717 since that time. At the time of the bond repayment, the Golf Course had a negative cash position due to several years of operating losses. Once the bonds were repaid, those losses reversed, and the negative cash position began to be reduced and has continued to decline each year since. It is currently anticipated that cash will turn positive in approximately three to five years. See Note 6b to the basic financial statements for additional information regarding the payment plan for the outstanding advances.

CITY OF YORBA LINDA
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 6. Interfund Receivables, Payables and Transfers (Continued)

b. Advances To / From Other Funds

	<u>Balance</u> <u>July 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2018</u>
Advances from General Fund	\$ 19,972,597	\$ 268,657	\$ 265,500	\$ 19,975,754

Advances to the Black Gold Golf Course fund are the result of the following:

a. Various advances to the Black Gold Golf Course Fund from the General Fund for capital projects when the Black Gold Golf Course was initially built Fund and an advance to pay off the remaining principal balance of the Golf Course’s 2003 Revenue Bonds as more fully described in Note 6a to the basic financial statements.

In approximately three to five years, when cash in the Black Gold Golf Course Fund is anticipated to turn positive, the outstanding advances from the General Fund will begin to be amortized based on the positive cash flow of the Golf Course. Based on recent performance, the anticipated payments would amount to approximately \$300,000 to \$600,000 per year, which would be primarily dependent on the amount of capital spending undertaken by the Golf Course in each year. It is the City Council’s intent for these advances to be repaid in full, utilizing all surplus cash generated by the Golf Course operation each year.

b. During the 2012-2013 and 2015-16 fiscal years, the General Fund advanced the Black Gold Golf Course Fund \$1,204,595 for the purchase of equipment and a new fleet of golf carts. The equipment advance was repaid in full as of June 30, 2018, and the remaining outstanding balance was \$182,621 for the golf cart advance.

The repayment schedule for these advances was set by the City Council at the time each advance was made. Regular payments have been made each year as indicated in each amortization schedule. The golf cart advance will be repaid in full in fiscal year 2019-2020.

CITY OF YORBA LINDA
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 6. Interfund Receivables, Payables and Transfers (Continued)

c. Interfund Transfers

Receiving Funds	Amount	Paying Funds	Amount
Major Governmental Funds		Major Governmental Funds	
General Fund	\$ 331,295	General Fund	\$ 12,299,036
Capital Project Fund	16,411,854	Public Library Fund	1,775,053
Landscape Maintenance Assessment District Fund	865,939	Miscellaneous Grants Fund	323,807
Nonmajor Governmental Funds		Nonmajor Governmental Funds	
Traffic Signal Improvements Fund	212,064	Gas Tax Fund	590,928
		Traffic Safety Fund	67,024
		CDBG Grant Fund	57,950
		COPS Fund	230,974
		AQMD Fund	25,796
		Park-in-Lieu Fund	398,779
		Street Improvement Fund	212,064
		Measure M Fund	1,720,145
		PEG Access Fund	17,563
		Traffic Signal Improvements Fund	102,033
	<u>\$ 17,821,152</u>		<u>\$ 17,821,152</u>
Proprietary Fund		Proprietary Fund	
Community Center Catering Fund	\$ 200,306	Black Gold Golf Course Fund	\$ 200,306

The transfer to the Capital Projects Fund in the amount of \$16,411,854 consisted of:

1. The transfer from the General Fund of \$11,433,097, which primarily related to temporary funding allocated from Special Reserves for the construction of the public improvements (primarily a parking garage) for the City's Town Center project. The majority of these funds are anticipated to be returned to Special Reserves from various anticipated payments related to the project – primarily remaining 2011 Redevelopment Agency bond proceeds that will be accessible in fiscal year 2018-2019, parking in-lieu fees to be paid by the Town Center developer, and future payments on the City's advances to the former Redevelopment Agency (see Note 5 to the basic financial statements), all of which will be deposited into Special Reserves per direction previously received from the City Council.
2. The transfer from the Public Library Fund of \$1,775,053 related to design funding for the City's Library and Cultural Arts Center project, which will begin construction in fiscal year 2018-2019.
3. The transfers from the Miscellaneous Grants Fund of \$323,807 and other nonmajor governmental funds of \$2,879,897 were primarily for reimbursing the Capital Projects Fund for capital expenditures.

CITY OF YORBA LINDA
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 6. Interfund Receivables, Payables and Transfers (Continued)

c. Interfund Transfers (Continued)

The transfers to the Landscape Maintenance Assessment District Fund of \$865,939 were from the General Fund to cover the general benefit costs associated with landscape and lighting maintenance as well as certain capital projects for the conversion of turf medians to new draught-tolerant landscaping.

The transfers to the General Fund of \$331,295 were from the nonmajor governmental funds to reimburse the General Fund for public safety services performed by the Orange County Sheriff's Department under the City's Police Services contract, engineering and administrative services in support of the City's street maintenance program as authorized under California Streets and Highway Code Section 2107.5, and for the purchase of a clean air vehicle for the City's fleet.

The transfer from the Black Gold Golf Course Fund of \$200,306 was to the Community Center Catering Fund to eliminate the fund's deficit net position, which was generated through early operating losses when the Community Center's catering function was first outsourced to the third-party operator of the Golf Course.

Note 7. Long-Term Liabilities

a. Long-Term Liabilities – Governmental Activities

The following is a summary of changes in long-term liabilities of the City's governmental activities for the fiscal year ended June 30, 2018:

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018	Due Within One Year
Claims and Judgements					
Claims Liability	\$ 180,995	\$ 105,197	\$ 161,186	\$ 125,006	\$ 125,006
Workers Compensation	1,323,351	45,854	422,740	946,465	229,941
Compensated Absences	961,751	964,199	842,607	1,083,343	786,719
Net Pension Liability (Note 10)	19,573,178	10,317,337	8,100,022	21,790,493	-
OPEB Obligation (Note 11)	29,359,178	3,375,951	5,648,035	27,087,094	-
Total	<u>\$ 51,398,453</u>	<u>\$ 14,808,538</u>	<u>\$ 15,174,590</u>	<u>\$ 51,032,401</u>	<u>\$ 1,141,666</u>

Claims and Judgments

The City of Yorba Linda is a member of the California Insurance Pool Authority (CIPA). CIPA is a Joint Powers Authority with 13 member cities in Los Angeles County and Orange County, California, which was established in 1978 to pool resources, share risks, purchase excess insurance, and share costs for professional risk management and claims administration. The Governing Board consists of one member from each participating city and is responsible for the selection of management and for the budgeting and financial management of the Authority.

CITY OF YORBA LINDA
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 7. Long-Term Liabilities (Continued)

a. Long-Term Liabilities – Governmental Activities (Continued)

Claims and Judgments (Continued)

The rights of the City of Yorba Linda are to receive assistance from the CIPA in establishing and maintaining a risk management program compatible with the policies and programs of the Authority and to appeal decisions of the Claims Committee to the Executive Committee or the Board, subject to such restrictions as the Board may adopt by resolution or Bylaws.

The City initiated self-insurance programs for general liability and workers' compensation on July 1, 1985, and July 1, 1989, respectively. Outside insurance coverage is purchased through CIPA for individual claims in excess of the City's self-insurance retention limits. Larger claims are processed by an outside insurance service that administers the programs, while smaller claims are processed in-house by the City's Risk Manager. For general liability claims, CIPA provides 1) a risk-sharing pool for claims in excess of the City's self-insured retention level of \$250,000 up to \$3,000,000 and 2) a non-risk-sharing insurance-purchasing pool for claims in excess of \$3,000,000 up to \$38,000,000 per occurrence. For workers compensation claims, the City has obtained excess insurance coverage from an outside commercial insurance company through CIPA's non-risk-sharing insurance purchasing program. The policy provides coverage for claims in excess of the City's \$500,000 self-insured retention level up to the California statutory limits for workers compensation. If CIPA's Board of Directors determines that the funds on hand are insufficient to pay losses, a special assessment may be imposed on all participating members.

The City is also obligated to pay its proportional share of the workers compensation liability for City of Brea Police Department employees who were injured on the job during a portion of the time that the City of Brea provided police services for the City, which ended on July 7, 2012. The degree of the City's obligation for these liabilities changed several times, as further described in the former agreements with the City of Brea to provide police services in Yorba Linda. Annually, the City of Brea's risk manager provides the City with an updated actuarial analysis of the City's share of Brea's workers compensation liability, which the City reports as a liability. The City of Brea invoices the City monthly for Yorba Linda's share of actual claims payments made. The City Council has established and fully funded a Special Reserves account that offsets this liability. Funds are transferred to the General Fund from Special Reserves to make the monthly payments to the City of Brea.

The City accounts for material claims and judgments when it is probable that a claim liability has been incurred at fiscal year-end and the amount of the loss can be reasonably estimated, the City records the estimated loss including a provision for incurred but not reported claims, net of any insurance coverage under its self-insurance program.

CITY OF YORBA LINDA
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 7. Long-Term Liabilities (Continued)

a. Long-Term Liabilities – Governmental Activities (Continued)

Claims and Judgments (Continued)

At June 30, 2018, various claims have been received by the City that the City has denied, but no action has yet been filed. Litigation is still pending on cases that the City believes are adequately covered as described in the following paragraphs. Small dollar claims and judgments are recorded as expenditures when paid.

A liability as of June 30, 2018, of \$1,071,471 is reported in the Statement of Net Position for general liability and workers’ compensation claims and judgments.

Changes in the claims and judgements liability balance for the fiscal years ended June 30, 2017 and 2018, including a provision for incurred but not reported claims were as follows:

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Claims Payable</u> <u>Beginning</u>	<u>Claims and</u> <u>Changes in</u> <u>Estimates</u>	<u>Claims</u> <u>Payments</u>	<u>Claims Payable</u> <u>Ending</u>
2017	\$ 1,466,035	\$ 226,810	\$ 188,499	\$ 1,504,346
2018	1,504,346	151,051	583,926	1,071,471

There have been no significant changes to insurance coverage as compared to last year and the City has not experienced settlements in excess of insurance coverage during the past three years.

Compensated Absences

The City’s policies relating to compensated absences are described in Note 1 to the basic financial statements. This liability will be paid in the future from the General Fund or the Public Library Fund. While small amounts of personnel costs are allocated to other funds, the General Fund covers the compensated absences obligations of these other funds. The City Council has established and fully funded a Special Reserves account that offsets the General Fund’s share of this liability. The Public Library Fund maintains operating reserves sufficient to fund its share of the liability. The outstanding balance at June 30, 2018, was \$1,083,343.

CITY OF YORBA LINDA
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 8. Operating Leases

Golf Car GPSI Lease

During fiscal year 2013-2014, The Black Gold Golf Course Enterprise Fund entered into an operating lease agreement with GPSI Leasing, LLC for 87 golf car GPS system units for a period of four years, with an additional one-year extension. The total amount paid for the lease was \$24,534 for the fiscal year ended June 30, 2018. The future minimum lease payments relating to this lease are as follows:

Fiscal Year	Amount
<u>Ending June 30,</u>	<u></u>
2019	<u>\$ 24,534</u>

Note 9. Conduit Debt

During fiscal year 2000-2001, the Agency issued, on behalf of National CORE (Southern California Housing Corporation), the Yorba Linda Redevelopment Agency Multi-Family Housing Revenue Bonds 2000, Series A, in the principal amount of \$2,754,321. These bonds are not reflected in the City’s long-term liabilities because they are special obligations payable solely from and secured by specific revenue sources described in the resolution and official statement of the issue. Neither the faith and credit nor the taxing power of the City, the former Redevelopment Agency, the State of California or any political subdivision thereof, is pledged for the payment of these bonds. The balance as of June 30, 2018, is \$1,773,750.

Note 10. City Employees Retirement Plan (Defined Benefit Pension Plan)

a. General Information about the Pension Plan

Plan Description

All qualified employees are eligible to participate in the City’s Miscellaneous Employee Pension Plan (Plan), an agent multiple employer defined benefit pension plan administered by the California Public Employees Retirement System (CalPERS). Benefit provisions under the Plan are established by State statute and City resolution. Separate financial statements for the Plan may be obtained by writing to CalPERS at Lincoln Plaza North 400 Q Street, Sacramento, California, 95814 or by visiting the CalPERS website at www.calpers.ca.gov.

CITY OF YORBA LINDA
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 10. City Employees Retirement Plan (Defined Benefit Pension Plan) (Continued)

a. General Information about the Pension Plan (Continued)

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 the Optional Settlement 2W Death Benefit. The cost of living adjustments for the plan are applied as specified by the Public Employees' Retirement Law.

The Plans' provisions and benefits in effect at June 30, 2018, are summarized as follows:

	Miscellaneous	
	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	2.0% @ 55	2.0% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50-63	52-67
Monthly benefits, as a % of eligible compensation	1.426% to 2.418%	1.000% to 2.500%
Required employee contribution rates	7.00%	6.75%
Required employer contribution rates	22.172%	22.172%

Employees Covered

At June 30, 2018, the following employees were covered by the benefit terms for each Plan:

	Miscellaneous
Inactive employees or beneficiaries currently receiving benefits	128
Inactive employees entitled to but not yet receiving benefits	46
Active employees	105
Total	<u>279</u>

CITY OF YORBA LINDA
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 10. City Employees Retirement Plan (Defined Benefit Pension Plan) (Continued)

a. General Information about the Pension Plan (Continued)

Contributions

Section 20814 (c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employees 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. Funding contributions for the Plans are determined annually on an actuarial basis of June 30 by CalPERS. 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.

Employee contributions are based on the employee's annual covered salary. For the fiscal year ended June 30, 2018, the employee contribution rate was 7.00% for classic members hired before January 1, 2013, or who were hired after January 1, 2013 and had membership with a previous reciprocal retirement system; and 6.75% for PEPRAs members hired after January 1, 2013. The City's contribution rate and required contribution for the fiscal year were 22.172% and \$1,959,705, respectively.

b. CalPERS Net Pension Liability

The City's net pension liability for the Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of the Plan is measured as of June 30, 2017, using an annual actuarial valuation as of June 30, 2016 rolled forward to June 30, 2017 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

CITY OF YORBA LINDA
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 10. City Employees Retirement Plan (Defined Benefit Pension Plan) (Continued)

b. CalPERS Net Pension Liability (Continued)

Actuarial Assumptions

The total pension liability in the June 30, 2016 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2016
Measurement Date	June 30, 2017
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.75%
Payroll Growth	3.00%
Projected Salary Increase	3.30% - 14.2% ⁽¹⁾
Investment Rate of Return	7.50% ⁽²⁾
Mortality	Derived using CalPERS' Membership Data for all Funds

⁽¹⁾ Depending on age, service and type of employment.

⁽²⁾ Net of pension plan investment expenses, including inflation.

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2016 valuation were based on the results of a January 2014 actuarial experience study for the period 1997 to 2011. Further details of the Experience Study can found on the CalPERS website.

Discount Rate

In 2017, the accounting discount rate used to measure the total pension liability reduced from 7.65% to 7.15%. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.15% discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long-term expected discount rate of 7.15% is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB 68 section.

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

CITY OF YORBA LINDA
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 10. City Employees Retirement Plan (Defined Benefit Pension Plan) (Continued)

b. CalPERS Net Pension Liability (Continued)

Discount Rate (Continued)

In determining the long-term expected rate of return, staff 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. These geometric rates of return are net of administrative expenses.

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 ¹	Real Return Years 11+ ²
Global Equity	51.0%	5.25%	5.71%
Global Fixed Income	20.0	0.99	2.43
Inflation Sensitive	6.0	0.45	3.36
Private Equity	10.0	6.83	6.95
Real Estate	10.0	4.50	5.13
Infrastructure and	2.0	4.50	5.09
Liquidity	1.0	(0.55)	(1.05)

¹An expected inflation of 2.5% used for this period

²An expected inflation of 3.0% used for this period

CITY OF YORBA LINDA
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 10. City Employees Retirement Plan (Defined Benefit Pension Plan) (Continued)

c. Changes in the CalPERS Net Pension Liability

The changes in the Net Pension Liability for the Plan are as follows:

	Increase (Decrease)		Net Position
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Liability/(Asset) (c) = (a) - (b)
Balance, June 30, 2016 (VD)	\$ 64,015,231	\$ 44,442,053	\$ 19,573,178
Changes in Recognized for the Measurement Period:			
Service Cost	1,472,818	-	1,472,818
Interest on the Total Pension Liability	4,762,222	-	4,762,222
Changes in Benefit Terms	-	-	-
Differences between Expected and Actual Experience	(618,862)	-	(618,862)
Changes of Assumptions	4,016,681	-	4,016,681
Contribution from the Employer	-	1,483,366	(1,483,366)
Contributions from the Employees	-	1,062,547	(1,062,547)
Net Investment Income ²	-	4,935,247	(4,935,247)
Benefit Payments, including Refunds of Employee Contributions	(3,089,914)	(3,089,914)	-
Administrative Expense	-	(65,616)	65,616
Net Changes during 2016-17	<u>6,542,945</u>	<u>4,325,630</u>	<u>2,217,315</u>
Balance, June 30, 2017 (MD) ¹	<u><u>\$ 70,558,176</u></u>	<u><u>\$ 48,767,683</u></u>	<u><u>\$ 21,790,493</u></u>

¹ The fiduciary net position includes receivables for employees service buybacks, deficiency reserves, fiduciary self-insurance and OPEB expense. This may differ from the plan assets reported in the funding actuarial valuation report.

² Net of administrative expenses.

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

The following presents the net pension liability/(asset) of the Plan as of the measurement date, calculated using the discount rate of 7.15%, as well as what the net pension liability/(asset) would be if it were calculated using a discount rate that is 1 percentage-point lower (6.15%) or 1 percentage-point higher (8.15%) than the current rate:

	Discount Rate -1% (6.15%)	Current Discount Rate (7.15%)	Discount Rate +1% (8.15%)
Plan's Net Pension Liability/(Asset)	\$ 31,570,213	\$ 21,790,493	\$ 13,770,094

CITY OF YORBA LINDA
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 10. City Employees Retirement Plan (Defined Benefit Pension Plan) (Continued)

c. Changes in the CalPERS Net Pension Liability (Continued)

Plan Fiduciary Net Position

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

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

For the fiscal year ended June 30, 2018, the City recognized pension expense of \$2,575,959. At measurement date of June 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 1,445,341	\$ -
Changes of assumption	2,799,505	(128,410)
Differences between expected and actual experience	-	(667,369)
Net differences between projected and actual earnings on pension plan investments	688,444	-
Total	\$ 4,933,290	\$ (795,779)

The amount of \$1,445,341 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 fiscal year ending June 30, 2019. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in future pension expense as follows:

Fiscal Year Ended June 30,	Deferred Outflows (Inflows) of Resources
2019	\$ 724,227
2020	1,734,176
2021	590,410
2022	(356,643)

CITY OF YORBA LINDA
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 11. Other Postemployment Employee Benefits

a. General Information about the Other Postemployment Benefits Plan

Plan Description

The City provides other postemployment benefits (OPEB) through the Public Employees’ Medical and Hospital Care Act (PEMHCA), a single-employer defined benefit healthcare plan administered by the California Public Employees’ Retirement System (CalPERS). Separate financial statements for the PEMHCA may be obtained by writing to CalPERS at Lincoln Plaza North 400 Q Street, Sacramento, California, 95814 or by visiting the CalPERS website at www.calpers.ca.gov.

Contribution

Currently, the City contributes the minimum amount required by PEMHCA toward health insurance premiums for all retirees. For retirees hired prior to April 1, 2017, an additional contribution up to the average premium of HMO Plans offered by CalPERS is provided through a health reimbursement account. Retirees hired on or after April 1, 2017, only receive the minimum contribution required by PEMHCA. In addition, retirees hired prior to April 1, 2017, are eligible to participate in the City’s dental and vision insurance plans at no cost. Retirees hired on or after April 1, 2017, are not eligible for dental or vision insurance coverage in retirement. These benefits are provided per contract between the City and the employee associations.

Funding Policy

The contribution requirements of plan members and the City are established and may be amended by the City, City Council and/or the employee associations. The City made an annual contribution to an OPEB trust with CalPERS beginning in fiscal year 2017-2018. The City Council has established a formal funding policy relative to these contributions and intends to make them on a periodic, discretionary basis as funds permit in order to reduce the City’s unfunded OPEB liability.

Employees Covered

At June 30, 2018, the following employees were covered by the benefit term:

Inactive employees or beneficiaries currently receiving benefits	62
Inactive employees entitled to but not yet receiving benefits	-
Active employees	<u>100</u>
Total	<u><u>162</u></u>

CITY OF YORBA LINDA
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 11. Other Postemployment Employee Benefits (Continued)

b. Net OPEB Liability

As of July 1, 2017, the City adopted the provisions of GASB Statement No. 75, which replaces GASB Statement No. 45. The net OPEB liability of the Plan was measured as of June 30, 2017, using an annual actuarial valuation as of January 1, 2016, rolled forward to June 30, 2017, in accordance with the parameters of GASB Statement No. 75.

Actuarial Assumptions

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

The net OPEB liability in the June 30, 2016 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	January 1, 2016
Measurement Date	June 30, 2017
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	3.68%
Inflation	2.75%
Payroll Growth	3.00%
Projected Salary Increase	3.30% - 14.2% ⁽¹⁾
Asset Return	7.00% ⁽²⁾
Mortality	Derived using CalPERS' Membership Data for all Funds

⁽¹⁾ Depending on age, service and type of employment.

⁽²⁾ Assuming the City invests in the California Employers' Retiree Benefit Trust (CERBT) under its investment allocation strategy 1.

CITY OF YORBA LINDA
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 11. Other Postemployment Employee Benefits (Continued)

c. Change in the Net OPEB Liability

The changes in the net OPEB liability for the Plan are as follows:

	Net OPEB Liability
Total OPEB Liability Balance, June 30, 2016	\$ 29,359,178
Service Cost	1,559,082
Interest	879,863
Changes of Assumptions	(3,742,978)
Benefit Payments, including Refunds of Employee Contributions	(734,912)
Net Changes during 2016-17	(2,038,945)
Total OPEB Liability Balance, June 30, 2017 (MD)	27,320,233
 Plan Fiduciary Net Position	
Contribution from the Employer	1,170,145
Net Investment Income	(1,266)
Benefit Payments, including Refunds of Employee Contributions	(935,739)
Admin Expense	(1)
Net Changes during 2016-17	233,139
Plan Fiduciary Net Position - Beginning	-
Plan Fiduciary Net Position - Ending	233,139
Net OPEB Liability Balance, June 30, 2017 (MD)	\$ 27,087,094

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

The following presents the net OPEB liability of the Plan as of the measurement date, calculated using the discount rate of 3.68%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.68%) or 1-percentage-point higher (4.68%) than the current rate:

	Discount Rate - 1% (2.68%)	Current Discount Rate (3.68%)	Discount Rate +1% (4.68%)
Net OPEB Liability	\$ 31,882,227	\$ 27,087,094	\$ 23,279,610

CITY OF YORBA LINDA
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 11. Other Postemployment Employee Benefits (Continued)

d. CalPERS OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2018, the City recognized OPEB expense of \$1,496,891. At measurement date of June 30, 2017, 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	\$ 1,170,151	\$ -
Changes of assumption	-	2,807,233
Differences between projected and actual earnings on OPEB plan investments	7,576	-
Total	\$ 1,177,727	\$ 2,807,233

The amount of \$1,170,151 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the fiscal year ending June 30, 2019. Other amounts reported as deferred outflows and deferred inflows of resources related to OPEB will be recognized in future OPEB expense as follows:

Fiscal Year Ended June 30,	Deferred Outflows (Inflows) of Resources
2019	\$ (933,851)
2020	(933,851)
2021	(933,849)
2022	1,894

Note 12. Restatement

The City restated the beginning net position for governmental activities as of July 1, 2017 to record the cumulative effect of the change in accounting principle of \$19,732,874 for the implementation of GASB Statement No. 75.

Net position, June 30, 2017, as previously reported	\$ 495,885,375
Cumulative effect of change in accounting principle: GASB Statement No. 75 - OPEB	(19,732,874)
Net position, July 1, 2017, as restated	\$ 476,152,501

CITY OF YORBA LINDA
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 12. Restatement (Continued)

The City restated the beginning net position for the Successor Agency of the former RDA private-purpose trust fund, a fiduciary component unit of the City, as of July 1, 2017 to correct the interest accretion of \$1,991,962 for the 1993 Tax Allocation Bonds.

Note 13. Joint Ventures

Orange County Fire Authority

In January 1995, the City entered into a joint powers agreement with the Cities of Buena Park, Cypress, Dana Point, Irvine, Laguna Hills, Laguna Niguel, Lake Forest, La Palma, Los Alamitos, Mission Viejo, Placentia, San Clemente, San Juan Capistrano, Seal Beach, Stanton, Tustin, Villa Park, and the County of Orange to create the Orange County Fire Authority (Authority). The purpose of the Authority is to provide for mutual fire protection, prevention and suppression services, and related and incidental services including, but not limited to, emergency medical and transport services, as well as providing facilities and personnel for such services.

The effective date of formation was March 1, 1995. The Authority's governing board consists of one representative from each City and two from the County. The operations of the Authority are funded with structural fire fees collected by the County through the property tax roll for the unincorporated areas of the County and on behalf of all member Cities except for the Cities of Stanton, Tustin, San Clemente, Buena Park, Placentia and Seal Beach. The County pays all structural fire fees it collects to the Authority. The Cities of Stanton, Tustin, San Clemente, Buena Park, Placentia and Seal Beach are considered "cash contract Cities" and accordingly, make cash contributions based on the Authority's annual budget.

No determination has been made as to each participant's proportionate share of fund equity as of June 30, 2018. Upon dissolution of the Authority, all surplus money and property of the Authority will be conveyed or distributed to each member in proportion to all funds provided to the Authority by that member or by the County on behalf of that member during its membership. Complete financial statements may be obtained from the Orange County Fire Authority, 1 Fire Authority Road, Building A, Irvine, CA 92602.

Note 14. Commitments and Contingent Liabilities

- a. The City has been named as a defendant in various lawsuits and claims arising in the course of operations. These lawsuits and claims against the City are incidental to the ordinary course of operations and are largely covered by the City's self-insurance program. In the opinion of management and the City Attorney, such claims and litigation will not have a material adverse effect upon the financial position or results of the City. To the extent the outcome of such litigation or claims is determined to result in probable financial loss to the City, such loss is accrued in the accompanying combined financial statements.

CITY OF YORBA LINDA
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 14. Commitments and Contingent Liabilities (Continued)

- b. On July 17, 2012, the City entered into a five-year contract with the Orange County Sheriff's Department for the provision of law enforcement services. This contract constitutes the single largest expenditure from the City's General Fund each year, representing approximately 30% of the General Fund budget. The contract expired on June 30, 2018, and a new five-year contract was approved by the City Council on May 1, 2018. The contract is reimbursement-based, with a year-end reconciliation payment to adjust for actual costs.
- c. On April 19, 2016, the City entered into a Participation Agreement with the County of Orange to fund the City's proportionate share of the construction costs for the new regional animal shelter at the former Tustin Marine Corps Air Station. Under the Agreement, the City is obligated to pay a total of \$509,899 over a ten-year period, reflecting 1.87% of the construction costs for the shelter. The County is also charging the City interest at 0.81%. These payments are funded from the General Fund operating budget and are made on a quarterly basis. The outstanding balance was \$402,492 at June 30, 2018.

Note 15. Successor Agency Trust for Assets of Former Redevelopment Agency

The California Supreme Court upheld Assembly Bill 1X 26 ("the Bill") that provides for the dissolution of all redevelopment agencies in the State of California. This action impacted the reporting entity of the City of Yorba Linda that previously had reported a Redevelopment Agency within the reporting entity of the City as a blended component unit.

The Bill provides that upon dissolution of a Redevelopment Agency, either the City or another unit of local government will agree to serve as the "Successor Agency" to hold the assets until they are distributed to other units of state and local government. On January 3, 2012, the City Council elected to become the Successor Agency for the former Redevelopment Agency in accordance with the Bill as part of City resolution number 2012-5095.

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

Successor Agencies will only be allocated revenue in the amount that is necessary to pay the estimated annual installment payments on enforceable obligations of the former Redevelopment Agency until all enforceable obligations of the prior Redevelopment Agency have been paid in full and all assets have been liquidated in accordance with the timeline set forth in the Bill (as modified by the California Supreme Court on December 29, 2011). All redevelopment agencies in the State of California were dissolved and ceased to operate as legal entities as of February 1, 2012.

CITY OF YORBA LINDA
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 15. Successor Agency Trust for Assets of Former Redevelopment Agency (Continued)

a. Cash and Investments

The following is a summary of Successor Agency cash and investments at June 30, 2018:

Pooled cash and investments	\$ 7,707,062
Restricted cash and investments held with fiscal agent	4,235,345
	\$ 11,942,407

The Successor Agency's cash and investments are pooled with the City's cash and investment in order to generate optimum interest income. The share of the pooled cash account is separately accounted for, and investment income is allocated to all participating funds based on the relationship of their average daily cash balances to the total of the pooled cash and investments. Information regarding the authorized types of deposits and investments, the type of risks (i.e. credit, interest rate, custodial, etc.) and other disclosures associated with the City's pooled cash and investments and those restricted with fiscal agent is reported in Note 3 to the basic financial statements.

b. Long-Term Liabilities

A description of long-term liabilities outstanding (excluding defeased debt) of the Successor Agency as of June 30, 2018, follows:

	Balance July 1, 2017	Accreted Interest	Additions	Deletions	Balance June 30, 2018	Due Within One Year
Tax Allocation Bonds	\$ 63,903,354	\$ (1,527,911) *	\$ 27,640,000	\$ (43,411,821)	\$ 46,603,622	\$ 3,209,240
Unamortized premium	-	-	2,318,112	(130,973)	2,187,139	154,154
Unamortized gain on defeasance	32,732	-	3,895,421	(252,824)	3,675,329	259,045
Unamortized discount	(70,488)	-	(72,112)	74,562	(68,038)	(4,795)
Deferred pass-through payments - PYLUSD	20,916,404	-	-	20,916,404	-	-
Advance from Housing Fund - SERAF Loan	3,399,707	-	-	2,164,686	1,235,021	1,235,021
Advance from City	6,035,572	-	-	-	6,035,572	989,150
Total	\$ 94,217,281	\$ (1,527,911)	\$ 33,781,421	\$ (20,639,966)	\$ 59,668,645	\$ 5,841,815

* Includes prior period adjustment of accreted interest (See Note 12)

There are a number of limitations and restrictions contained in the various bond indentures. The City is in compliance with all significant limitations and restrictions.

CITY OF YORBA LINDA
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 15. Successor Agency Trust for Assets of Former Redevelopment Agency (Continued)

b. Long-Term Liabilities (Continued)

Tax Allocation Bonds

The former Redevelopment Agency pledged, as security for bonds issued, a portion of property tax increment revenue that it receives. The bonds issued were to provide financing for various capital projects and to defease previously issued bonds. Assembly Bill 1X 26 provided that upon dissolution of the Redevelopment Agency, property taxes allocated to former redevelopment agencies no longer are deemed tax increment but rather property tax revenues and will be allocated first to successor agencies to make payments on the indebtedness incurred by the dissolved redevelopment agency.

1993 Tax Allocation Bonds

On December 15, 1993, the Yorba Linda Redevelopment Agency issued \$35,686,002 in 1993 Tax Allocation Bonds with interest rates ranging from 3.5% to 5.25% to advance refund \$17,115,000 of outstanding maturities of earlier debt issuances. Serial bonds totaling \$4,340,000 were payable in amounts ranging from \$265,000 to \$545,000 per year on September 1 of each year, commencing September 1, 1996, through September 1, 2008. Term bonds totaling \$12,205,000 and \$14,000,000 were due on September 1, 2014 and 2023, respectively, at an interest rate of 5.25%. The 2021-2023 maturities were refunded by the 2017 Tax Allocation Bonds. Capital appreciation serial bonds with an original amount totaling \$2,826,489 were due on each September 1, commencing September 1, 2014 through 2016. Capital appreciation term bonds with an original amount totaling \$2,314,513 are due on September 1, 2019. The outstanding balance, including the accreted value of \$4,556,548 of the capital appreciation term bonds, at June 30, 2018, was \$6,054,240.

The annual requirements to amortize the outstanding bond indebtedness as of June 30, 2018, including interest, are as follows:

Fiscal Year Ending	Principal	Interest
<u>June 30,</u>	<u> </u>	<u> </u>
2019	\$ 770,755	\$ 2,465,484
2020	726,937	2,508,063
Total	<u>1,497,692</u>	<u>\$ 4,973,547</u>
Accretion	4,556,548 *	
Total	<u>\$ 6,054,240</u>	

*Includes the prior period adjustment for the interest accretion. See Note 12.

CITY OF YORBA LINDA
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 15. Successor Agency Trust for Assets of Former Redevelopment Agency (Continued)

b. Long-Term Liabilities (Continued)

1998 Tax Allocation Parity Refunding Bonds, Series A

On June 18, 1998, the Yorba Linda Redevelopment Agency issued \$17,131,503 in 1998 Tax Allocation Parity Refunding Bonds, Series A, with interest rates ranging from 4.05% to 5.00% to advance refund the remaining \$15,890,000 of outstanding 1989 Tax Allocation Bonds with interest rates ranging from 6.750% to 7.125%. Current interest serial bonds totaling \$12,645,000 were payable in amounts ranging from \$1,030,000 to \$1,325,000 per year on September 1 of each year, commencing September 1, 2002 through September 1, 2009. Capital appreciation serial bonds with an original amount totaling \$4,486,503 are due on each September 1, commencing September 1, 2024 through 2028. The outstanding balance, including the accreted value of \$8,422,879 of the capital appreciation bonds at June 30, 2018, was \$12,909,382.

The annual requirements to amortize the outstanding bond indebtedness as of June 30, 2018, including interest, are as follows:

Fiscal Year Ending	Principal	Interest
<u>June 30,</u>	<u>Principal</u>	<u>Interest</u>
2019	\$ -	\$ -
2020	-	-
2021	-	-
2022	-	-
2023		
2024-2028	3,684,388	9,086,374
2029	802,115	6,302,124
Total	4,486,503	\$ 15,388,498
Accretion	8,422,879	
	<u>\$ 12,909,382</u>	

CITY OF YORBA LINDA
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 15. Successor Agency Trust for Assets of Former Redevelopment Agency (Continued)

b. Long-Term Liabilities (Continued)

2017 Tax Allocation Refunding Bonds, Series A (Tax-Exempt) and B (Taxable)

On August 24, 2017, the Successor Agency to the Yorba Linda Redevelopment Agency issued \$15,070,000 in tax-exempt Tax Allocation Refunding Bonds, Series A, with interest rates ranging from 3.000% to 4.000%, and \$12,570,000 in taxable Tax Allocation Refunding Bonds, Series B, with interest rates ranging from 1.500% to 3.625%. These bonds were issued to refund the following obligations of the former Redevelopment Agency:

1. Partial outstanding balance of the 1993 Tax Allocation Bonds - \$14,000,000
2. The outstanding balance of the 2005 Tax Allocation Bonds - \$11,770,000
3. The outstanding balance of the 2011 Tax Allocation Bonds - \$4,206,250

The 2011 Tax Allocation Bonds were issued shortly before the date on which all California redevelopment agencies were dissolved under State law. Subsequent to the issuance of the 2011 Tax Allocation Bonds, legislation was passed that precluded the Successor Agency from spending the proceeds of these bonds, as they were issued in a specified period shortly before the dissolution date for the Successor Agency. Subsequent legislation codified in Health and Safety Code sections 34191.4 and 34191.6 established a sliding scale by which some portion of bond proceeds for issuances undertaken just prior to dissolution could be spent following issuance of a Finding of Completion by the California Department of Finance to the Successor Agency. Based on the date of original issuance for the 2011 Tax Allocation Bonds, the Successor Agency was able to utilize 25% of the bond proceeds for their original intended purpose. The remaining 75% could not be spent under State law, and would have remained on hand with the bond trustee until the earliest call date for the bonds, at which time an equivalent amount of bonds would be called. The 2017 Tax Allocation Refunding Bonds refunded the entire outstanding amount of 2011 Tax Allocation Bonds and contributed 75% of the original 2011 Tax Allocation Bonds project fund proceeds of \$16,574,297 that were on hand at that time toward the refunding as a cash contribution. As a result, the total amount of 2017 Tax Allocation Refunding Bonds outstanding that relate to the 2011 Tax Allocation Bonds transaction was substantially smaller than the amount of 2011 Tax Allocation Bonds that were outstanding prior to the refunding. The aggregate difference in debt service between the refunding debt and the refunded debt is a positive amount of \$881,191. The total future payments for the refunding debt provide a net present value gain of approximately \$13,172,128.

CITY OF YORBA LINDA
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 15. Successor Agency Trust for Assets of Former Redevelopment Agency (Continued)

b. Long-Term Liabilities (Continued)

2017 Tax Allocation Refunding Bonds, Series A (Tax-Exempt) and B (Taxable)
(Continued)

Current interest serial bonds for 2017 Tax Allocation Refunding Bonds Series A totaling \$14,965,000 are payable in amounts ranging from \$15,000 to \$3,275,000 per year on September 1 of each year, commencing on September 1, 2018, through September 1, 2032. A term bond of \$105,000 is due September 1, 2028. Current interest serial bonds for 2017 Tax Allocation Refunding Bonds Series B totaling \$12,570,000 are payable in amounts ranging from \$235,000 to \$3,290,000 per year on September 1 each year, commencing on September 1, 2018, through September 1, 2032. The outstanding balance at June 30, 2018, was \$27,640,000.

The annual requirements to amortize the outstanding bond indebtedness as of June 30, 2018, including interest, are as follows:

Fiscal Year Ending	Principal	Interest
June 30,		
2019	\$ 390,000	\$ 1,114,081
2020	410,000	1,107,781
2021	3,040,000	1,032,338
2022	3,310,000	882,806
2023	3,460,000	723,975
2024-2028	5,370,000	2,340,244
2029-2033	11,660,000	1,212,047
Total	\$ 27,640,000	\$ 8,413,272

CITY OF YORBA LINDA
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 15. Successor Agency Trust for Assets of Former Redevelopment Agency (Continued)

b. Long-Term Liabilities (Continued)

Deferred pass-through payments

Placentia-Yorba Linda Unified School District

On December 5, 1983, the Agency entered into a pass-through agreement with the Placentia Unified School District, predecessor of the Placentia-Yorba Linda Unified School District (District), whereby the Agency agreed to pass-through to the district certain tax increment revenue the Agency received as a result of the formation of the Agency and the adoption of its Redevelopment Plan. In October 1999, a dispute regarding the pass-through agreement arose. In June 2004, the Agency and the District settled their dispute and agreed to a settlement through which tax increment in the amount of \$6,569,106 was to be paid by the Agency to the District when and if excess tax increment, as defined in the Settlement Agreement, became available. Additionally, as part of the annual pass-through calculation, there would possibly be additional amounts of tax increment due to the District, which like the original settlement amount would be deferred each year until such time as excess tax increment became available. In each subsequent year through the dissolution of the Redevelopment Agency in 2011, additional amounts were added to the deferred balance due, which ultimately reached \$20,916,404. This amount has remained on the statement of fiduciary net position for the Successor Agency private purpose trust fund as a liability since dissolution of the Redevelopment Agency in 2011.

During the fiscal year ended June 30, 2018, the City evaluated whether this liability can ever be repaid following the dissolution of the Redevelopment Agency and the related changes in state law. Following this analysis, the City concluded that there is no mechanism by which the deferred balance due can be repaid. Accordingly, the liability is no longer reflected in the statement of fiduciary net position.

Under the Settlement Agreement, there is no requirement that the deferred amount be paid after the time at which the Agency can no longer receive tax increment or from any funding source other than tax increment revenues of the Agency. Under the dissolution law, the Agency will cease to collect tax increment once all enforceable obligations of the Agency have been paid. The settlement agreement is not an enforceable obligation listed on the Agency's Last and Final ROPS, and as such the City does not believe there to be a mechanism by which the deferred amount can be repaid under current law.

CITY OF YORBA LINDA
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 15. Successor Agency Trust for Assets of Former Redevelopment Agency (Continued)

b. Long-Term Liabilities (Continued)

Advance from Housing Fund – Supplemental Education Revenue Augmentation Fund (SERAF) Loan

The former Redevelopment Agency Low and Moderate Housing Fund made a loan to the former Redevelopment Agency Projects Fund to make the SERAF payment that was due on May 10, 2010. The outstanding balance at June 30, 2018, was \$1,235,021. Information regarding the repayment schedule for this advance can be found in Note 5 to the basic financial statements.

Advances from City

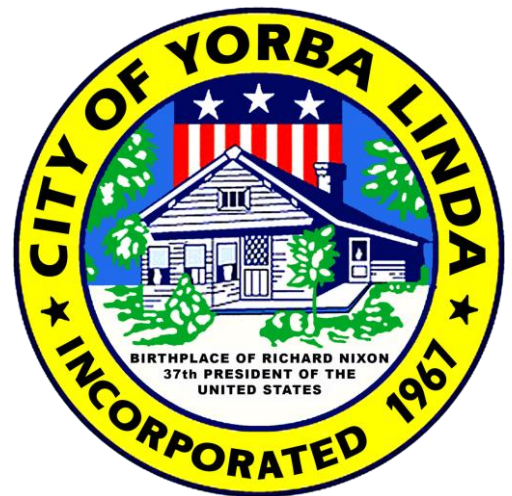
The advances from the City consist of loans made to the former Redevelopment Agency to assist in various Redevelopment projects. The outstanding balance at June 30, 2018, was \$6,035,572, with payment in full expected over the next three fiscal years and concluding by June 30, 2022. Information regarding the repayment schedule for this advance can be found in Note 5 to the basic financial statements.

c. Insurance

The Successor Agency is covered under the City of Yorba Linda's insurance policies. Therefore, the limitation and self-insured retentions applicable to the City also apply to the Successor Agency. Additional information as to coverage and self-insured retentions can be found in Note 7a to the basic financial statements.

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REQUIRED SUPPLEMENTARY INFORMATION



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CITY OF YORBA LINDA
Required Supplementary Information
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
General Fund
For the Fiscal Year Ended June 30, 2018

	<u>Budgeted Amount</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 28,729,081	\$ 28,968,272	\$ 29,591,101	\$ 622,829
Licenses and permits	1,945,348	1,945,348	1,277,319	(668,029)
Intergovernmental	201,809	476,679	1,264,316	787,637
Charges for services	3,556,795	3,571,795	3,672,339	100,544
Investment income	434,000	300,000	191,904	(108,096)
Fines and forfeitures	-	585,901	63,433	(522,468)
Gain on sale of City property	-	1,999	14,257	12,258
Contributions to the Successor Agency	-	-	205,338	205,338
Miscellaneous	293,000	540,906	790,891	249,985
Total revenues	<u>35,160,033</u>	<u>36,390,900</u>	<u>37,070,898</u>	<u>679,998</u>
Expenditures				
General government	7,518,568	8,881,984	7,405,102	1,476,882
Public safety	11,239,505	11,517,941	11,601,058	(83,117)
Community development	3,072,542	3,354,250	2,977,725	376,525
Parks and recreation	6,670,039	6,738,581	6,098,032	640,549
Public works	4,327,065	5,175,966	3,936,150	1,239,816
Capital outlay	358,717	688,066	696,540	(8,474)
Total expenditures	<u>33,186,436</u>	<u>36,356,788</u>	<u>32,714,607</u>	<u>3,642,181</u>
Excess of Revenues over (under) Expenditures	<u>1,973,597</u>	<u>34,112</u>	<u>4,356,291</u>	<u>4,322,179</u>
Other financing sources (uses):				
Transfers in	1,134,170	439,170	331,295	(107,875)
Transfers out	<u>(4,695,248)</u>	<u>(19,794,487)</u>	<u>(12,299,036)</u>	<u>7,495,451</u>
Total other financing sources (uses)	<u>(3,561,078)</u>	<u>(19,355,317)</u>	<u>(11,967,741)</u>	<u>7,387,576</u>
Net change in fund balance	(1,587,481)	(19,321,205)	(7,611,450)	11,709,755
Fund balance at beginning of fiscal year	<u>58,436,359</u>	<u>58,436,359</u>	<u>58,436,359</u>	<u>-</u>
Fund balance at end of fiscal year	<u>\$ 56,848,878</u>	<u>\$ 39,115,154</u>	<u>\$ 50,824,909</u>	<u>\$ 11,709,755</u>

See note to required supplementary information.

CITY OF YORBA LINDA
 Required Supplementary Information
 Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
 Affordable Housing Special Revenue Fund
 For the Fiscal Year Ended June 30, 2018

	<u>Budgeted Amount</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Investment income	\$ 2,164,686	\$ 2,164,686	\$ 4,928,166	\$ 2,763,480
Contribution from Successor Agency	12,750	12,750	285	(12,465)
Total revenues	<u>2,177,436</u>	<u>2,177,436</u>	<u>4,928,451</u>	<u>2,751,015</u>
Expenditures				
General government	45,600	45,600	7,787	37,813
Community development	-	-	5,657,786	(5,657,786)
Capital outlay	-	-	36,510	(36,510)
Total expenditures	<u>45,600</u>	<u>45,600</u>	<u>5,702,083</u>	<u>(5,656,483)</u>
Excess of Revenues over (under) Expenditures	<u>2,131,836</u>	<u>2,131,836</u>	<u>(773,632)</u>	<u>(2,905,468)</u>
Net change in fund balance	2,131,836	2,131,836	(773,632)	(2,905,468)
Fund balance at beginning of fiscal year	<u>45,416,150</u>	<u>45,416,150</u>	<u>45,416,150</u>	<u>-</u>
Fund balance at end of fiscal year	<u><u>\$ 47,547,986</u></u>	<u><u>\$ 47,547,986</u></u>	<u><u>\$ 44,642,518</u></u>	<u><u>\$ (2,905,468)</u></u>

See note to required supplementary information.

CITY OF YORBA LINDA
 Required Supplementary Information
 Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
 Miscellaneous Grants Special Revenue Fund
 For the Fiscal Year Ended June 30, 2018

	<u>Budgeted Amount</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ 260,000	\$ 260,000	\$ 379,522	\$ 119,522
Total revenues	<u>260,000</u>	<u>260,000</u>	<u>379,522</u>	<u>119,522</u>
Other financing sources (uses):				
Transfers out	<u>(260,000)</u>	<u>(1,211,107)</u>	<u>(323,807)</u>	<u>887,300</u>
Total other financing sources (uses)	<u>(260,000)</u>	<u>(1,211,107)</u>	<u>(323,807)</u>	<u>887,300</u>
Net change in fund balance	<u>-</u>	<u>(951,107)</u>	<u>55,715</u>	<u>1,006,822</u>
Fund balance (deficit) at beginning of fiscal year	<u>(849,737)</u>	<u>(849,737)</u>	<u>(849,737)</u>	<u>-</u>
Fund balance (deficit) at end of fiscal year	<u><u>\$ (849,737)</u></u>	<u><u>\$ (1,800,844)</u></u>	<u><u>\$ (794,022)</u></u>	<u><u>\$ 1,006,822</u></u>

See note to required supplementary information.

CITY OF YORBA LINDA
 Required Supplementary Information
 Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
 Public Library Special Revenue Fund
 For the Fiscal Year Ended June 30, 2018

	<u>Budgeted Amount</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 5,681,221	\$ 5,681,221	\$ 5,911,065	\$ 229,844
Intergovernmental	-	-	2,291	2,291
Charges for services	89,000	89,000	110,951	21,951
Investment income	190,000	190,000	151,699	(38,301)
Fines and forfeitures	65,000	65,000	50,816	(14,184)
Miscellaneous	-	-	3,883	3,883
Total revenues	<u>6,025,221</u>	<u>6,025,221</u>	<u>6,230,705</u>	<u>205,484</u>
Expenditures				
Library	4,199,428	4,354,023	3,967,009	387,014
Capital outlay	64,350	64,350	31,725	32,625
Total expenditures	<u>4,263,778</u>	<u>4,418,373</u>	<u>3,998,734</u>	<u>419,639</u>
Excess of Revenues over (under) Expenditures	<u>1,761,443</u>	<u>1,606,848</u>	<u>2,231,971</u>	<u>(214,155)</u>
Other financing sources (uses):				
Transfers in	500,000	500,000	-	(500,000)
Transfers out	<u>(500,000)</u>	<u>(4,265,375)</u>	<u>(1,775,053)</u>	<u>2,490,322</u>
Total other financing sources (uses)	<u>-</u>	<u>(3,765,375)</u>	<u>(1,775,053)</u>	<u>1,990,322</u>
Net change in fund balances	1,761,443	(2,158,527)	456,918	1,776,167
Fund balance at beginning of fiscal year	<u>19,769,934</u>	<u>19,769,934</u>	<u>19,769,934</u>	<u>-</u>
Fund balance at end of fiscal year	<u><u>\$ 21,531,377</u></u>	<u><u>\$ 17,611,407</u></u>	<u><u>\$ 20,226,852</u></u>	<u><u>\$ 1,776,167</u></u>

See note to required supplementary information.

CITY OF YORBA LINDA
 Required Supplementary Information
 Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
 Landscape Maintenance Assessment District Special Revenue Fund
 For the Fiscal Year Ended June 30, 2018

	<u>Budgeted Amount</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
Revenues				
Taxes	\$ 6,168,175	\$ 6,168,175	\$ 7,861,952	\$ 1,693,777
Investment income	50,080	50,080	35,618	(14,462)
Miscellaneous	707,400	707,400	85,768	(621,632)
Total revenues	<u>6,925,655</u>	<u>6,925,655</u>	<u>7,983,338</u>	<u>1,057,683</u>
Expenditures				
Public works	7,407,281	9,414,054	7,647,220	1,766,834
Capital outlay	2,039,519	2,610,972	626,544	1,984,428
Total expenditures	<u>9,446,800</u>	<u>12,025,026</u>	<u>8,273,764</u>	<u>3,751,262</u>
Excess of revenues over (under) expenditures	<u>(2,521,145)</u>	<u>(5,099,371)</u>	<u>(290,426)</u>	<u>(2,693,579)</u>
Other financing sources (uses):				
Transfers in	<u>1,826,671</u>	<u>2,541,671</u>	<u>865,939</u>	<u>(1,675,732)</u>
Total other financing sources (uses)	<u>1,826,671</u>	<u>2,541,671</u>	<u>865,939</u>	<u>(1,675,732)</u>
Net change in fund balances	(694,474)	(2,557,700)	575,513	(4,369,311)
Fund balance at beginning of fiscal year	<u>5,480,156</u>	<u>5,480,156</u>	<u>5,480,156</u>	<u>-</u>
Fund balance at end of fiscal year	<u><u>\$ 4,785,682</u></u>	<u><u>\$ 2,922,456</u></u>	<u><u>\$ 6,055,669</u></u>	<u><u>\$ (4,369,311)</u></u>

See note to required supplementary information.

CITY OF YORBA LINDA
 Required Supplementary Information (Unaudited)
 For the Fiscal Year Ended June 30, 2018

1. Infrastructure Assets Reported Using the Modified Approach

The City’s infrastructure assets are recorded at historical cost in the government-wide financial statements as required by the GASB Statement No. 34. The maintained subsystem of the City’s major infrastructure network is reported under modified approach and is not subject to depreciation under GASB Statement No. 34

The Public Works Department, in conjunction with City Management, is responsible for determining the appropriate condition level at which the assets are to be maintained. The City documents that eligible infrastructure capital assets are being preserved approximately at or above the established and disclosed condition level.

A physical condition assessment of the City’s streets is required by the Orange County Transportation Authority (OCTA) every two years for arterial streets and every six years for residential streets. The City contracts with a consultant to assess the City’s pavement condition every two years in order to comply with this requirement. The consultant’s assessment rates the City’s pavement condition based on a Pavement Condition Index (PCI) scale ranging from zero for a failed pavement to 100 for pavement in perfect condition. The most recent report dated June 7, 2018, documented a PCI score of 80 for the City’s pavement. The City Management, in consultation with the Public Works Department, has established the OCTA’s standard for receiving competitive grant funding of a PCI of 75 as the condition level against which the City’s current PCI should be measured. With a current PCI score of 80, the City’s pavement is being maintained at or above this condition level.

The table below provides a five-year historical view of the City’s PCI score, estimated preservation costs to maintain the then-current PCI rating, and the actual preservation costs incurred. The lower actual preservation costs as compared to the estimated preservation costs have been sufficient to maintain the City’s pavement at or above the established and disclosed condition level because:

1. Major capital projects are budgeted on an irregular cycle that does not neatly fit into fiscal years;
2. Actual costs can be lower than estimates; and
3. Actual conditions differ from those assumed in the standard pavement assessment methodology.

This is demonstrated by the stable and at times improving PCI ratings over the five-year period shown in the table.

Fiscal Year	Pavement Condition Index (PCI) Rating	Estimated Preservation Costs	Actual Preservation Costs
2013-2014*	76	\$ 6,100,000	\$ 3,440,000
2014-2015	76	6,100,000	2,300,000
2015-2016*	83	4,500,000	4,700,000
2016-2017	83	4,500,000	2,900,000
2017-2018*	80	4,800,000	2,000,000

*Denotes years condition assessment was performed.

CITY OF YORBA LINDA
 Required Supplementary Information (Unaudited) (Continued)
 For the Fiscal Year Ended June 30, 2018

2. Schedule of Changes in the Net Pension Liability and Related Ratios – Last 10 Years*

	Measurement Date <u>June 30, 2017</u>	Measurement Date <u>June 30, 2016</u>	Measurement Date <u>June 30, 2015</u>	Measurement Date <u>June 30, 2014**</u>
Total Pension Liability				
Service cost	\$ 1,472,818	\$ 1,318,758	\$ 1,295,229	\$ 1,290,965
Interest on total pension liability	4,762,222	4,610,554	4,439,809	4,254,542
Changes in assumptions	4,016,681	-	(1,091,497)	-
Difference between expected and actual experience	(618,862)	(505,685)	(236,444)	-
Benefit payments, including refunds of employee contributions	<u>(3,089,914)</u>	<u>(3,046,770)</u>	<u>(2,971,575)</u>	<u>(2,848,785)</u>
Net change in total pension liability	6,542,945	2,376,857	1,435,522	2,696,722
Total pension liability - beginning	<u>64,015,231</u>	<u>61,638,374</u>	<u>60,202,852</u>	<u>57,506,130</u>
Total pension liability - ending (a)	<u><u>70,558,176</u></u>	<u><u>64,015,231</u></u>	<u><u>61,638,374</u></u>	<u><u>60,202,852</u></u>
Plan Fiduciary Net Position				
Contributions - employer	1,483,366	1,186,312	1,121,845	1,245,275
Contributions - employee	1,062,547	979,418	925,172	636,643
Net investment income	4,935,247	222,302	995,586	6,731,502
Benefit payments, including refunds of employee contributions	<u>(3,089,914)</u>	<u>(3,046,770)</u>	<u>(2,971,575)</u>	<u>(2,848,785)</u>
Administrative expense	<u>(65,616)</u>	<u>(27,503)</u>		-
Net change in plan fiduciary net position	4,325,630	(686,241)	20,234	5,764,635
Plan fiduciary net position - beginning	<u>44,442,053</u>	<u>45,128,294</u>	<u>45,108,060</u>	<u>39,343,425</u>
Plan fiduciary net position - ending (b)	<u><u>48,767,683</u></u>	<u><u>44,442,053</u></u>	<u><u>45,128,294</u></u>	<u><u>45,108,060</u></u>
Plan net pension liability - ending (a) - (b)	<u><u>21,790,493</u></u>	<u><u>19,573,178</u></u>	<u><u>16,510,080</u></u>	<u><u>15,094,792</u></u>
Plan fiduciary net position as a percentage of the total pension liability	69.12%	69.42%	73.21%	74.93%
Covered payroll	8,519,800	8,331,278	7,983,907	7,672,440
Net pension liability as a percentage of covered payroll	255.76%	234.94%	206.79%	196.74%

* Fiscal year 2015 was the first year of implementation, therefore only four years are shown.

** Covered payroll is based on pensionable earnings per CalPERS for 2014.

CITY OF YORBA LINDA
 Required Supplementary Information (Unaudited) (Continued)
 For the Fiscal Year Ended June 30, 2018

2. Schedule of Changes in the Net Pension Liability and Related Ratios – Last 10 Years* (Continued)

Notes to Schedule of Changes in the Net Pension Liability and Related Ratios:

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 Credit (a.k.a. Golden Handshakes).

Changes of Assumptions: In 2017, the accounting discount rate reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense.) In 2014, amounts reported were based on the 7.5 percent discount rate.

3. Schedule of Pension Contributions – Last 10 Years*

Fiscal year ended	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Actuarially determined contribution	\$ 1,959,705	\$ 1,268,816	\$ 1,186,312	\$ 1,121,845
Contributions in relation to the actuarially determined contributions	<u>(1,959,705)</u>	<u>(1,483,366)</u>	<u>(1,186,312)</u>	<u>(1,121,845)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ (214,550)</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 8,775,000	\$ 8,519,800	\$ 8,331,278	\$ 7,983,907
Contributions as a percentage of covered payroll	22.33%	17.41%	14.24%	14.05%

Notes to Schedule of Pension Contributions

Valuation Date	June 30, 2016
Measurement Date	June 30, 2017
Amortization Method	Level Percent of Payroll
Average Remaining Period	23 Years as of the Valuation Date
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.75%
Projected Salary Increase	3.30% - 14.2% ⁽¹⁾
Investment Rate of Return	7.50% ⁽²⁾
Mortality	Derived using CalPERS' Membership Data for all Funds

⁽¹⁾ Depending on age, service and type of employment.

⁽²⁾ Net of pension plan investment expenses, including inflation.

CITY OF YORBA LINDA
 Required Supplementary Information (Unaudited) (Continued)
 For the Fiscal Year Ended June 30, 2018

4. Schedule of Changes in the Net OPEB Liability and Related Ratios – Last 10 Years*

	Measurement Date June 30, 2017
Total OPEB Liability	
Service cost	\$ 1,559,082
Interest on total OPEB liability	879,863
Changes in assumptions	(3,742,978)
Benefit payments, including refunds of employee contributions	(734,912)
Net change in total OPEB liability	(2,038,945)
Total OPEB liability - beginning	29,359,178
Total OPEB liability - ending (a)	27,320,233
 Plan Fiduciary Net Position	
Contributions - employer	1,170,145
Net investment income	1,266
Benefit payments, including refunds of employee contributions	(935,739)
Administrative expense	(1)
Other	-
Net change in plan fiduciary net position	233,139
Plan fiduciary net position - beginning	-
Plan fiduciary net position - ending (b)	233,139
 Net OPEB liability - ending (a) - (b)	 \$27,087,094
 Plan fiduciary net position as a percentage of the total OPEB liability	 0.86%
 Covered employee payroll	 8,029,800
 Net OPEB liability as a percentage of covered employee payroll	 337.33%

*Fiscal year 2018 was the first year of implementation, therefore only one year is shown.

CITY OF YORBA LINDA
 Required Supplementary Information (Unaudited) (Continued)
 For the Fiscal Year Ended June 30, 2018

5. Schedule of OPEB Contributions – Last 10 Years*

Fiscal year ended	<u>June 30, 2018</u>
Actuarially determined contribution	\$ 1,340,408
Contributions in relation to the actuarially determined contributions	<u>(1,170,145)</u>
Contribution deficiency (excess)	<u>\$ 170,263</u>
Covered employee payroll	\$ 8,775,000
Contributions as a percentage of covered employee payroll	-13.33%

*Fiscal year 2018 was the first year of implementation,
therefore only one year is shown.

Notes to Schedule of OPEB Contributions

Valuation Date	January 1, 2016
Measurement Date	June 30, 2017
Amortization Method	Level Percent of Payroll
Average Remaining Period	23 Years as of the Valuation Date
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	3.68%
Inflation	2.75%
Projected Salary Increase	3.00%
Investment Rate of Return	7.00% ⁽¹⁾
Mortality	Derived using CalPERS' Membership Data for all Funds

⁽¹⁾ Assumes the City invests in the CERBT under its investment allocation strategy 1

CITY OF YORBA LINDA
Note to Required Supplementary Information (Unaudited)
For the Fiscal Year Ended June 30, 2018

Note 1. Budgetary Data

All financial activities of the General Fund, Special Revenue Funds, Capital Projects Funds, and Debt Service Funds are part of the appropriated budget. Appropriated amounts are as originally adopted or as amended by the City Council throughout the year. The following general procedures are followed in establishing the annual budget:

1. The annual budget adopted by the City Council provides for the general operation of the City. It includes proposed expenditures and the means of financing them.
2. The City Manager is authorized to transfer budgeted amounts between items, accounts, and programs and may approve additional appropriations up to \$25,000 per transaction. Any increase in total appropriations over \$25,000 per transaction must be approved by the City Council.
3. Formal budgetary integration is employed as a management control device during the year. The legal level of control is the fund level.
4. Budgets for the General and Special Revenue Funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America (U.S. GAAP). Accordingly, actual revenues and expenditures can be compared with related budgeted amounts without any significant reconciling items. Budgets are adopted for all governmental fund types, on a basis consistent with the U.S. GAAP, except for the purchases and sales of land that are recognized as expenditures and revenues, respectively. The modified accrual basis of accounting is employed in the preparation of the budget. Budget comparisons are not presented for the Proprietary, Agency, and Trust Funds, as the City is not legally required to adopt a budget for these fund types.
5. At fiscal year-end operating budget appropriations lapse; however, incomplete capital improvement project appropriations within Capital Projects Funds, appropriations related to outstanding encumbrances, and authorized non-capital appropriations can be carried over to the following fiscal year with approval of the City Council.

a. Expenditures in Excess of Appropriations

The Affordable Housing Fund reported an excess of expenditures over appropriations of \$5,656,483 at June 30, 2018, which was primarily due to the write-off of certain Owner Participation Agreements with forgiveness clauses as discussed in more detail in Note 5 to the basic financial statements.

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OTHER SUPPLEMENTARY INFORMATION



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CITY OF YORBA LINDA
For the Fiscal Year Ended June 30, 2018

DESCRIPTION OF NONMAJOR FUNDS

Special Revenue Funds

The Special Revenue funds account for the proceeds of specific revenue sources that are legally restricted to expenditures for particular purposes.

Gas Tax Fund - To account for the City's share of State gas tax revenues. The tax allocations are expended on street maintenance and street construction.

Traffic Safety Fund - To account for revenues generated from enforcement of the California Vehicle Code and City ordinances. These funds may only be used for traffic signals, school crossing guards and other related traffic safety expenditures.

CDBG Grant Fund - To account for Housing and Community Development Act revenues and expenditures for social services, neighborhood and commercial improvement projects, and program administration.

Citizens Option Public Safety Fund - To account for the revenues allocated by the State for enhanced levels of law enforcement.

Park In-Lieu Fund - To account for development impact fees used for the acquisition of parklands and the construction of park and recreation facilities.

AQMD Fund - To account for the revenues allocated by the Southern California Air Quality Management District (SCAQMD) and restricted for expenditures that improve local area air quality.

Street Improvement Fund - To account for developer contributions related to street capital improvement projects within the City.

Measure M Fund - To account for county transportation tax revenues for street projects within the City.

Mortgage Assistance Program Fund – To account for financial resources segregated to help low and moderate income people purchase their first home.

PEG Fund - To account for franchise fees collected from cable television providers that are required to be used for capital expenditures related to the City's public, educational, and government access television channels.

Road Maintenance and Rehabilitation Fund - To account for the City's share of funds used to address basic road maintenance, rehabilitation and critical safety needs on local streets, which is funded through a per gallon fuel tax and vehicle registration fees.

CITY OF YORBA LINDA
For the Fiscal Year Ended June 30, 2018

Capital Projects Funds

The Capital Project funds are used to account for the acquisition and construction of various capital improvements and equipment for the City.

Master Plan of Drainage Fund – To account for development impact fees used for the construction of major drainage improvements within the City.

Traffic Signal Improvements Fund – To account for development impact fees used for the construction of major street and traffic signal improvements within the City.

CITY OF YORBA LINDA

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
 Capital Improvements Capital Projects Fund
 For the Fiscal Year Ended June 30, 2018

	<u>Budgeted Amount</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Expenditures				
Capital outlay	\$ 3,936,170	\$ 28,312,824	\$ 16,411,854	\$ 11,900,970
Total expenditures	<u>3,936,170</u>	<u>28,312,824</u>	<u>16,411,854</u>	<u>11,900,970</u>
Excess of Revenues over (under) Expenditures	<u>(3,936,170)</u>	<u>(28,312,824)</u>	<u>(16,411,854)</u>	<u>11,900,970</u>
Other financing sources (uses):				
Transfers in	<u>4,436,145</u>	<u>36,893,771</u>	<u>16,411,854</u>	<u>(20,481,917)</u>
Total other financing sources (uses)	<u>4,436,145</u>	<u>36,893,771</u>	<u>16,411,854</u>	<u>(20,481,917)</u>
Net change in fund balance	499,975	8,580,947	-	(8,580,947)
Fund balance at beginning of fiscal year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of fiscal year	<u>\$ 499,975</u>	<u>\$ 8,580,947</u>	<u>\$ -</u>	<u>\$ (8,580,947)</u>

CITY OF YORBA LINDA
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2018

	Special Revenue Funds				Special Revenue Funds					Capital Projects Funds			Total Nonmajor Governmental Funds	
	Gas Tax	Traffic Safety	CDBG Grant	Citizens Option Public Safety	AQMD	Park In-Lieu	Street Improvement	Measure M	Mortgage Assistance Program	PEG	Road Maintenance and Rehabilitation	Master Plan of Drainage		Traffic Signal Improvements
Assets:														
Pooled cash and investments	\$ 2,626,828	\$ -	\$ -	\$ (545)	\$ 1,040,260	\$ 2,408,728	\$ -	\$ 2,119,535	\$ 358,248	\$ 250,565	\$ 262,310	\$ 7,342,329	\$ 1,456,785	\$ 17,865,043
Receivables:														
Accounts	-	-	-	-	-	-	-	-	-	38,870	-	-	-	38,870
Accrued interest	6,445	-	-	545	3,627	7,900	-	10,996	1,450	441	361	25,493	4,764	62,022
Due from other Governments	108,455	5,275	151,396	-	22,351	-	-	174,213	-	-	143,892	-	-	605,582
Total assets	\$ 2,741,728	\$ 5,275	\$ 151,396	\$ -	\$ 1,066,238	\$ 2,416,628	\$ -	\$ 2,304,744	\$ 359,698	\$ 289,876	\$ 406,563	\$ 7,367,822	\$ 1,461,549	\$ 18,571,517
Liabilities and fund balances:														
Liabilities:														
Accounts payable	-	-	99	-	-	-	-	-	-	-	-	-	-	99
Accrued liabilities	-	-	1,788	-	-	-	-	-	-	-	-	-	-	1,788
Due to other funds	-	5,275	149,509	-	-	-	-	-	-	-	-	-	-	154,784
Total liabilities	-	5,275	151,396	-	-	-	-	-	-	-	-	-	-	156,671
Fund balances:														
Restricted for:														
Parks and recreation	-	-	-	-	-	2,416,628	-	-	-	-	-	-	-	2,416,628
Public works	2,741,728	-	-	-	1,066,238	-	-	2,304,744	-	-	406,563	7,367,822	1,461,549	15,348,644
Low and moderate housing	-	-	-	-	-	-	-	-	359,698	-	-	-	-	359,698
PEG projects	-	-	-	-	-	-	-	-	-	289,876	-	-	-	289,876
Total fund balances	2,741,728	-	-	-	1,066,238	2,416,628	-	2,304,744	359,698	289,876	406,563	7,367,822	1,461,549	18,414,846
Total liabilities and fund balances	\$ 2,741,728	\$ 5,275	\$ 151,396	\$ -	\$ 1,066,238	\$ 2,416,628	\$ -	\$ 2,304,744	\$ 359,698	\$ 289,876	\$ 406,563	\$ 7,367,822	\$ 1,461,549	\$ 18,571,517

CITY OF YORBA LINDA
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
Fiscal Year Ended June 30, 2018

	Special Revenue Funds					Special Revenue Funds					Capital Projects Funds		Total Nonmajor Governmental Funds	
	Gas Tax	Traffic Safety	CDBG Grant	Citizens Option Public Safety	AQMD	Park In-Lieu	Street Improvement	Measure M	Mortgage Assistance Program	PEG	Road Maintenance and Rehabilitation	Master Plan of Drainage		Traffic Signal Improvements
Revenues:														
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	153,449	\$ -	\$ -	\$ -	\$ -	\$ 153,449
Intergovernmental	1,443,614	-	326,525	144,930	87,048	-	-	1,008,473	-	397,805	-	-	-	3,408,395
Investment income	15,263	-	-	914	7,702	16,804	1,446	23,810	3,204	1,218	8,758	54,586	7,902	141,607
Fines and forfeitures	-	57,904	-	-	-	-	-	-	-	-	-	-	-	57,904
Developer participation	-	-	-	-	-	692,835	-	-	-	-	-	354,126	289,087	1,336,048
Total revenues	<u>1,458,877</u>	<u>57,904</u>	<u>326,525</u>	<u>145,844</u>	<u>94,750</u>	<u>709,639</u>	<u>1,446</u>	<u>1,032,283</u>	<u>3,204</u>	<u>154,667</u>	<u>406,563</u>	<u>408,712</u>	<u>296,989</u>	<u>5,097,403</u>
Expenditures:														
Community development	-	-	268,575	-	-	-	-	100,000	-	-	-	-	-	368,575
Total expenditures	<u>-</u>	<u>-</u>	<u>268,575</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>100,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>368,575</u>
Excess of revenues over expenditures	<u>1,458,877</u>	<u>57,904</u>	<u>57,950</u>	<u>145,844</u>	<u>94,750</u>	<u>709,639</u>	<u>1,446</u>	<u>1,032,283</u>	<u>(96,796)</u>	<u>154,667</u>	<u>406,563</u>	<u>408,712</u>	<u>296,989</u>	<u>4,728,828</u>
Other financing sources (uses):														
Transfers in	-	-	-	-	-	-	-	-	-	-	-	-	212,064	212,064
Transfers out	(590,928)	(67,024)	(57,950)	(230,974)	(25,796)	(398,779)	(212,064)	(1,720,145)	-	(17,563)	-	-	(102,033)	(3,423,256)
Total other financing sources (uses)	<u>(590,928)</u>	<u>(67,024)</u>	<u>(57,950)</u>	<u>(230,974)</u>	<u>(25,796)</u>	<u>(398,779)</u>	<u>(212,064)</u>	<u>(1,720,145)</u>	<u>-</u>	<u>(17,563)</u>	<u>-</u>	<u>-</u>	<u>110,031</u>	<u>(3,211,192)</u>
Net change in fund balances	867,949	(9,120)	-	(85,130)	68,954	310,860	(210,618)	(687,862)	(96,796)	137,104	406,563	408,712	407,020	1,517,636
Fund balances at beginning of fiscal year	1,873,779	9,120	-	85,130	997,284	2,105,768	210,618	2,992,606	456,494	152,772	-	6,959,110	1,054,529	16,897,210
Fund balances at end of fiscal year	<u>\$ 2,741,728</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,066,238</u>	<u>\$ 2,416,628</u>	<u>\$ -</u>	<u>\$ 2,304,744</u>	<u>\$ 359,698</u>	<u>\$ 289,876</u>	<u>\$ 406,563</u>	<u>\$ 7,367,822</u>	<u>\$ 1,461,549</u>	<u>\$ 18,414,846</u>

CITY OF YORBA LINDA

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

Gas Tax Special Revenue Fund

For the Fiscal Year Ended June 30, 2018

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues			
Intergovernmental	\$ 1,498,909	\$ 1,443,614	\$ (55,295)
Investment income	30,000	15,263	(14,737)
Total revenues	<u>1,528,909</u>	<u>1,458,877</u>	<u>(70,032)</u>
Other financing sources (uses):			
Transfers out	(1,475,229)	(590,928)	884,301
Total other financing sources (uses)	<u>(1,475,229)</u>	<u>(590,928)</u>	<u>884,301</u>
Net change in fund balance	53,680	867,949	814,269
Fund balance at beginning of fiscal year	1,873,779	1,873,779	-
Fund balance at end of fiscal year	<u>\$ 1,927,459</u>	<u>\$ 2,741,728</u>	<u>\$ 814,269</u>

CITY OF YORBA LINDA

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

Traffic Safety Special Revenue Fund

For the Fiscal Year Ended June 30, 2018

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Fines and forfeitures	\$ 85,000	\$ 57,904	\$ (27,096)
Total revenues	85,000	57,904	(27,096)
Other financing sources (uses):			
Transfers out	(85,000)	(67,024)	17,976
Total other financing sources (uses)	(85,000)	(67,024)	17,976
Net change in fund balance	-	(9,120)	(9,120)
Fund balance at beginning of fiscal year	9,120	9,120	-
Fund balance at end of fiscal year	\$ 9,120	\$ -	\$ (9,120)

CITY OF YORBA LINDA

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
 CDBG Grant Special Revenue Fund
 For the Fiscal Year Ended June 30, 2018

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues			
Intergovernmental	\$ 195,791	\$ 326,525	\$ 130,734
Total revenues	<u>195,791</u>	<u>326,525</u>	<u>130,734</u>
Expenditures			
Community development	342,352	268,575	73,777
Total expenditures	<u>342,352</u>	<u>268,575</u>	<u>73,777</u>
Excess (Deficiency) of revenues over (under) expenditures	<u>(146,561)</u>	<u>57,950</u>	<u>56,957</u>
Other financing sources (uses):			
Transfers out	<u>(90,000)</u>	<u>(57,950)</u>	<u>32,050</u>
Total other financing sources (uses)	<u>(90,000)</u>	<u>(57,950)</u>	<u>32,050</u>
Net change in fund balance	(236,561)	-	89,007
Fund balance at beginning of fiscal year	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of fiscal year	<u>\$ (236,561)</u>	<u>\$ -</u>	<u>\$ 89,007</u>

CITY OF YORBA LINDA

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
 Citizens Option Public Safety Special Revenue Fund
 For the Fiscal Year Ended June 30, 2018

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues			
Intergovernmental	\$ 100,000	\$ 144,930	\$ 44,930
Investment income	-	914	914
Total revenues	<u>100,000</u>	<u>145,844</u>	<u>45,844</u>
Other financing sources (uses):			
Transfers out	<u>(100,000)</u>	<u>(230,974)</u>	<u>(130,974)</u>
Total other financing sources (uses)	<u>(100,000)</u>	<u>(230,974)</u>	<u>(130,974)</u>
Net change in fund balance	-	(85,130)	(85,130)
Fund balance at beginning of fiscal year	<u>85,130</u>	<u>85,130</u>	<u>-</u>
Fund balance at end of fiscal year	<u><u>\$ 85,130</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (85,130)</u></u>

CITY OF YORBA LINDA

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

AQMD Special Revenue Fund

For the Fiscal Year Ended June 30, 2018

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues			
Intergovernmental	\$ 85,000	\$ 87,048	\$ 2,048
Investment income	<u>10,000</u>	<u>7,702</u>	<u>(2,298)</u>
Total revenues	<u>95,000</u>	<u>94,750</u>	<u>(250)</u>
Other financing sources (uses):			
Transfers out	<u>(26,000)</u>	<u>(25,796)</u>	<u>204</u>
Total other financing sources (uses)	<u>(26,000)</u>	<u>(25,796)</u>	<u>204</u>
Net change in fund balance	69,000	68,954	(46)
Fund balance at beginning of fiscal year	<u>997,284</u>	<u>997,284</u>	<u>-</u>
Fund balance at end of fiscal year	<u><u>\$ 1,066,284</u></u>	<u><u>\$ 1,066,238</u></u>	<u><u>\$ (46)</u></u>

CITY OF YORBA LINDA

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
 Park In-Lieu Special Revenue Fund
 For the Fiscal Year Ended June 30, 2018

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues			
Investment income	\$ 20,000	\$ 16,804	\$ (3,196)
Developer participation	<u>800,000</u>	<u>692,835</u>	<u>(107,165)</u>
Total revenues	<u>820,000</u>	<u>709,639</u>	<u>(110,361)</u>
Other financing sources (uses):			
Transfers out	<u>(5,768,409)</u>	<u>(398,779)</u>	<u>5,369,630</u>
Total other financing sources (uses)	<u>(5,768,409)</u>	<u>(398,779)</u>	<u>5,369,630</u>
Net change in fund balance	(4,948,409)	310,860	5,259,269
Fund balance at beginning of fiscal year	<u>2,105,768</u>	<u>2,105,768</u>	<u>-</u>
Fund balance at end of fiscal year	<u><u>\$ (2,842,641)</u></u>	<u><u>\$ 2,416,628</u></u>	<u><u>\$ 5,259,269</u></u>

CITY OF YORBA LINDA

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
 Street Improvement Special Revenue Fund
 For the Fiscal Year Ended June 30, 2018

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues			
Investment income	\$ -	\$ 1,446	\$ 1,446
Total revenues	<u>-</u>	<u>1,446</u>	<u>1,446</u>
Other financing sources (uses):			
Transfers out	<u>(211,572)</u>	<u>(212,064)</u>	<u>(492)</u>
Total other financing sources (uses)	<u>(211,572)</u>	<u>(212,064)</u>	<u>(492)</u>
Net change in fund balance	(211,572)	(210,618)	954
Fund balance at beginning of fiscal year	<u>210,618</u>	<u>210,618</u>	<u>-</u>
Fund balance at end of fiscal year	<u><u>\$ (954)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 954</u></u>

CITY OF YORBA LINDA

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
 Measure M Special Revenue Fund
 For the Fiscal Year Ended June 30, 2018

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues			
Intergovernmental	\$ 1,010,559	\$ 1,008,473	\$ (2,086)
Investment income	30,000	23,810	(6,190)
Total revenues	<u>1,040,559</u>	<u>1,032,283</u>	<u>(8,276)</u>
Other financing sources (uses):			
Transfers out	<u>(3,943,761)</u>	<u>(1,720,145)</u>	<u>2,223,616</u>
Total other financing sources (uses)	<u>(3,943,761)</u>	<u>(1,720,145)</u>	<u>2,223,616</u>
Net change in fund balance	(2,903,202)	(687,862)	2,215,340
Fund balance at beginning of fiscal year	<u>2,992,606</u>	<u>2,992,606</u>	<u>-</u>
Fund balance at end of fiscal year	<u>\$ 89,404</u>	<u>\$ 2,304,744</u>	<u>\$ 2,215,340</u>

CITY OF YORBA LINDA

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Mortgage Assistance Program Special Revenue Fund
For the Fiscal Year Ended June 30, 2018

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues			
Investment income	\$ 6,000	\$ 3,204	\$ (2,796)
Total revenues	<u>6,000</u>	<u>3,204</u>	<u>(2,796)</u>
Expenditures			
Community development	<u>200,500</u>	<u>100,000</u>	<u>100,500</u>
Total expenditures	<u>200,500</u>	<u>100,000</u>	<u>100,500</u>
Excess of Revenues over (under) Expenditures	(194,500)	(96,796)	(103,296)
Fund balance at beginning of fiscal year	<u>456,494</u>	<u>456,494</u>	<u>-</u>
Fund balance at end of fiscal year	<u><u>\$ 261,994</u></u>	<u><u>\$ 359,698</u></u>	<u><u>\$ (103,296)</u></u>

CITY OF YORBA LINDA

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

PEG Special Revenue Fund

For the Fiscal Year Ended June 30, 2018

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues			
Taxes	\$ 160,000	\$ 153,449	\$ (6,551)
Investment income	4,000	1,218	(2,782)
Total revenues	<u>164,000</u>	<u>154,667</u>	<u>(9,333)</u>
Other financing sources (uses):			
Transfers out	<u>(300,000)</u>	<u>(17,563)</u>	<u>282,437</u>
Total other financing sources (uses)	<u>(300,000)</u>	<u>(17,563)</u>	<u>282,437</u>
Net change in fund balance	(136,000)	137,104	273,104
Fund balance at beginning of fiscal year	<u>152,772</u>	<u>152,772</u>	<u>-</u>
Fund balance at end of fiscal year	<u><u>\$ 16,772</u></u>	<u><u>\$ 289,876</u></u>	<u><u>\$ 273,104</u></u>

CITY OF YORBA LINDA

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
 Road Maintenance Rehabilitation Special Revenue Fund
 For the Fiscal Year Ended June 30, 2018

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues			
Intergovernmental	\$ 390,044	\$ 397,805	\$ 7,761
Investment income	-	8,758	8,758
	<u>390,044</u>	<u>406,563</u>	<u>16,519</u>
Total revenues	390,044	406,563	16,519
Net change in fund balance	390,044	406,563	16,519
Fund balance at beginning of fiscal year	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of fiscal year	<u>\$ 390,044</u>	<u>\$ 406,563</u>	<u>\$ 16,519</u>

CITY OF YORBA LINDA

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
 Master Plan of Drainage Capital Projects Fund
 For the Fiscal Year Ended June 30, 2018

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues			
Investment income	\$ 80,000	\$ 54,586	\$ (25,414)
Developer participation	<u>620,000</u>	<u>354,126</u>	<u>(265,874)</u>
Total revenues	<u>700,000</u>	<u>408,712</u>	<u>(291,288)</u>
Net change in fund balance	700,000	408,712	(291,288)
Fund balance at beginning of fiscal year	<u>6,959,110</u>	<u>6,959,110</u>	<u>-</u>
Fund balance at end of fiscal year	<u><u>\$ 7,659,110</u></u>	<u><u>\$ 7,367,822</u></u>	<u><u>\$ (291,288)</u></u>

CITY OF YORBA LINDA

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
 Traffic Signal Improvements Capital Projects Fund
 For the Fiscal Year Ended June 30, 2018

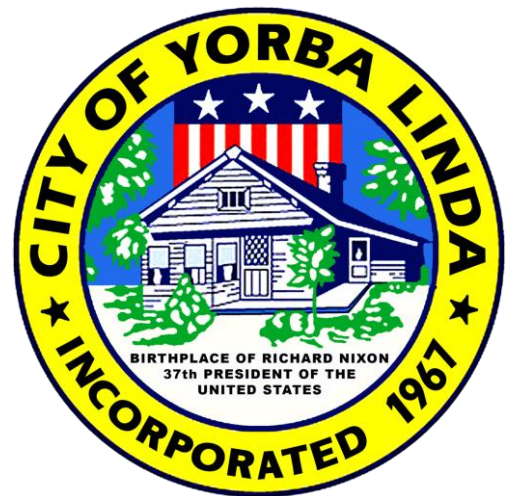
	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues			
Investment income	\$ 17,000	\$ 7,902	\$ (9,098)
Developer participation	97,000	289,087	192,087
Total revenues	<u>114,000</u>	<u>296,989</u>	<u>182,989</u>
Other financing sources (uses):			
Transfers in	211,572	212,064	492
Transfers out	<u>(472,086)</u>	<u>(102,033)</u>	<u>370,053</u>
Total other financing sources (uses)	<u>(260,514)</u>	<u>110,031</u>	<u>370,545</u>
Net change in fund balance	(146,514)	407,020	553,534
Fund balance at beginning of fiscal year	<u>1,054,529</u>	<u>1,054,529</u>	<u>-</u>
Fund balance at end of fiscal year	<u><u>\$ 908,015</u></u>	<u><u>\$ 1,461,549</u></u>	<u><u>\$ 553,534</u></u>

CITY OF YORBA LINDA
Combining Statement of Changes in Assets and Liabilities
Fiduciary Fund - Agency Fund
For the Fiscal Year Ended June 30, 2018

	<u>Balance</u> <u>July 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2018</u>
<u>Deposits</u>				
Assets:				
Pooled cash and investments	\$ 2,729,678	\$ 2,052,580	\$ 3,231,856	\$ 1,550,402
Total assets	<u>2,729,678</u>	<u>2,052,580</u>	<u>3,231,856</u>	<u>1,550,402</u>
Liabilities:				
Accounts payable	291,657	2,187,031	2,331,394	147,294
Deposits payable	<u>2,438,021</u>	<u>2,504,914</u>	<u>3,539,827</u>	<u>1,403,108</u>
Total liabilities	<u>\$ 2,729,678</u>	<u>\$ 4,691,945</u>	<u>\$ 5,871,221</u>	<u>\$ 1,550,402</u>

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STATISTICAL SECTION



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STATISTICAL SECTION

This part of the City of Yorba Linda's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

Contents	Page
Financial Trends	115
<i>These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.</i>	
Revenue Capacity	125
<i>These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.</i>	
Debt Capacity	129
<i>These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.</i>	
Demographic and Economic Information	134
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.</i>	
Operating Information	137
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.</i>	

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CITY OF YORBA LINDA
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

CITY OF YORBA LINDA
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year				
	2009	2010	2011	2012	2013
Governmental activities					
Net investment in capital assets	\$ 291,709,652	\$ 297,170,718	\$ 306,781,469	\$ 373,877,302	\$ 365,798,892
Restricted	95,271,305	99,625,235	116,870,619	67,890,506	69,343,128
Unrestricted	30,187,721	27,648,899	16,096,591	43,679,602	44,899,948
Total governmental activities net position	<u>417,168,678</u>	<u>424,444,852</u>	<u>439,748,679</u>	<u>485,447,410</u>	<u>480,041,968</u>
Business-type activities:					
Net investment in capital assets	10,977,413	10,938,894	10,907,970	10,865,545	12,092,484
Restricted	-	-	-	-	-
Unrestricted	(3,797,480)	(5,192,521)	(6,340,999)	(7,072,811)	(9,581,881)
Total business-type activities net assets	<u>7,179,933</u>	<u>5,746,373</u>	<u>4,566,971</u>	<u>3,792,734</u>	<u>2,510,603</u>
Primary Government:					
Net investment in capital assets	302,687,065	308,109,612	317,689,439	384,742,847	377,891,376
Restricted	95,271,305	99,625,235	116,870,619	67,890,506	69,343,128
Unrestricted	26,390,241	22,456,378	9,755,592	36,606,791	35,318,067
Total primary government net assets	<u>\$ 424,348,611</u>	<u>\$ 430,191,225</u>	<u>\$ 444,315,650</u>	<u>\$ 489,240,144</u>	<u>\$ 482,552,571</u>

CITY OF YORBA LINDA
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

CITY OF YORBA LINDA
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year				
	2014	2015	2016	2017	2018
Governmental activities					
Net investment in capital assets	\$ 368,711,483	\$ 369,642,916	\$ 375,388,766	\$ 376,813,472	\$ 393,042,394
Restricted	73,066,968	78,795,131	84,293,217	88,147,090	89,319,318
Unrestricted	<u>46,198,664</u>	<u>31,529,685</u>	<u>28,716,148</u>	<u>30,924,813</u>	<u>2,992,326</u>
Total governmental activities net position	<u>487,977,115</u>	<u>479,967,732</u>	<u>488,398,131</u>	<u>495,885,375</u>	<u>485,354,038</u>
Business-type activities:					
Net investment in capital assets	7,567,000	6,425,228	5,780,632	25,162,397	24,442,477
Restricted	-	-	-	-	-
Unrestricted	<u>(5,563,647)</u>	<u>(5,045,542)</u>	<u>(3,721,769)</u>	<u>(23,363,950)</u>	<u>(22,918,767)</u>
Total business-type activities net assets	<u>2,003,353</u>	<u>1,379,686</u>	<u>2,058,863</u>	<u>1,798,447</u>	<u>1,523,710</u>
Primary Government:					
Net investment in capital assets	376,278,483	376,068,144	381,169,398	401,975,869	417,484,871
Restricted	73,066,968	78,795,131	84,293,217	88,147,090	89,319,318
Unrestricted	<u>40,635,017</u>	<u>26,484,143</u>	<u>24,994,379</u>	<u>7,560,863</u>	<u>(19,926,441)</u>
Total primary government net assets	<u>\$ 489,980,468</u>	<u>\$ 481,347,418</u>	<u>\$ 490,456,994</u>	<u>\$ 497,683,822</u>	<u>\$ 486,877,748</u>

CITY OF YORBA LINDA
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year				
	2009	2010	2011	2012	2013
Expenses					
Governmental activities:					
General government	\$ 12,485,716	\$ 15,499,179	\$ 12,907,614	\$ 10,619,768	\$ 9,389,912
Public safety	14,393,426	12,321,712	11,893,917	11,611,513	9,748,242
Community development	3,429,833	3,090,308	2,444,278	2,592,555	2,947,842
Recreation and community services	6,368,915	4,862,229	6,168,169	6,401,468	6,412,609
Library	-	-	-	-	-
Public works	14,287,223	14,592,501	12,654,424	9,764,371	23,195,904
Contributions from other governments	-	-	-	-	679,782
Interest on long-term debt	5,166,006	5,110,961	5,445,735	2,923,034	-
Total governmental activities expenses	<u>56,131,119</u>	<u>55,476,890</u>	<u>51,514,137</u>	<u>43,912,709</u>	<u>52,374,291</u>
Business-type activities:					
Golf Course	6,523,458	6,299,565	6,387,950	6,733,251	6,365,717
Disposal	4,775,274	4,910,903	5,122,282	5,081,581	5,164,390
Yorba Linda Center Catering	-	-	-	-	120,977
Total business-type activities expenses	<u>11,298,732</u>	<u>11,210,468</u>	<u>11,510,232</u>	<u>11,814,832</u>	<u>11,651,084</u>
Total primary government expenses	<u>67,429,851</u>	<u>66,687,358</u>	<u>63,024,369</u>	<u>55,727,541</u>	<u>64,025,375</u>
Program Revenues					
Governmental activities:					
Charges for services:					
General government	1,574,047	1,257,748	1,053,365	1,253,214	1,234,855
Public safety	397,348	304,535	270,302	229,587	174,508
Community development	2,269,132	2,823,548	2,512,453	2,084,327	2,013,659
Recreation and community services	1,631,375	1,584,161	1,786,993	1,843,262	1,806,052
Library	-	-	-	-	-
Public works	1,034,216	660,832	725,209	429,704	420,871
Operating grants and contributions	2,464,769	7,941,737	11,576,074	2,794,278	5,383,963
Capital grants and contributions	602,162	777,791	1,401,096	2,496,666	685,434
Total governmental activities program revenues	<u>9,973,049</u>	<u>15,350,352</u>	<u>19,325,492</u>	<u>11,131,038</u>	<u>11,719,342</u>
Business-type activities:					
Charges for services:					
Golf Course	5,512,494	5,314,506	5,202,849	5,869,100	5,670,123
Refuse	4,332,327	4,420,011	5,152,120	5,212,512	5,065,036
Yorba Linda Center Catering	-	-	-	-	29,481
Operating grants and contributions	-	-	-	-	-
Capital grants and contributions	-	-	-	-	-
Total business-type activities program revenues	<u>9,844,821</u>	<u>9,734,517</u>	<u>10,354,969</u>	<u>11,081,612</u>	<u>10,764,640</u>
Total primary government program revenues	<u>19,817,870</u>	<u>25,084,869</u>	<u>29,680,461</u>	<u>22,212,650</u>	<u>22,483,982</u>
Net (expense)/revenue					
Governmental activities	(46,158,070)	(40,126,538)	(32,188,645)	(32,781,671)	(40,654,949)
Business-type activities	(1,453,911)	(1,475,951)	(1,155,263)	(733,220)	(886,444)
Total net revenues (expenses)	<u>(47,611,981)</u>	<u>(41,602,489)</u>	<u>(33,343,908)</u>	<u>(33,514,891)</u>	<u>(41,541,393)</u>

Source: City of Yorba Linda, Finance Department.

CITY OF YORBA LINDA
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year				
	2014	2015	2016	2017	2018
Expenses					
Governmental activities:					
General government	\$ 9,882,765	\$ 9,589,107	\$ 11,181,226	\$ 10,794,754	\$ 8,042,790
Public safety	10,819,766	9,625,078	10,194,206	10,751,963	11,691,912
Community development	4,248,543	3,301,567	3,307,460	3,076,508	9,363,144
Recreation and community services	5,891,506	6,893,996	6,829,957	7,401,076	7,535,284
Library	-	-	-	-	3,592,713 *
Public works	14,978,073	14,666,439	13,659,070	22,728,098	11,202,747
Contributions from other governments	-	-	-	-	-
Interest on long-term debt	-	-	-	-	-
Total governmental activities expenses	<u>45,820,653</u>	<u>44,076,187</u>	<u>45,171,919</u>	<u>54,752,399</u>	<u>51,428,590</u>
Business-type activities:					
Golf Course	6,395,656	6,105,749	5,692,893	6,043,094	6,092,497
Disposal	5,188,805	3,889,115	-	-	-
Yorba Linda Center Catering	156,894	176,712	174,854	179,229	220,618
Total business-type activities expenses	<u>11,741,355</u>	<u>10,171,576</u>	<u>5,867,747</u>	<u>6,222,323</u>	<u>6,313,115</u>
Total primary government expenses	<u>57,562,008</u>	<u>54,247,763</u>	<u>51,039,666</u>	<u>60,974,722</u>	<u>57,741,705</u>
Program Revenues					
Governmental activities:					
Charges for services:					
General government	826,650	838,008	975,797	1,053,695	1,127,014
Public safety	142,843	134,503	128,051	130,010	838
Community development	2,042,831	2,786,159	2,284,965	2,444,166	516,178
Recreation and community services	2,070,339	3,165,573	2,853,198	3,040,194	1,838,992
Library	-	-	-	-	110,951 *
Public works	306,689	660,693	1,573,551	349,656	189,317
Operating grants and contributions	3,144,728	2,471,970	1,850,120	1,972,296	3,938,022
Capital grants and contributions	8,301,311	4,451,347	3,687,861	4,917,936	3,011,719
Total governmental activities program revenues	<u>16,835,391</u>	<u>14,508,253</u>	<u>13,353,543</u>	<u>13,907,953</u>	<u>10,733,031</u>
Business-type activities:					
Charges for services:					
Golf Course	5,799,564	5,886,365	5,811,759	5,779,197	5,824,698
Refuse	5,332,477	3,956,222	-	-	-
Yorba Linda Center Catering	101,816	133,888	184,185	170,462	209,615
Operating grants and contributions	-	-	-	-	-
Capital grants and contributions	-	-	-	-	-
Total business-type activities program revenues	<u>11,233,857</u>	<u>9,976,475</u>	<u>5,995,944</u>	<u>5,949,659</u>	<u>6,034,313</u>
Total primary government program revenues	<u>28,069,248</u>	<u>24,484,728</u>	<u>19,349,487</u>	<u>19,857,612</u>	<u>16,767,344</u>
Net (expense)/revenue					
Governmental activities	(28,985,262)	(29,567,934)	(31,818,376)	(40,844,446)	(40,695,559)
Business-type activities	(507,498)	(195,101)	128,197	(272,664)	(278,802)
Total net revenues (expenses)	<u>(29,492,760)</u>	<u>(29,763,035)</u>	<u>(31,690,179)</u>	<u>(41,117,110)</u>	<u>(40,974,361)</u>

Source: City of Yorba Linda, Finance Department.

CITY OF YORBA LINDA
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year				
	2009	2010	2011	2012	2013
General Revenues and Other Changes in Net Position					
Governmental activities:					
Property taxes	\$ 29,904,853	\$ 29,657,123	\$ 29,464,910	\$ 25,449,260	\$ 19,209,305
Sales taxes	5,326,872	5,391,615	5,392,726	5,536,418	5,668,119
Franchise taxes	1,832,141	1,789,424	1,912,471	2,091,150	2,088,406
Transient occupancy taxes	-	-	-	-	-
Business licenses taxes	388,536	339,618	334,041	364,788	335,799
Other taxes	7,077,565	7,219,920	7,744,599	7,316,749	7,032,922
Motor vehicle in lieu, unrestricted	232,201	201,261	315,425	34,271	35,511
Investment income	3,640,550	2,374,161	1,675,107	1,529,085	(125,819)
Other	95,216	57,473	68,226	136,043	1,005,264
Gain on sale of capital assets	-	-	-	-	-
Insurance recoveries	1,744,438	372,117	-	-	-
Transfers	-	-	-	-	-
Extraordinary gain/(loss) on dissolution of RDA	-	-	-	36,597,998	-
Total governmental activities	<u>50,242,372</u>	<u>47,402,712</u>	<u>46,907,505</u>	<u>79,055,762</u>	<u>35,249,507</u>
Business-type activities:					
Investment income	4,664	(23,623)	(24,639)	(41,017)	11,358
Other	32,921	65,514	500	-	-
Transfers	-	-	-	-	-
Gain on sale of capital assets	-	500	-	-	69,600
Total business-type activities	<u>37,585</u>	<u>42,391</u>	<u>(24,139)</u>	<u>(41,017)</u>	<u>80,958</u>
Total primary government	<u>50,279,957</u>	<u>47,445,103</u>	<u>46,883,366</u>	<u>79,014,745</u>	<u>35,330,465</u>
Changes in Net Position					
Governmental activities	4,084,302	7,276,174	14,718,860	46,274,091	(5,405,442)
Business-type activities	<u>(1,416,326)</u>	<u>(1,433,560)</u>	<u>(1,179,402)</u>	<u>(774,237)</u>	<u>(805,486)</u>
Total primary government	<u>\$ 2,667,976</u>	<u>\$ 5,842,614</u>	<u>\$ 13,539,458</u>	<u>\$ 45,499,854</u>	<u>\$ (6,210,928)</u>

Note: * In fiscal year 2017-2018 the City began reporting library services separately from General Government.

CITY OF YORBA LINDA
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year				
	2014	2015	2016	2017	2018
General Revenues and Other Changes in Net Position					
Governmental activities:					
Property taxes	\$ 19,463,202	\$ 20,803,253	\$ 22,256,451	\$ 23,301,893	\$ 24,724,246
Sales taxes	6,108,523	6,515,766	7,215,608	7,666,640	7,426,486
Franchise taxes	2,086,354	2,239,149	2,271,901	1,949,679	2,101,241
Transient occupancy taxes	434,583	442,656	488,437	482,652	487,217
Business licenses taxes	433,511	378,306	395,184	418,008	385,676
Other taxes	6,810,919	6,903,837	6,995,040	7,340,671	8,392,701
Motor vehicle in lieu, unrestricted	29,389	28,389	27,323	30,300	35,736
Investment income	699,314	577,480	559,845	562,730	5,448,994
Other	854,614	411,483	172,973	394,295	880,542
Gain on sale of capital assets	-	-	-	294,375	14,257
Insurance recoveries	-	-	-	-	-
Transfers	-	-	(550,980)	(12,248)	-
Extraordinary gain/(loss) on dissolution of RDA	-	-	-	-	-
Total governmental activities	<u>36,920,409</u>	<u>38,300,319</u>	<u>39,831,782</u>	<u>42,428,995</u>	<u>49,897,096</u>
Business-type activities:					
Investment income	248	681	-	-	-
Other	-	-	-	-	-
Transfers	-	-	550,980	12,248	-
Gain on sale of capital assets	-	-	-	-	4,065
Total business-type activities	<u>248</u>	<u>681</u>	<u>550,980</u>	<u>12,248</u>	<u>4,065</u>
Total primary government	<u>36,920,657</u>	<u>38,301,000</u>	<u>40,382,762</u>	<u>42,441,243</u>	<u>49,901,161</u>
Changes in Net Position					
Governmental activities	7,935,147	8,732,385	8,013,406	1,584,549	9,201,537
Business-type activities	(507,250)	(194,420)	679,177	(260,416)	(274,737)
Total primary government	<u>\$ 7,427,897</u>	<u>\$ 8,537,965</u>	<u>\$ 8,692,583</u>	<u>\$ 1,324,133</u>	<u>\$ 8,926,800</u>

Note: * In fiscal year 2017-2018 the City began reporting library services separately from General Government.

CITY OF YORBA LINDA
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year				
	2009	2010	2011	2012	2013
General Fund					
Nonspendable	n/a	n/a	\$ 4,779,369	\$ 4,769,965	\$ 11,616,699
Committed	n/a	n/a	-	-	-
Restricted	n/a	n/a	-	-	-
Assigned	n/a	n/a	-	-	-
Unassigned	n/a	n/a	43,590,636	44,672,686	39,220,264
Reserved	\$ 11,738,867	\$ 11,656,499	n/a	n/a	n/a
Unreserved, designated	2,280,418	2,652,014	n/a	n/a	n/a
Unreserved, undesignated	34,338,606	33,740,851	n/a	n/a	n/a
Total General Fund	48,357,891	48,049,364	48,370,005	49,442,651	50,836,963
All Other Governmental Funds					
Nonspendable	n/a	n/a	53,748,992	38,867,893	3,831,706
Restricted	n/a	n/a	36,408,790	20,858,892	57,887,165
Assigned	n/a	n/a	35,127,683	8,285,094	7,624,257
Unassigned	n/a	n/a	(658,014)	(131,260)	(426,175)
Reserved	43,779,490	49,872,037	n/a	n/a	n/a
Unreserved, designated reported in:					
Capital projects funds	14,286,020	12,360,503	n/a	n/a	n/a
Unreserved, reported in:					
Special revenue funds	15,188,670	17,337,546	n/a	n/a	n/a
Debt service funds	-	-	-	-	-
Capital projects funds	7,917,839	6,919,738	n/a	n/a	n/a
Unreserved, undesignated	60,407,878	11,816,148	n/a	n/a	n/a
Total All Other Governmental Funds	141,579,897	98,305,972	124,627,451	67,880,619	68,916,953
Total All Governmental Funds	\$ 189,937,788	\$ 146,355,336	\$ 172,997,456	\$ 117,323,270	\$ 119,753,916

Note: The City adopted GASB Statement No. 54 starting in fiscal year 2010-2011, which changed how fund balance is presented in the CAFR.

Note: Certain classifications of 2015 fund balances have been reclassified to conform to the current year's presentation. Specifically, in the 2015 financial statements General Fund amounts were not shown as assigned and committed as they are in 2016 and restricted amounts in other Governmental Funds were shown as assigned.

CITY OF YORBA LINDA
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year				
	2014	2015	2016	2017	2018
General Fund					
Nonspendable	\$ 25,609,575	\$ 25,879,553	\$ 25,615,978	\$ 25,360,804	\$ 25,134,611
Committed	-	23,125,506	23,143,531	23,096,672	18,554,579
Restricted	7,500	5,352	-	-	-
Assigned	-	3,750,035	2,810,864	6,026,646	3,198,889
Unassigned	27,434,921	2,987,075	4,694,175	3,952,237	3,936,830
Reserved	n/a	n/a	n/a	n/a	n/a
Unreserved, designated	n/a	n/a	n/a	n/a	n/a
Unreserved, undesignated	n/a	n/a	n/a	n/a	n/a
Total General Fund	53,051,996	55,747,521	56,264,548	58,436,359	50,824,909
All Other Governmental Funds					
Nonspendable	3,821,809	2,164	465	1,304	20,567
Restricted	61,518,726	78,712,066	83,854,496	87,562,146	89,319,318
Assigned	7,739,067	-	-	-	-
Unassigned	(413,540)	(489,090)	(1,988,163)	(849,737)	(794,022)
Reserved	n/a	n/a	n/a	n/a	n/a
Unreserved, designated reported in:					
Capital projects funds	n/a	n/a	n/a	n/a	n/a
Unreserved, reported in:					
Special revenue funds	n/a	n/a	n/a	n/a	n/a
Debt service funds	-	-	-	-	-
Capital projects funds	n/a	n/a	n/a	n/a	n/a
Unreserved, undesignated	n/a	n/a	n/a	n/a	n/a
Total All Other Governmental Funds	72,666,062	78,225,140	81,866,798	86,713,713	88,545,863
Total All Governmental Funds	\$ 125,718,058	\$ 133,972,661	\$ 138,131,346	\$ 145,150,072	\$ 139,370,772

Note: The City adopted GASB Statement No. 54 starting in fiscal year 2010-2011, which changed how fund balance is presented in the CAFR.

Note: Certain classifications of 2015 fund balances have been reclassified to conform to the current year's presentation. Specifically, in the 2015 financial statements General Fund amounts were not shown as assigned and committed as they are in 2016 and restricted amounts in other Governmental Funds were shown as assigned.

CITY OF YORBA LINDA
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year				
	2009	2010	2011	2012	2013
Revenues					
Taxes	\$ 54,230,919	\$ 53,083,420	\$ 53,254,565	\$ 44,914,309	\$ 34,290,577
Licenses and permits	1,416,711	2,005,845	1,607,244	1,185,206	1,944,412
Intergovernmental	3,987,692	5,444,984	4,851,555	4,108,624	3,919,378
Charges for services	4,110,205	3,780,699	3,738,134	3,811,323	3,148,441
Investment Income	3,640,550	2,374,161	1,675,107	1,529,085	(125,819)
Fines and forfeitures	435,530	333,016	343,630	272,132	217,395
Contributions	115	4,555	256	2,436,444	450
Developer Participation	776,150	382,275	474,649	201,519	197,300
Gain on sale of City property	-	-	-	-	-
Miscellaneous	228,424	91,224	223,038	295,440	1,180,278
Total Revenues	<u>68,826,296</u>	<u>67,500,179</u>	<u>66,168,178</u>	<u>58,754,082</u>	<u>44,772,412</u>
Expenditures					
Current:					
General government	10,255,704	14,334,879	11,405,085	9,068,962	8,260,092
Public safety	14,383,177	12,298,279	11,565,970	11,588,080	10,421,130
Community Development	3,114,940	2,831,117	2,278,232	2,359,319	2,776,455
Parks and recreations	5,472,973	2,962,510	4,903,053	5,103,391	5,191,554
Library	-	-	-	-	-
Public works	10,749,250	11,641,325	10,543,410	10,881,079	10,492,797
Capital outlay	7,247,754	6,279,798	5,775,946	7,695,807	6,399,930
Debt Service:					
Principal retirement	2,425,000	2,535,000	2,655,000	2,785,000	-
Interest and fiscal charges	5,183,038	5,133,959	5,053,514	3,941,648	-
Bond issuance costs	-	-	313,565	-	-
Pass through agreements	9,352,395	9,064,344	8,305,122	4,223,858	-
Total Expenditures	<u>68,184,231</u>	<u>67,081,211</u>	<u>62,798,897</u>	<u>57,647,144</u>	<u>43,541,958</u>
Excess of revenues over/(under) expenditures	<u>642,065</u>	<u>418,968</u>	<u>3,369,281</u>	<u>1,106,938</u>	<u>1,230,454</u>
Other Financing Sources (Uses)					
Transfers in	8,207,078	7,426,914	23,744,790	6,390,944	7,296,303
Transfers out	(8,207,078)	(7,426,914)	(23,744,790)	(6,390,944)	(7,296,303)
Long term debt issued	2,904,953	2,999,705	22,781,847	2,660,853	-
Proceeds from sale of capital asset	-	-	5,000	-	-
Insurance recoveries	1,744,438	372,117	-	-	-
Bond discount	-	-	(98,975)	-	-
Contributions to Successor Agency	-	-	-	-	(679,782)
Contributions from Successor Agency	-	-	-	-	1,879,974
Total other financing sources (uses)	<u>4,649,391</u>	<u>3,371,822</u>	<u>22,687,872</u>	<u>2,660,853</u>	<u>1,200,192</u>
Extraordinary gain/(loss) on dissolution of redevelopment agency (Note 17)	-	-	-	(58,866,617)	-
Net change in fund balances	<u>\$ 5,291,456</u>	<u>\$ 3,790,790</u>	<u>\$ 26,057,153</u>	<u>\$ (55,098,826)</u>	<u>\$ 2,430,646</u>
Debt service as a percentage of noncapital expenditures	12.5%	12.6%	13.5%	13.5%	0.0%

Note: * In fiscal year 2017-2018 the City began reporting library services separately from General Government.

CITY OF YORBA LINDA
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year				
	2014	2015	2016	2017	2018
Revenues					
Taxes	\$ 35,274,571	\$ 37,304,207	\$ 39,622,621	\$ 41,311,999	\$ 43,517,567
Licenses and permits	1,794,234	1,822,533	1,681,175	1,906,900	1,277,319
Intergovernmental	4,882,336	3,877,534	3,550,775	4,911,723	5,054,524
Charges for services	3,202,764	3,724,560	3,636,143	3,670,482	3,783,290
Use of money and property	699,314	525,717	476,108	561,578	5,448,994
Fines and forfeitures	186,542	209,420	191,903	193,873	172,153
Contributions	7,149	2,281	851	-	-
Developer Participation	245,242	2,025,694	2,278,589	1,284,622	1,336,048
Gain on sale of City property	-	-	-	294,375	14,257
Miscellaneous	709,005	193,644	113,587	314,259	880,542
Total Revenues	<u>47,001,157</u>	<u>49,685,590</u>	<u>51,551,752</u>	<u>54,449,811</u>	<u>61,484,694</u>
Expenditures					
Current:					
General government	8,021,451	8,385,012	8,597,028	9,608,392	7,412,889
Public safety	9,351,367	9,535,298	10,111,264	10,665,634	11,601,058
Community Development	3,039,321	3,178,940	3,116,057	2,932,425	9,004,086
Parks and recreations	5,658,851	5,664,224	5,603,750	6,216,676	6,098,032
Library	-	-	-	-	3,967,009 *
Public works	11,235,425	10,646,686	10,719,703	11,986,129	11,583,370
Capital outlay	10,447,448	6,829,408	10,497,334	10,776,488	17,803,173
Debt Service:					
Principal retirement	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Bond issuance costs	-	-	-	-	-
Pass through agreements	-	-	-	-	-
Total Expenditures	<u>47,753,863</u>	<u>44,239,568</u>	<u>48,645,136</u>	<u>52,185,744</u>	<u>67,469,617</u>
Excess of revenues over/(under) expenditures	<u>(752,706)</u>	<u>5,446,022</u>	<u>2,906,616</u>	<u>2,264,067</u>	<u>(5,984,923)</u>
Other Financing Sources (Uses)					
Transfers in	7,963,808	7,508,620	11,159,224	9,035,390	17,821,152
Transfers out	(7,963,808)	(7,508,620)	(11,710,204)	(9,047,638)	(17,821,152)
Long term debt issued	-	-	-	-	-
Proceeds from sale of capital asset	-	-	-	-	-
Insurance recoveries	-	-	-	-	-
Bond discount	-	-	-	-	-
Contributions to Successor Agency	-	-	-	-	-
Contributions from Successor Agency	6,716,848	3,013,793	1,386,056	3,143,678	205,623
Total other financing sources (uses)	<u>6,716,848</u>	<u>3,013,793</u>	<u>835,076</u>	<u>3,131,430</u>	<u>205,623</u>
Extraordinary gain/(loss) on dissolution of redevelopment agency (Note 17)	-	-	-	-	-
Net change in fund balances	<u>\$ 5,964,142</u>	<u>\$ 8,459,815</u>	<u>\$ 3,741,692</u>	<u>\$ 5,395,497</u>	<u>\$ (5,779,300)</u>
Debt service as a percentage of noncapital expenditures	0.0%	0.0%	0.0%	0.0%	0.0%

Note: * In fiscal year 2017-2018 the City began reporting library services separately from General Government.

CITY OF YORBA LINDA
 Assessed Value and Estimated Actual Value of Taxable Property
 Last Ten Fiscal Years

Fiscal Year Ended June 30	Secured	Unsecured	Less: Exemptions (1)	Taxable Assessed Value (2)
2009	10,974,463,022	189,315,285	(259,476,437)	10,904,301,870
2010	10,704,716,192	193,397,618	(263,968,225)	10,634,145,585
2011	10,756,721,712	181,357,573	(259,673,612)	10,678,405,673
2012	11,099,352,245	163,615,245	(294,418,477)	10,968,549,013
2013	11,331,341,242	153,522,286	(300,169,006)	11,184,694,522
2014	11,690,283,468	152,053,662	(307,993,529)	11,534,343,601
2015	12,492,822,864	153,579,513	(309,102,030)	12,646,402,377
2016	13,334,274,219	147,399,256	(350,162,998)	13,481,673,475
2017	13,959,347,366	137,076,955	(210,599,989)	14,096,424,321
2018	14,716,674,476	148,335,423	(220,753,799)	14,865,009,899

(1) Exemptions are netted against the individual property categories.

(2) Total includes Nonunitary Taxable Assessed Values.

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.

CITY OF YORBA LINDA
Direct and Overlapping Property Tax Rates
(Rate per \$100 of assessed value)
Last Ten Fiscal Years

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Basic Levy (1)	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000
Brea Olinda Unified	0.02270	0.02285	0.02426	0.02367	0.02365	0.02470	0.02528	0.02292	0.02298	0.02325
Metropolitan Water District	0.00430	0.00430	0.00370	0.00370	0.00350	0.00350	0.00350	0.00350	0.00350	0.00350
N. Orange County Community College	0.01493	0.01662	0.01758	0.01742	0.01902	0.01704	0.01704	0.03043	0.02885	0.02927
Placentia Yorba Linda Unified	0.04764	0.06166	0.05804	0.05846	0.06203	0.06525	0.05822	0.05665	0.05475	0.05529
Rancho Santiago Community College	0.02253	0.02735	0.03141	0.03146	0.03241	0.03334	0.02878	0.03063	0.02999	0.03013
Total Direct & Overlapping (2) Tax Rates	1.11210	1.13278	1.13499	1.13471	1.14061	1.14383	1.13282	1.14413	1.14007	1.14144
City's share of 1% Levy per Prop 13 (3)										
City	0.12480	0.12480	0.12480	0.12480	0.12480	0.12480	0.12480	0.12480	0.12480	0.12480
Library	0.05525	0.05525	0.05525	0.05525	0.05525	0.05525	0.05525	0.05525	0.05525	0.03715
Total City Direct Rate	0.18005	0.18005	0.18005	0.18005	0.18005	0.18005	0.18005	0.18005	0.18005	0.16195
Redevelopment Rate (4)	1.00430	1.00430	1.00370	1.00370						
Total Direct Rate (5)	0.26843	0.26483	0.26045	0.25500	0.25254	0.13436	0.13453	0.13468	0.13507	0.13557

(1) 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.

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

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

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

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

CITY OF YORBA LINDA
Principal Property Tax Payers
Current Year and Nine Years Ago

	<u>2018</u>		<u>2009</u>	
	Taxable Assessed Value	Percent of Total City Taxable Assessed Value	Taxable Assessed Value	Percent of Total City Taxable Assessed Value
RRE Yorba Linda Holdings LLC	\$ 122,245,854	0.82%	-	0.00%
Savi Ranch Property Holdings LLC	95,000,000	0.64%	-	0.00%
Bridgemark Corporation	38,708,603	0.26%	-	0.00%
Savi Ranch Group	36,605,895	0.25%	-	0.00%
Toll California III L P	35,531,388	0.24%	40,415,594	0.36%
YL Pines LLC	33,280,227	0.22%	22,592,515	0.20%
Packing House Yorba Linda LLC	33,157,646	0.22%	-	0.00%
Eastlake Commercial 2007 LLC	25,824,548	0.17%	22,520,615	0.20%
Saint Jude Hospital Yorba Linda	24,118,091	0.16%	-	0.00%
Trico-Savi Business Park LP	23,643,960	0.16%	-	0.00%
LMI Riverbend LLC	-	0.00%	97,723,175	0.88%
Savi Technology Center LP	-	0.00%	80,580,000	0.72%
MBK Greenbrier LLC	-	0.00%	43,831,405	0.39%
Johnson Tractor Company	-	0.00%	27,280,098	0.24%
CNL Retirement MA2 Ca	-	0.00%	23,156,982	0.21%
Nobel Biocare USA LLC	-	0.00%	22,772,209	0.20%
First Duarte Bryant Ranch LLC	-	0.00%	22,327,800	0.20%
Top Ten Totals	<u>\$ 468,116,212</u>	<u>3.149%</u>	<u>\$ 403,200,393</u>	<u>3.61%</u>
City Totals	<u>\$ 14,865,009,899</u>		<u>\$ 11,163,778,307</u>	

CITY OF YORBA LINDA
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of Levy		Collections in Subsequent Years (1)	Total Collections to Date	
		Amount	Percent of Levy		Amount	Percent of Levy
2008	29,543,958	28,606,573	96.827%	419,284	29,025,857	98.246%
2009	This information is not available. The Orange County Auditor-Controller's tax ledger is only available from 2011 to the present, and the last CAFR prepared by the City was in 2008.					
2010						
2011						
2012	25,562,306	24,512,406	95.893%	326,838	24,839,244	97.171%
2013	25,512,395	24,587,570	96.375%	324,932	24,912,502	97.649%
2014	26,114,981	25,628,853	98.139%	242,572	25,871,425	99.067%
2015	27,573,088	27,075,082	98.194%	195,477	27,270,559	98.903%
2016	27,926,587	27,285,154	97.703%	201,624	27,486,778	98.425%
2017	28,894,519	28,539,922	98.773%	170,053	28,709,974	99.361%
2018	31,244,974	30,898,210	98.890%	116,309	31,014,519	99.262%

Note: (1) Total amount of delinquent taxes collected in each fiscal year; information regarding levy year to which delinquent tax collections pertain is not provided by the Orange County Auditor - Controller.

CITY OF YORBA LINDA
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year Ended June 30	Governmental Activities		Business-type Activities		Total Primary Government (1)	Percentage of Personal Income	Debt Per Capita
	Tax Allocation Bonds	Due to Other Governments	Golf Course Revenue Bonds	Capital Leases			
2009	60,780,109	15,374,745	17,370,000	715,280	94,240,134	3.38%	1,379.51
2010	59,424,531	17,195,028	16,955,000	395,069	93,969,628	3.33%	1,356.51
2011	77,721,618	19,024,788	16,530,000	476,776	113,753,182	2.73%	1,729.38
2012	-	-	16,090,000	311,443	16,401,443	19.18%	246.87
2013	-	-	15,635,000	229,434	15,864,434	20.20%	236.54
2014	-	-	-	146,885	146,885	2150.41%	2.19
2015	-	-	-	-	-	n/a	n/a
2016	-	-	-	-	-	n/a	n/a
2017	-	-	-	-	-	n/a	n/a
2018	-	-	-	-	-	n/a	n/a

Note: (1) Details regarding the City of Yorba Linda's outstanding debt can be found in the notes to the Financial Statements.

CITY OF YORBA LINDA
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year Ended June 30	Certificates of Participation	Total	Percent of Assessed Value (2)	Per Capita
2009	17,370,000	17,370,000	0.16%	254
2010	16,955,000	16,955,000	0.16%	245
2011	16,530,000	16,530,000	0.15%	251
2012	16,090,000	16,090,000	0.15%	242
2013	15,635,000	15,635,000	0.14%	233
2014	-	-	-	-
2015	-	-	-	-
2016	-	-	-	-
2017	-	-	-	-
2018	-	-	-	-

Note: (1) Details regarding the City of Yorba Linda's outstanding debt can be found in the notes to the financial statements.

(1) Assessed value has been used because the actual value of taxable property is not readily available in the State of California.

CITY OF YORBA LINDA
Direct and Overlapping Debt
As of June 30, 2018

2017-2018 Taxable Assessed Valuation: \$12,288,098,946

City Assessed Valuation	\$ 14,864,937,899
Redevelopment Agency Incremental Valuation	<u>(2,576,838,953)</u>
	\$ 12,288,098,946

	Percent Applicable (1)	Outstanding Debt 6/30/2018	Estimated Share of Overlapping Debt
<u>OVERLAPPING DEBT:</u>			
BREA OLINDA UNIFIED-2003 & 2011 REF	0.105%	\$ 6,654,592	\$ 6,979
RANCHO SANTIAGO CCD 2002 BOND 2003A, 05 11 REF	0.544%	40,355,000	219,444
PLACENTIA-YORBA LINDA U 2002 BOND #2006	49.981%	12,423,059	6,209,195
PLACENTIA-YORBA LINDA 2 2002 BOND #2004B	49.981%	964,744	482,191
BREA OLINDA UNIFIED-1999 BOND SR 1999A	0.105%	6,394,437	6,706
RANCHO SANTIAGO CCD 2002 BOND 2005B	0.544%	40,809,920	221,917
PLACENTIA-YORBA LINDA U 2008 BOND, SR A, 2015REF	49.981%	779,610	389,659
N. OC COMMUNITY COLLEGE 2002 BOND 2005 REFUNDING	11.904%	100,903,462	12,011,584
RANCHO SANTIAGO CCD 2002 BOND SER. C, 13REF	0.544%	108,169,329	588,206
PLACENTIA-YORBA LINDA U 2008 BOND, SR A., 2015REF	49.981%	64,225,000	32,100,434
PLACENTIA-YORBA LINDA UNIFIED 2008 BOND SER B & C	49.981%	54,993,547	27,486,441
PLACENTIA-YORBA LINDA USD 2008 BOND SERIES Q	49.981%	25,000,000	12,495,303
PLACENTIA-YORBA LINDA UNIFIED 2008 BOND SERIES D	49.981%	27,278,918	13,634,334
PLACENTIA-YORBA LINDA UNIFIED 2008 BOND SERIES E	49.981%	12,725,000	6,360,109
RANCHO SANTIAGO CCD 2012 GO REF BOND	0.544%	57,400,000	312,131
N. OC COMMUNITY COLLEGE 2003 B & 2014 BOND SERIES	11.904%	100,301,957	11,939,981
PLACENTIA-YORBA LINDA USD 2012 GO REF BOND	49.981%	38,585,000	19,285,251
METROPOLITAN WATER DISTRICT	2.477%	12,318,324	305,158
TOTAL OVERLAPPING DEBT			<u>\$ 144,055,023</u>

Debt To Assessed Valuation Ratios:	Direct Debt	0.00%
	Overlapping Debt	1.17%
	Total Debt	1.17%

Note:

- (1) this fund is a portion of a larger agency, and is responsible for debt in the areas outside the city.
- (2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bondec capital lease obligations. Qualified Zone Academy Bonds are included based on principal due at maturity.

CITY OF YORBA LINDA
Legal Debt Margin Information
Last Ten Fiscal Years

Legal Debt Margin Calculation for the Current Year

Assessed value	\$ 14,865,009,899
Conversion percentage	25%
Adjusted assessed value	3,716,252,475
Debt limit (15% of adjusted assessed value)	557,437,871
Debt applicable to limit	-
Legal debt margin - Current Year	\$ 557,437,871

Fiscal Year	Debt Limit	Debt Applicable to Limit	Legal Debt Margin	Debt as Percentage of Limit
2009	408,911,320	17,370,000	391,541,320	4.2%
2010	398,780,459	16,955,000	381,825,459	4.3%
2011	400,440,213	16,530,000	383,910,213	4.1%
2012	411,320,588	16,090,000	395,230,588	3.9%
2013	419,426,045	15,635,000	403,791,045	3.7%
2014	432,537,885	-	432,537,885	0.0%
2015	474,240,089	-	474,240,089	0.0%
2016	505,562,755	-	505,562,755	0.0%
2017	528,615,912	-	528,615,912	0.0%
2018	557,437,871	-	557,437,871	0.0%

CITY OF YORBA LINDA
Pledged Revenue Coverage
Last Ten Fiscal Years

REVENUE BOND

Fiscal Year Ended June 30	Golf Course Revenue	Less Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2009	5,525,404	4,733,207	792,197	405,000	792,584	0.661
2010	5,314,506	4,550,888	763,618	415,000	782,334	0.638
2011	5,202,849	4,572,696	630,153	425,000	770,771	0.527
2012	5,869,100	5,136,187	732,913	440,000	757,356	0.612
2013	5,670,123	4,847,456	822,667	455,000	742,354	0.687
2014	-	-	-	-	-	-
2015	-	-	-	-	-	-
2016	-	-	-	-	-	-
2017	-	-	-	-	-	-
2018	-	-	-	-	-	-

TAX ALLOCATION BONDS

Fiscal Year Ended June 30	Tax Increment	Debt Service		Coverage
		Principal	Interest	
2009	17,425,218	2,425,000	2,198,321	3.769
2010	17,318,273	2,535,000	2,077,608	3.755
2011	16,612,161	2,655,000	1,943,026	3.613
2012	-	-	-	-
2013	-	-	-	-
2014	-	-	-	-
2015	-	-	-	-
2016	-	-	-	-
2017	-	-	-	-
2018	-	-	-	-

CITY OF YORBA LINDA
Demographic and Economic Statistics
Last Ten Calendar Years

<u>Calendar Year</u>	<u>Population</u>	<u>Personal Personal Income</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate</u>	<u>Median Age</u>	<u>% of Pop 25+ with High School Degree</u>	<u>% of Pop 25+ with Bachelor's Degree</u>
2009	68,314	3,184,194	46,611	6.00%	40.4	94.8%	45.1%
2010	69,273	3,126,706	45,136	6.40%	41.1	95.5%	45.2%
2011	65,777	3,107,963	47,250	5.80%	41.5	95.2%	46.3%
2012	66,437	3,146,124	47,355	3.70%	41.3	95.1%	46.9%
2013	67,069	3,204,691	47,782	3.30%	41.4	95.3%	47.3%
2014	67,055	3,158,626	47,105	4.80%	41.8	95.6%	48.6%
2015	67,637	3,174,294	46,931	3.90%	41.8	95.5%	49.4%
2016	67,890	3,213,873	47,339	3.50%	42.8	95.5%	51.4%
2017	69,121	3,250,126	47,021	3.30%	42.9	95.8%	52.0%

NOTE: Data for 2018 was not available.

CITY OF YORBA LINDA
Principal Employers
Current Year and Three Years Ago

Employer	2018		2015	
	Employees	Percentage of Total City Employment	Employees	Percentage of Total City Employment
Nobel Biocare U S A, L L C	368	4.68%	270	4.01%
Costco Wholesale Corporation # 445	315	4.01%	260	3.86%
Vyair Medical Payroll LLC (formerly Carefusion)	308	3.92%	271	4.02%
Emeritus at Yorba Linda	226	2.88%	188	2.79%
Office Solutions Business	138	1.76%	73	1.08%
White House Catering Inc	120	1.53%	118	1.75%
Coldwell Banker	118	1.50%	118	1.75%
Robert Moreno Insurance Services	115	1.46%	115	1.71%
Vons Grocery Co #3069	113	1.44%	77	1.14%
Kohl's # 755	95	1.21%	101	1.50%
Chick-Fil-A at Yorba Linda F S U	80	1.02%	50	0.74%
Euroline Steel Windows	80	1.02%	-	0.00%
Sprouts Farmers Market	80	1.02%	78	1.16%
	<u>2,156</u>	<u>27.43%</u>	<u>1,719</u>	<u>25.52%</u>

CITY OF YORBA LINDA
Full-Time Equivalent City Government Employees by Function
Last Ten Fiscal Years

Function/Program	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Government										
City Council	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Administration	9.00	9.00	9.00	6.60	5.20	6.00	8.00	9.00	9.00	9.96
City Clerk	4.87	4.45	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Finance	7.00	6.20	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.50
Community Development										
Planning	7.21	5.45	5.00	5.50	5.20	6.20	6.20	6.20	6.20	6.98
Building	9.33	8.33	8.50	8.50	8.70	8.70	8.70	8.70	8.70	10.30
Community Preservation	3.13	2.70	3.15	3.15	3.25	3.25	3.25	3.25	3.25	3.20
NPDES	0.55	0.65	0.30	0.30	0.30	0.30	0.30	0.30	0.30	-
Public Works										
Administration/Engineering	8.70	8.67	6.57	6.65	6.85	6.90	6.90	6.65	6.65	6.75
Maintenance	11.55	10.37	9.22	9.04	9.04	10.04	10.04	10.04	10.04	10.04
NPDES	0.25	0.25	0.50	0.60	1.25	1.25	1.25	1.25	1.25	1.25
Landscape Assessment Dist.	3.50	3.71	3.71	3.71	3.71	3.71	3.71	3.96	3.96	3.96
Parks & Recreation										
Administration	2.80	2.80	2.10	2.45	2.10	2.45	2.95	2.95	2.95	2.80
Recreation	31.86	31.49	29.27	29.91	29.27	29.91	29.91	29.91	29.91	32.51
Parks Maintenance	8.85	8.85	8.85	8.85	8.85	8.85	8.85	8.85	8.85	9.05
Facilities Maintenance	2.61	2.20	2.20	2.20	2.20	2.20	2.20	2.20	2.20	2.40
Library	33.69	33.69	33.76	33.76	31.55	31.55	31.55	31.55	31.55	31.32
Total	<u>149.90</u>	<u>143.81</u>	<u>136.13</u>	<u>135.22</u>	<u>131.47</u>	<u>135.31</u>	<u>137.81</u>	<u>138.81</u>	<u>138.81</u>	<u>145.02</u>

CITY OF YORBA LINDA
Operating Indicators by Function
Last Ten Fiscal Years

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Parks & Recreation										
Number of participants	14,398	14,464	14,894	14,207	13,705	13,152	11,406	9,356	11,331	10,162
Number of facility rentals	1,865	1,822	2,139	2,204	1,799	1,833	1,722	1,958	1,973	1,826
Teams in league events	351	346	270	257	206	155	227	175	148	144
Police (1)										
Calls for Service	n/a	n/a	n/a	n/a	10,057	17,452	18,497	18,162	19,922	22,125
Arrests	n/a	n/a	n/a	n/a	215	378	435	458	717	442
Moving Citations	n/a	n/a	n/a	n/a	1,325	2,220	2,507	2,808	1,910	1,728
Crime reports	n/a	n/a	n/a	n/a	1,884	2,344	2,408	2,705	2,541	2,640
Parking citations	n/a	n/a	n/a	n/a	88	277	425	419	720	1,001
Public Works (2)										
Street resurfacing (# streets)	279	-	191	87	-	211	84	173	173	182
Library										
Attendance in Library (door count)	311,617	335,797	336,386	337,211	338,579	334,942	323,415	328,646	328,646	276,051
Number of items checked out	770,164	815,300	845,592	874,333	891,041	917,134	870,029	881,283	881,283	938,109
Number of programs	754	687	779	737	714	601	666	721	721	961
Golf Course										
Number of rounds played	49,359	50,211	48,846	56,352	59,096	57,476	55,755	55,483	55,483	60,355

CITY OF YORBA LINDA
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

	Fiscal Year									
	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Parks & Recreation										
Municipal Parks	26	26	26	27	29	29	29	30	32	33
Gyms	2	2	2	2	2	2	2	2	2	2
Community Center	1	1	1	1	1	1	1	1	1	1
Horse Arena	1	1	1	1	1	1	1	1	1	1
Municipal Golf Course	1	1	1	1	1	1	1	1	1	1
Library										
Library Facility	1	1	1	1	1	1	1	1	1	1
Museum	1	1	1	1	1	1	1	1	1	1
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Public Works										
Streets (centerline miles)	215	213	213	213	213	213	213	211	211	217
Street Lights	n/a	n/a	n/a	n/a	n/a	n/a	n/a	5,756	6,096	6,139
Traffic Signals	54	54	54	58	58	61	61	61	62	62