



Comprehensive Annual Financial Report

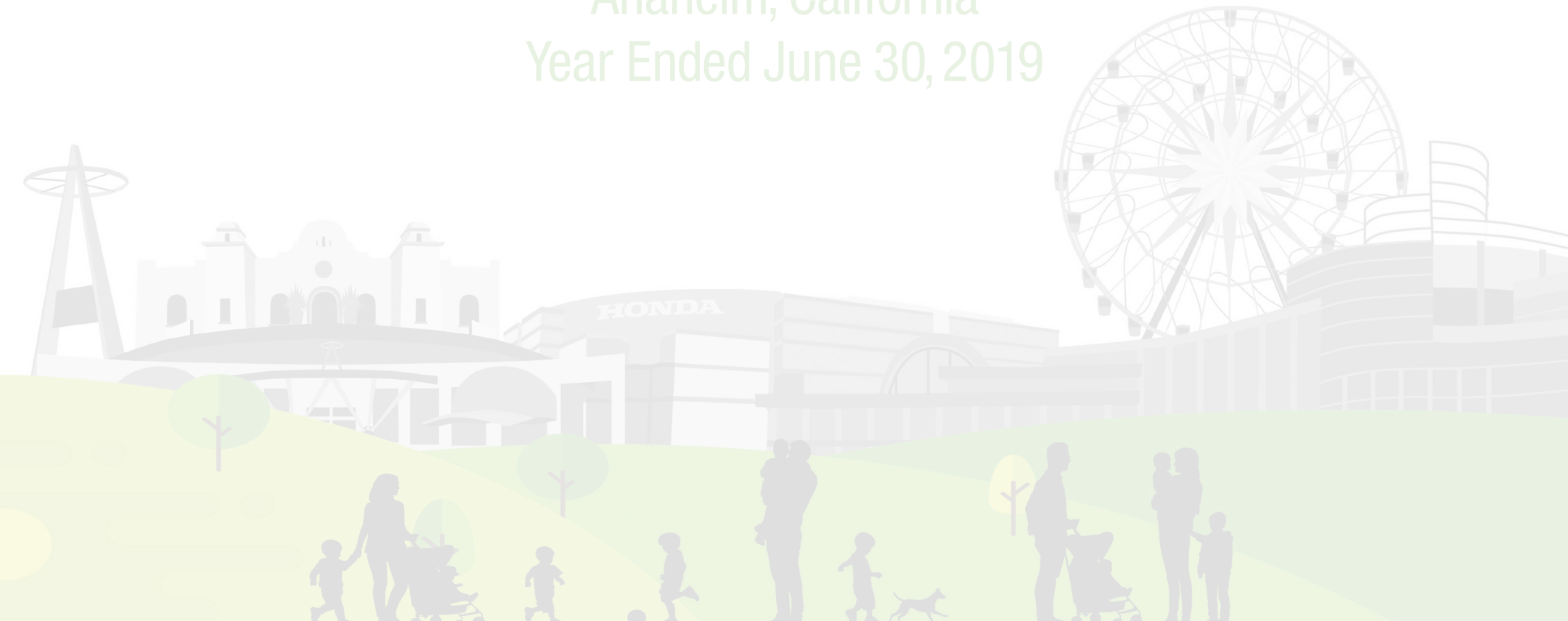
Anaheim, California
Year Ended June 30, 2019





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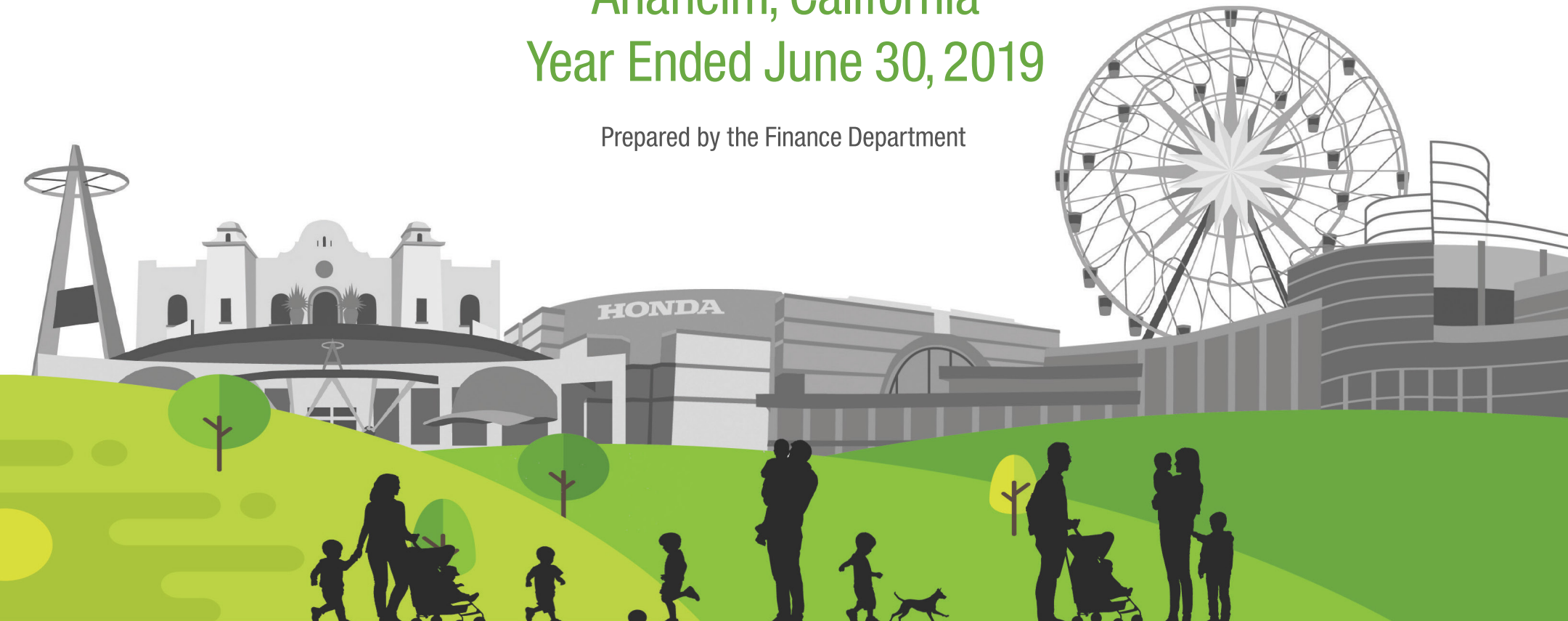




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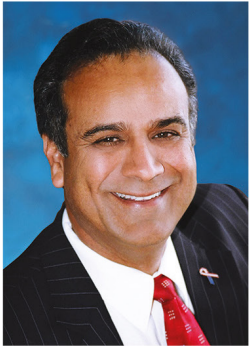
Anaheim, California
Year Ended June 30, 2019

Prepared by the Finance Department





City Council



Harry S. Sidhu
Mayor



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Mayor Pro Tem
(District 4)



Denise Barnes
Council Member
(District 1)



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(District 3)



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(District 6)



Comprehensive Annual Financial Report

Table of Contents

June 30, 2019

	Page
INTRODUCTORY SECTION (Unaudited)	
Letter of Transmittal	1
GFOA Certificate of Achievement for Excellence in Financial Reporting	9
Organization Chart	11
Administrative Personnel	12
FINANCIAL SECTION	
Independent Auditor's Report	15
Management's Discussion and Analysis (Unaudited)	19
Basic Financial Statements	
Government-wide Statements	
Statement of Net Position	37
Statement of Activities	39
Fund Financial Statements	
Balance Sheet - Governmental Funds	41
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	42
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	43
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	44
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Budgetary Basis Actual - General Fund	45
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Housing Authority	46
Statement of Net Position - Proprietary Funds	47
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds	49
Statement of Cash Flows - Proprietary Funds	50
Statement of Fiduciary Net Position (Deficit) - Fiduciary Funds	52
Statement of Changes in Fiduciary Net Position (Deficit) - Fiduciary Funds	53
Notes to Financial Statements	55
Required Supplementary Information (Unaudited)	
Schedule of Changes in the Net Pension Liability and Related Ratios	109
Schedule of Pension Plan Contributions	112
Schedule of Changes in the Net Other Postemployment Benefits (OPEB) Liability and Related Ratios	113
Schedule of Other Postemployment Benefits (OPEB) Plan Contributions	114
Combining Individual Fund Statements and Schedules	
Governmental Funds	
Combining Balance Sheet - Nonmajor Governmental Funds by Fund Type	117
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds by Fund Type	118
Combining Balance Sheet - Nonmajor Special Revenue Funds	119
Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficit) - Nonmajor Special Revenue Funds	120
Schedule of Revenues, Expenditures and Changes in Fund Balances (Deficits) - Budget and Budgetary Basis Actual - All Nonmajor Special Revenue Funds	121
Combining Balance Sheet - Nonmajor Debt Service Funds	125
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Debt Service Funds	126
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - All Debt Service Funds	127

Comprehensive Annual Financial Report

Table of Contents

June 30, 2019

	Page
Combining Balance Sheet - Nonmajor Capital Projects Funds	128
Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits) - Nonmajor Capital Projects Funds	129
Schedule of Revenues, Expenditures and Changes in Fund Balances (Deficits) - Budget and Actual - All Capital Projects Funds	130
Internal Service Funds	
Combining Statement of Net Position - Internal Service Funds	137
Combining Statement of Revenues, Expenses and Changes in Net Position - Internal Service Funds	138
Combining Statement of Cash Flows - Internal Service Funds	139
Fiduciary Fund	
Statement of Changes in Fiduciary Assets and Liabilities - Agency Fund - Mello-Roos	143
STATISTICAL INFORMATION (Unaudited)	
Net Position by Component - Last Ten Fiscal Years	148
Changes in Net Position - Last Ten Fiscal Years	149
Governmental Activities Tax Revenues By Source - Last Ten Fiscal Years	151
Fund Balances of Governmental Funds - Last Ten Fiscal Years	152
Changes in Fund Balances of Governmental Funds - Last Ten Fiscal Years	153
General Government Tax Revenues By Source - Last Ten Fiscal Years	154
Assessed Value and Estimated Actual Value of Taxable Property - Last Ten Fiscal Years	155
Property Tax Rates - Direct and Overlapping Governments - Last Ten Fiscal Years	156
Principal Property Tax Payers - Current Year and Nine Years Ago	157
Property Tax Levies and Collections - Last Ten Fiscal Years	158
Ratios of Outstanding Debt by Type - Last Ten Fiscal Years	159
Ratios of Net General Bonded Debt Outstanding - Last Ten Fiscal Years	160
Direct and Overlapping Governmental Activities Debt - As of June 30, 2019	161
Legal Debt Margin - Last Ten Fiscal Years	163
Pledged-Revenue Coverage - Last Ten Fiscal Years	164
Demographic and Economic Statistics - Last Ten Fiscal Years	166
Principal Employers - Current Year and Nine Years Ago	167
Full-time Equivalent City Government Employees by Function/Program - Last Ten Fiscal Years	168
Operating Indicators by Function - Last Ten Fiscal Years	169
Capital Assets Statistics by Function - Last Ten Fiscal Years	171
OTHER INFORMATION (Unaudited)	
Summary of Pension Obligation Funding Progress	175
Summary of Other Postemployment Benefits (OPEB) Funding Progress	176
City of Anaheim Map	177



Introductory Section





City of Anaheim, California Finance Department

December 23, 2019

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

In accordance with the Charter of the City of Anaheim (City), please accept submission of the Comprehensive Annual Financial Report (CAFR) for the fiscal year ending June 30, 2019. Responsibility for the accuracy of the data, completeness, and fairness of the presentation, including all disclosures, rests with the City. We believe the data included is accurate in all material aspects, and is presented in a manner designed to fairly set forth the financial position and operational achievements of the City, as measured by the financial activity of its various funds. In addition, all disclosures necessary to enable the reader to gain maximum understanding of the City's financial activities have been included.

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

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

ECONOMIC CONDITION AND OUTLOOK

Anaheim is located in northwestern Orange County, approximately 28 miles southeast of downtown Los Angeles and 90 miles north of San Diego. The City lies on a coastal plain, which is bordered by the Pacific Ocean to the west and the Santa Ana Mountains to the east. The City is the oldest and most populous city in Orange County. Anaheim is home to the Disneyland Resort, the Anaheim Convention Center, the Anaheim Regional Transportation Intermodal Center (ARTIC), and two major league professional sports teams the Angels Major League Baseball team, which utilizes Angel Stadium of Anaheim, and the Anaheim Ducks National Hockey League team, which utilizes the Honda Center.

Anaheim is a significant contributor to the diverse Orange County economy, which is home to more than 8,500 manufacturing plants. Product manufacturers include notable manufacturing businesses focused on defense and aerospace, biomedical, electronics, machinery, and computer products. The City has over 24,000 active business licenses, of which over 17,000 are businesses operating within the City's boundaries.

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

The unemployment rate in Anaheim for June 2019 was 3.1%, while the national average was at 3.7% and the state average at 4.2%.

The City will continue to build on the successes and achievements realized in the current year, and remain committed to efforts to grow service levels. The City's Big Three revenue sources of transient occupancy tax, property tax, and sales and use tax, have all shown steady growth this year. As the City moves through fiscal year 2019-2020, we are optimistic about continued growth but will remain attentive to the prevailing economic climate and mindful of managing enhanced services within the limits of the City's General Fund.

MAJOR INITIATIVES

With direction from the Mayor and City Council, City management identifies the priorities that shapes the path for Anaheim's future. City initiatives are reevaluated regularly, and new items are frequently added to ensure that City efforts are consistent with the priorities of our policy body and the community. The City strives each year to better fulfill its mission of delivering outstanding municipal services that are responsive to our entire community by continuing its tradition of fostering innovation, ingenuity, an opportunity in its operations. This helps achieve the primary goals of focusing on ensuring public safety in our communities, combatting homelessness, increasing community engagement and outreach, investing in our neighborhoods, and enhancing our city's infrastructure. City staff is dedicated to seeking innovative and efficient ways to conduct business to ensure that Anaheim remains a vibrant community for the years to come.

ENSURING PUBLIC SAFETY

Public safety remains the city's top priority, with the commitment of both the Anaheim Police Department (APD) and Anaheim Fire & Rescue in delivering the highest level of service focusing on the safety of our residents, visitors, and businesses.

In 2017, nationwide data for all cities with populations over 300,000 ranked Anaheim 5th for lowest violent crime per capita and 11th for lowest property crime in the country. Considering Anaheim is also host to 25 million annual visitors, this data reflects APD's continued focus on addressing and eliminating the root causes of crime while implementing innovative investigative tools to solve reported crime and hold those responsible accountable. Beyond the police department, there is ongoing citywide commitment to address quality of life problems and concerns in neighborhoods across the city. One of the top priorities for the coming fiscal year is increasing community engagement through education and the fostering of relationships, which in return help address crime and quality of life concerns. APD is centralizing public engagement efforts, which will assist in the continuity of messaging and communication to ensure our residents and businesses receive consistent and up to date information to aid in crime prevention and an enhanced quality of life.

The City Council's year over year commitment to ensuring public safety has delivered tangible results. The additional officers added to APD's ranks over the past five years have directly resulted in reduced Priority 1 response times and significantly greater capabilities in preventing crime and improving quality of life. Beyond the positions added over the past several years, the department has identified vacant positions and seeks opportunities to reprioritize resources to deliver front-line service where it is needed most.

To ensure officers are as prepared as possible to meet the increasingly complex challenges of modern policing, APD has committed to more than doubling the number of training hours field personnel receive. Coupled with the additional training time will be the incorporation of a state of the art virtual use of force simulator. Designed to develop and strengthen tactical communication and decision-making skills, the department acquired this simulator with grant funding as another resource to prepare its front-line employees tasked with responding to dynamic and often dangerous situations safely and with the minimal amount of force necessary.

Addressing the impacts of homelessness has remained a top priority of the city and APD. Through a collaborative approach with fellow law enforcement agencies and community-based organizations, APD's Homeless Outreach Team (HOT) focuses on identifying long-term, supportive alternatives for the homeless population in Anaheim. APD responded to over 20,000 calls for service in calendar year 2018 related to homelessness, and beyond those incidents HOT works tirelessly with the chronically homeless who generate the greatest community impacts. Alongside their city counterparts in Code Enforcement and HOT, Community Policing continues to play a pivotal role in returning the city's most vulnerable public spaces to their intended use. Previous sprawling tent encampments in Maxwell Park, Schweitzer Park, and the area north of La Palma Park have been restored to vibrant community resources enjoyed by residents, youth, organized sport groups, and many others. During the current fiscal year, APD proudly worked alongside fellow departments as additional, much-needed shelter beds were brought on line. With the ongoing support and leadership of City Council, Anaheim now has the shelter space required to ensure our limited public spaces are preserved for their intended uses. HOT is also a participant in the Anaheim Homeless Collaborative which assists homeless individuals with securing long-term supportive housing alternatives. Since the inception of the collaborative, over 2,300 individuals are no longer living on the street and are on the path toward brighter futures.

The Department continues to dedicate resources to ensure the homeless community are receiving the services they need. Recently the Homeless Outreach Team (HOT) added an additional clinician to their Psychiatric Emergency Response Team (PERT) which has greatly expanded the department's ability to respond to incidents of mental health crisis in the field and to conduct far more case management of chronic mental health patients by coupling a team of officers with a mental health clinician to address incidents involving acute mental distress. Additionally, PERT now has twice the caseload capacity to allow for greater preventative outreach to the chronically mentally ill throughout the city.

Each fiscal year the police department critically examines its deployment and allocation of its limited personnel resources to ensure alignment with

the current needs of the community, department priorities and long-term goals of the city. Consistent with that practice, APD will continue to deliver on its core mission and is poised to address emerging challenges and priorities in terms of crime and quality of life issues throughout the city.

Our public safety efforts also include the excellent service and dedication of Anaheim Fire & Rescue. Fire Station 5 at 2540 E. La Palma opened on July 25, 2018 to improve response times and reduce the demand of Fire Station 1, located on East Broadway.

To further its efforts toward improving response times, Anaheim Fire & Rescue will move forward in building Fire Station 12 in the Platinum Triangle. The new fire station will utilize a design build similar to the recently completed Fire Station 5 and will address the higher call volume and greater traffic associated with increased development in the Platinum Triangle area. Along with the building of Fire Station 12, Anaheim Fire & Rescue will finalize plans to relocate the city's Emergency Operations Center (EOC) from temporary trailers and build a permanent EOC adjacent to the new fire station. With a new, permanent EOC building, the department can begin to formally develop and structure the Business Operations Center, a branch of the EOC, intended to build and strengthen local private/public partnerships before activation of the EOC due to local disasters.

Anaheim Fire & Rescue will also continue to conduct and develop recruitment options for Community Emergency Response Team (CERT) and Radio Amateur Civil Emergency Service (RACES) volunteers, along with conducting quarterly drills, monthly meetings, and supplemental trainings to continue to educate and prepare volunteers. These steps will further ensure that our volunteer force is well-prepared to respond in an event of an emergency situation. In an effort to further support residents and businesses in the city, Anaheim Fire & Rescue will continue to promote its Paramedic Membership Program, which will help residents and businesses cover the costs of a paramedic response with emergency situations. Finally, the department continues to recruit and train the top candidates for fire service. The 2019 Recruit Academy consisted of 16 new firefighters who will fill current vacancies.

INVESTING IN OUR NEIGHBORHOODS

Anaheim's continued investment and commitment to individuals, families, and the community. Investing in our neighborhoods is a critical component to improving the quality of life of our residents and through community engagement we continue to promote the health and overall well-being of our residents by providing an array of recreational and educational opportunities to help promote health, safety, and the overall welfare of families in Anaheim.

The city opened its new Mobile Library on April 10, 2019. The new 38-foot recreational vehicle (RV) has more features than ever to bring books, technology and library services to neighborhoods where families do not have easy access to traditional library branches. In the Mobile Library, visitors will find a bright, spacious interior with books, graphic novels, magazines, DVDs, homework and career resources, educational materials and more. The Mobile Library stops biweekly at various neighborhood and school locations around the city. With the new Mobile Library, kids, teenagers, and their parents are encouraged to participate in the positive activities of reading. In the prior fiscal year, Anaheim Public Library's Mobile Library circulated 73,139 items during 1,231 patron visits, which highlights the value of this city resource.

As libraries uphold the importance of enriching residents' lives with imagination and vast information, parks continue to be an essential component in everyone's lives as they promote a healthy, active lifestyle. There continue to be many efforts to improve the city's parks and recreational areas. In 2018, Ponderosa Park completed its improvements and opened a new Park Splash Pad. At 2,400 square feet, Ponderosa Park's Splash Pad offers parents and their children a water-play area to enjoy and escape the heat during hot summers.

With the range of organizations and activities that utilize our athletic fields on a daily basis, it increases the need for maintenance and improvements due to heavy usage. In the beginning of 2019 renovations were completed at Maxwell Park's and Peralta Park's athletic fields. These renovations improved the safety, quality, and aesthetics of the fields. Furthermore, the city completed the construction of the Logan Wells Memorial Skate Park next to the East Anaheim Gymnasium. This new skate park offers 5,000 square feet for children and adults to explore their love and passion for skateboarding.

The city's collaboration with KaBOOM! continues to provide many local playground improvements throughout Anaheim. During the current fiscal year, the city and KaBOOM! completed their eleventh playground improvement project at Barton Park. The twelfth KaBOOM! playground was completed at Julianna Park in the summer of 2019 and in efforts to improve our parks, the city will continue working with KaBOOM! to discuss additional projects in the future.

The city facilitates personal growth and the improved well-being of residents of all ages and abilities, and encourages individual and social responsibility, while promoting safe and stable families and the healthy development of young people. Through community engagement, the city provided afterschool activities for over 50,000 youth; offered recreational contract classes and camps to 6,173 youth, adults, and seniors; and provided a variety of free and affordable theater performances at Pearson Park

Amphitheater for over 9,850 attendees. Additional youth development opportunities for 900 youth, ages 13-17 were provided at five teen centers throughout the city and free public swim programs were offered to youth, adults, and families at Pearson Park Pool during the current fiscal year.

There are continuous improvements to our parks and facilities in Anaheim. In the coming year we look forward to improvements at La Palma Park, including its design for a new soccer area. Since 2016, the city requested the community's input on how to improve La Palma Park's soccer area. This resulted in a design that includes a synthetic turf soccer field, two natural turf fields, a play area, a restroom building with community rooms, a perimeter trail with exercise equipment, a multipurpose open air sports arena, an events plaza, and lighting. We also look forward to building a new dog park at Maxwell Park. Offering nearly an acre of land, the park will have a large and small dog area for families and their dogs to enjoy. Community meetings were held to share the draft design of the park. From community input, the city developed a plan for Maxwell Dog Park that includes benches, strategically located shade trees, security lighting, and dog agility equipment. Lastly, the city will create a teen center at Brookhurst Community Center. The new teen center will provide a safe and enriching environment for the youth of our community. Members of the teen center will have the opportunity to participate in various recreational and educational activities and programs.

OUTREACH TO OUR COMMUNITY

Anaheim is dedicated to providing services and resources to the community, including residents who face homelessness. Due to the growing concern of homelessness and the impact it has on communities, Anaheim built homeless shelters to help those in need and to restore and maintain our parks, streets and neighborhoods.

During fiscal year 2018-2019, Anaheim opened three homeless shelters throughout the city to provide a safe space for our homeless community during the winter months. An interim emergency shelter was opened last December, while the other two shelters were being constructed. The city partnered with the Illumination Foundation to open one of the shelters in March 2019. This shelter provides wrap around care and services to enable individuals to return back to the workforce.

In addition, the city worked with the Salvation Army to create the Anaheim Emergency Shelter, a homeless care center offering emergency shelter, transitional housing and supportive services. The facility, which opened in January 2019, is part of a longer-term partnership that is set to include what is known as the Center of Hope, a 600-bed homeless care center in the planning stages. It will allow the city to help those in need while also

addressing impacts on parks, streets and neighborhoods. The Salvation Army Center of Hope is anticipated to open in early 2021.

The opening of homeless shelters throughout the city demonstrates our commitment to serving our at-risk populations. With the largest citywide collaboration effort on homelessness with outside agencies and non-profits like CityNet and Chrysalis, our homeless residents are continuously being provided resources and services towards a pathway to self-sufficiency. In efforts to combat homelessness, the city is also committed to providing desirable affordable housing options. For fiscal year 2019-2020, the city will continue to facilitate the development of affordable housing for families at varying income levels and support efforts to reduce homelessness in our communities. The city recently began construction of the El Verano Apartments, a 54-unit affordable senior rental housing site where 50% of the units will be made available to homeless seniors. Also, the city is working with Jamboree Housing to develop the Manchester/Orangewood Affordable Housing project, a 100% affordable workforce housing project consisting of 102 units, with 20 units available to homeless families. Lastly, the city will develop affordable housing for homeless veterans.

Outreach is key to help resolve homelessness in our communities. By providing housing and workforce resources, the city can help get people out of homelessness in Anaheim. APD will continue to address safety issues pertaining to Anaheim's homeless population through collaboration with other city departments, service groups and faith-based organizations to deliver outreach services, mental health assistance, relocation services, and when appropriate, enforcement action. Furthermore, we will continue to address impacts and ensure the safety and enjoyment of our parks, neighborhoods and streets.

The city remains committed to combatting homelessness in Anaheim and provides the necessary resources to support homeless services while ensuring the safety and quality of life for our residents.

IMPROVING OUR INFRASTRUCTURE

The city is pleased with our ongoing efforts to maintain a beautiful Anaheim and uphold the vibrant community that residents are proud to call home. Maintaining the city's extensive system of sidewalks, roadways, and infrastructure is a priority for Anaheim.

Fiscal year 2018-2019 achievements include: 11,500 trees pruned for power line clearance; 350 tree plantings; asphalt slurry of 2,227,000 square feet; pavement rehabilitation of 1,450,000 square feet; concrete sidewalk replacement of 86,500 square feet; and landscape maintenance of 6 million square feet. This year, the city will continue to prioritize these projects, with a special emphasis on improving street pavement conditions; improving neighborhood infrastructure including pavement,

sidewalks, and curbs and gutters; constructing sidewalks to eliminate gap closures; tree maintenance and inspection; sign replacement; and capital improvement projects including street and intersection widening, neighborhood improvements, arterial rehabilitations, storm drain and sewer improvements.

For street and intersection widening projects, the city aims to increase roadway capacity to reduce traffic congestion and improve pedestrian and vehicular safety on both roadway segments and intersections. Improvements could consist of additional through lanes, left turn lanes, dedicated right turn lanes and new raised medians. These projects will improve roadway operations, improve safety, reduce vehicular travel times and reduce fuel consumption. The city's planned widening projects include: Orangewood Avenue improvements from State College Boulevard to the eastern city limits, Orangewood improvements from State College to Santa Ana River, Brookhurst Street from Cerritos Avenue to Guinida Lane, Katella Avenue adjacent to the Anaheim Convention Center, Lincoln Avenue from East Street to Evergreen Street, and construction of intersection widening at Anaheim Boulevard and Ball Road.

Additional work is planned for the coming fiscal year that includes street and sidewalk maintenance, tree maintenance and tree plantings, pavement rehabilitation projects, signal coordination and upgrades, and neighborhood rehabilitation in Sabina, Lindacita, Valinda, and Crescent neighborhoods. Other projects include design and right-of-way phase for sidewalk improvements at Acacia Street, La Palma Avenue, Frontera Avenue, and Santa Ana Canyon Road. Lastly, construction of sidewalk gap closure on West Street and Citron Street, and construction of storm drain improvements at Modjeska Park, and La Palma and Richfield are scheduled to begin during this coming fiscal year.

Anaheim Public Utilities (Utilities) provides vital services to the community not only in the form of safe, reliable and economical electric and water services, but also through a wide array of community programs in the areas of efficiency and conservation rebates and incentives; income-qualified assistance to seniors, military veterans, and disabled customers; as well as student engagement opportunities that provide education and career preparation.

In fiscal year 2018-2019, Utilities collaborated with the Anaheim High School District on the Anaheim Innovative Mentoring Experience (AIME) program, hosting a six-week internship during the summer of 2018 where high school students learned about their local utility while gaining work experience in numerous facets. Utilities also launched its second annual scholarship to support and encourage high school seniors in Anaheim interested in pursuing a degree in a utility-related field. During the spring of 2019, Utilities partnered with California State University, Fullerton, to

establish a college internship program that will provide up to six college students with paid internship experience aligned with their area of study.

Also during the current fiscal year, Utilities provided rebates enabling schools to install a water bottle filling station at their campus, promoting the safety and affordability of Anaheim's drinking water. During fiscal year 2019, Utilities completed 16 stations at various Anaheim schools. This program will continue next fiscal year, along with an on-bill financing program allowing schools to implement energy and water efficiency upgrades at their campus and receive immediate cost savings as a result.

Utilities also completed many important capital projects during the current year, including the installation of more than 4,200 LED street lights for enhanced roadway visibility and safety for residents and businesses, and construction of nine solar shade structures at eight elementary schools and one high school, providing the community with clean renewable power. Utilities continues to underground overhead electrical lines for enhanced electric system reliability, with 128 circuit miles of overhead lines placed underground to date, and 21 additional circuit miles planned for underground conversion, including projects on Lincoln Avenue and Rio Vista Street, Orangewood Avenue between Lewis Street and Harbor Boulevard, Euclid Street from Broadway to south of Orangewood Avenue, and Beach Boulevard from south of Ball Road to north of Lincoln Avenue.

Water capital projects completed in fiscal year 2018-2019 include the rehabilitation of the La Palma Complex with four new pump stations and a new aluminum roof over the 4-million gallon reservoir there, and the Downtown Recycled Water Project, which irrigates nearly seven acres of Pearson Park with recycled water from the Water Recycling Demonstration Facility next to City Hall. For the upcoming fiscal year, Utilities plans to utilize recycled water from the Orange County Water District Groundwater Replenishment System, adding more than 42,000 feet of purple pipe (recycled water pipeline) in south Anaheim for irrigation and chiller uses — potentially saving more than 250 million gallons of potable water annually.

ENCOURAGING BUSINESS GROWTH

Anaheim is home to 24,000 businesses and hosts over 25 million visitors on an annual basis. With the recently completed Betterment VII expansion of the Anaheim Convention Center in fall 2017, our largest hosted conventions like the National Association of Music Merchants (NAMM) Show, the music industry's largest gathering, Wondercon and Vidcon can now accommodate more visitors to Anaheim.

The Anaheim Convention Center has approximately 1 million attendees visit our beautiful, vibrant city every year. During fiscal year 2018-2019, the Anaheim Convention Center welcomed the 2019 NAMM Show and saw a record of 115,301 attendees to the city. In addition to the conventions that

are taking place, many visitors are invited to explore other unique facets of the city such as our hotels, dining, shopping, and theme parks. The money spent by visitors generates revenue for Anaheim's residents and contributes to the city's services and infrastructure that makes Anaheim a great city.

Growth in the Anaheim Resort will continue this fiscal year with several hotel developments that are currently under construction. The Cambria Hotel & Suites, a 12-story, 352-room hotel that includes an outdoor water park for guests and 15,000 square feet of restaurant space, is expected to open in late 2019. The JW Marriott, Anaheim Resort will come to Anaheim GardenWalk as a 466-room luxury hotel expected to open in early 2020. With an expected completion in August 2020, The Westin Anaheim Resort will offer 618 rooms to visitors with 42,000 square feet of meeting space and 30,000 square feet of restaurant and retail space, while the Radisson Blu, a 226-room hotel, is targeting an opening in late 2020.

In addition to the success of the Anaheim Convention Center, the city finalized an agreement with Anaheim Arena Management in fall 2018 to keep the Anaheim Ducks playing at the Honda Center through 2048. The Anaheim Ducks recently marked their 25th season in Anaheim, and with the team's commitment to an additional 25-plus years, residents and visitors will enjoy another generation of great hockey and the best entertainment in Orange County at the Honda Center. The agreement will bring more revenue to the City of Anaheim to put towards our public safety, parks, and community services efforts.

At the Disneyland Resort, Star Wars: Galaxy's Edge opened in May 2019 marking the biggest expansion of Disneyland Park since its opening in 1955. The Pixar Pals Parking Structure opened in June 2019, while a Marvel-themed land is set to debut at Disney California Adventure Park in 2020.

The city is dedicated to creating and maximizing resources to invest in Anaheim's communities, residents, and businesses. Anaheim aims to secure and leverage available assets to revitalize neighborhoods, provide desirable affordable housing options, strengthen the city's economy, and promote a well-qualified workforce. In Fiscal year 2018-2019, Anaheim Workforce Development planned and hosted the 2018 Summer Youth Fair for youth ages 15-24 in Anaheim. Over 400 youth attended along with over 50 employers and resources who participated in the event, and many were provided the necessary resources and opportunities that will help with their workforce development.

Finally, the city is currently in the process of the opening of two additional breweries that are expected to open during fiscal year 2020. Dudes Brewery leased 11,000 square feet on Center Street Promenade and Leisure

town Brewery, which consists of a newly renovated two-story historic Craftsman home, and a 5,800-square-foot Modern Times brewery. Lastly, the 75,000-square-foot Brewery X, near Kraemer Boulevard and La Palma Avenue, will be the largest brewery in the city and opened on September 9, 2019. The city continues its efforts to promote Anaheim as Brew City, a hub of craft brewery.

FINANCIAL INFORMATION

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

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

BUDGETARY CONTROLS:

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

RELEVANT FINANCIAL POLICIES:

Through sound fiscal management, the City of Anaheim positions itself to provide a positive atmosphere for economic development and the flexibility to strategically address budgetary challenges that result from fluctuations in the local, national, and global markets. As of June 30, 2019, the City's General Fund has a spendable, unassigned fund balance of \$43.5 million, which represents 13% of the General Fund total fiscal year 2018-2019 expenditures. Traditionally, the policy has been to maintain General Fund

reserves at a minimum of 7 to 10% of expenditures. Further, the City has a long-standing practice of recognizing and reserving for known and anticipated liabilities. The City fully funds its compensated absences and at an actuarially acceptable level for self-insurance. Additionally, the City has established an irrevocable trust for other postemployment benefits (OPEB) and continues to make the annual required actuarial determined contribution (ADC) to ensure this future obligation is fully funded.

LONG-TERM FINANCIAL PLANNING:

On June 18, 2019, the City Council adopted the fiscal year 2019-2020 budget. Additionally, as a companion to approving the budget plan, a five-year Capital Improvement Plan was presented to the City Council. The five-year plan links anticipated expenditures for infrastructure development with community needs and desires, and provides a citywide perspective of recommended projects and proposed funding sources. The Capital Improvement Plan was finalized in June 2019, and totaled \$736.9 million for the five-year fiscal period ending June 30, 2024. The five-year Capital Improvement Plan has been submitted and annually updated, in its present form, since 1982, for effective long-range planning purposes. It is City Management's belief that these two plans give City Council members an expanded opportunity to set policy and provide direction for implementation, resulting in improved management efficiency and improved financial results.

AWARD

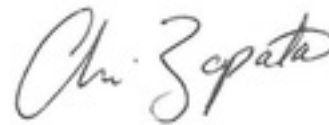
GOVERNMENT FINANCE OFFICERS ASSOCIATION OF THE UNITED STATES AND CANADA (GFOA) CERTIFICATE OF ACHIEVEMENT AWARD:

The GFOA awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Anaheim, California, for its comprehensive annual financial report for the fiscal year ended June 30, 2018. This was the 43rd consecutive year that the City has achieved this prestigious award (fiscal years ended June 30, 1976 through 2018). In order to be awarded the Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both U.S. generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe our current comprehensive annual financial report continues to conform to the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

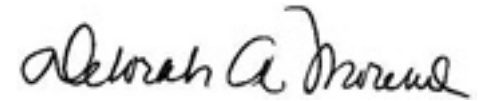
ACKNOWLEDGMENTS

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

Respectfully submitted,



Chris Zapata
City Manager



Deborah A. Moreno
Finance Director/City Treasurer



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Government Finance Officers Association

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

Presented to

**City of Anaheim
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

Christopher P. Morill

Executive Director/CEO

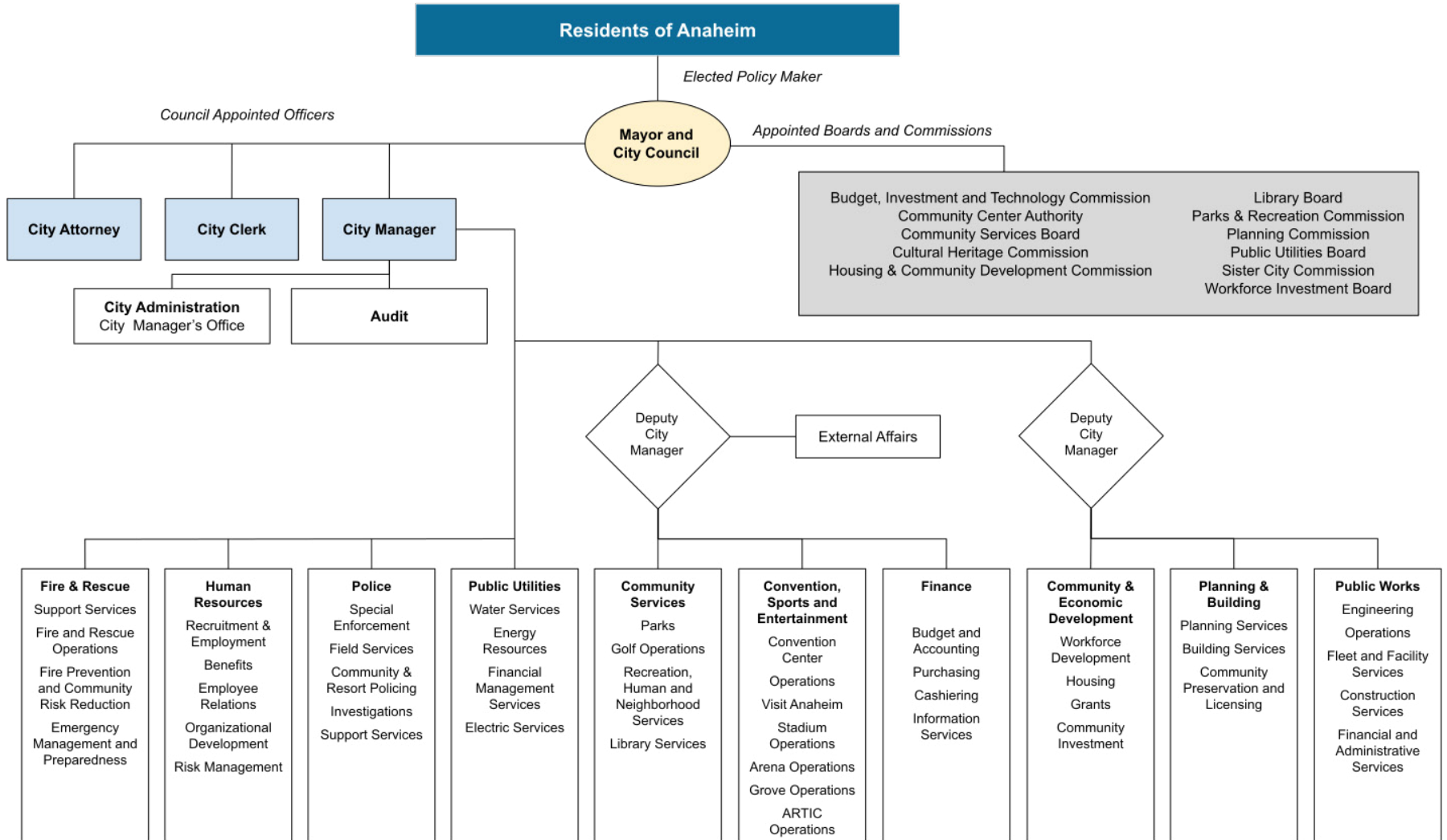
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Anaheim, California for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2018. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

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

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



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**Administrative Personnel
As of June 30, 2019**

City Manager	Chris Zapata
Deputy City Manager	Gregory A. Garcia
Deputy City Manager/Planning & Building Director	David Belmer
Chief of Police	Jorge Cisneros
City Attorney	Robert Fabela
City Clerk	Theresa Bass
Community & Economic Development Director	John E. Woodhead IV
Community Services Director	Larry Pasco
Convention, Sports & Entertainment Executive Director	Thomas Morton
Finance Director/City Treasurer	Deborah A. Moreno
Acting Fire Chief	Patrick Russell
Human Resources Director	Linda N. Andal
Public Utilities General Manager	Dukku Lee
Public Works Director	Rudy Emami



Financial Section



Financial Section



KPMG LLP
Suite 1500
550 South Hope Street
Los Angeles, CA 90071-2629

Independent Auditors' Report

Honorable Mayor and City Council
City of Anaheim, California:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Anaheim, California (the City), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Anaheim, California, as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and Housing Authority Fund for the year then ended in accordance with U.S. generally accepted accounting principles.



Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion and analysis and the required supplementary information as listed in the accompanying table of contents (collectively referred to as RSI) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the RSI in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

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

The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to

prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2019 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

KPMG LLP

Los Angeles, California
December 23, 2019



Management's Discussion and Analysis



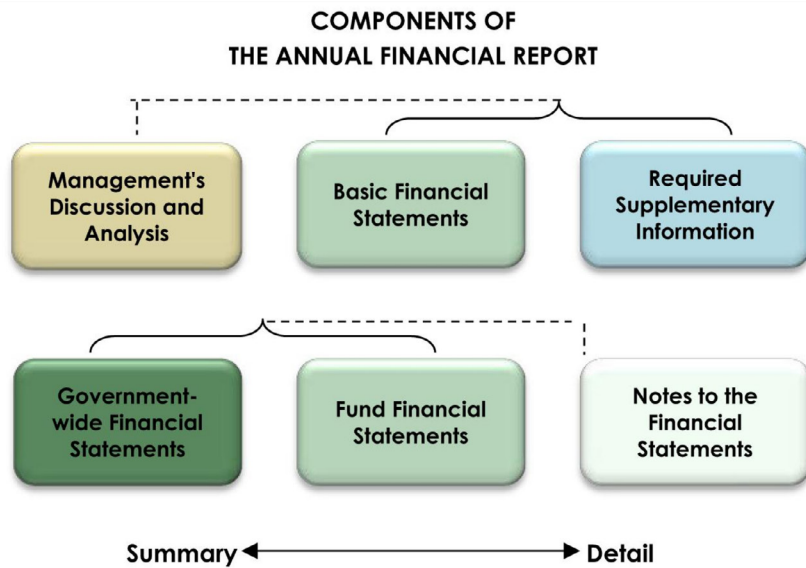
Management’s Discussion and Analysis

(Unaudited)

As management of the City of Anaheim (City), we offer readers of the City’s basic financial statements this narrative overview and analysis of the financial activities of the City as of and for the fiscal year ended June 30, 2019. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report, and the City’s basic financial statements in the financial section of this report. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

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



Government-wide financial statements. The government-wide financial statements are comprised of the Statement of Net Position and the Statement of Activities. These two statements are designed to

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

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

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

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

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

The government-wide financial statements can be found on pages 37-39 of this report.

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

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

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

The City maintains 19 individual governmental funds. Information is presented separately in the governmental funds Balance Sheet and in the governmental funds Statement of Revenues, Expenditures and Changes in Fund Balances for the General Fund and the Housing Authority Special Revenue Fund, which are considered to be major funds and can be found on pages 41 and 43 of this report. Data for the remaining 17 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of supplementary combining statements on pages 117-120, 125-126, and 128-129 of this report.

The City adopts an annually appropriated budget for all governmental and proprietary funds. Budgetary comparison statements for the General Fund and the major special revenue fund (Housing Authority) are required to be presented; these schedules are included in the basic financial statements on pages 45-46 of this report. Additionally,

budgetary schedules for the other governmental funds have been provided to demonstrate compliance with the budget and can be found as part of other supplementary schedules on pages 121-124, 127, and 130-133 of this report.

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

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

The proprietary funds financial statements can be found on pages 47-51 of this report.

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

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

The fiduciary fund financial statements can be found on pages 52-53 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 55-105 of this report.

Other supplementary information. In addition to the basic financial statements and accompanying notes, this report also presents combining individual fund statements referred to earlier in connection with nonmajor governmental funds and internal service funds. Also included are the budgetary comparison Schedules of Revenues, Expenditures and Changes in Fund Balances for all nonmajor special revenue funds, all debt service funds, and all capital projects funds. These statements and schedules can be found on pages 117-143 of this report.

Required Supplementary Information. The required supplementary information for pension and its related ratios, the postemployment benefits (OPEB) and its related ratios can be found on page 109-114 of this report.

FINANCIAL HIGHLIGHTS (Amounts in thousands)

- The City's total assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at the end of the current fiscal year by \$1,924,164.
- The City's governmental activities represent \$752,513 (39%) and the business-type activities represent \$1,171,651 (61%) of the City's total net position.
- The City's net position has a net increase of \$88,473 (5%) as a result of the current fiscal year's operations. The net position of the City's governmental activities increased by \$28,648 (4%) and the business-type activities net position increased by \$59,825 (5%).
- The City's restricted net position of \$355,181 represents amounts available for ongoing programs and obligations with external restrictions.
- The City's total capital assets increased by \$93,092 (3%). Capital assets in the City's governmental activities increased by \$4,022 (less than 1%) and business-type activities capital assets increased by \$89,070 (4%) during the current fiscal year.
- The City's total long-term liabilities decreased by \$101,015 (3%) during the current fiscal year; of this amount, long-term liabilities in the City's governmental activities decreased by \$39,476 (3%), and business-type activities decreased by \$61,539 (4%).
- At the close of the current fiscal year, the City's governmental funds reported a combined fund balance of \$486,376, an increase of \$12,861 in comparison with the prior fiscal year. Approximately 7% of this amount (\$34,238) is available for spending at the City's discretion (unassigned fund balance).
- At the end of the current fiscal year, unrestricted fund balance (total of committed, assigned and unassigned fund balance) for the General Fund was \$58,676 or 17% of total General Fund expenditures. Unassigned fund balance was \$43,455 or 13% of total General Fund expenditures.

NET POSITION
JUNE 30, 2019 AND 2018

	Governmental Activities		Business-type Activities		Total Government	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 740,887	\$ 723,544	\$ 727,105	\$ 784,803	\$ 1,467,992	\$ 1,508,347
Capital assets, net	1,405,376	1,401,354	2,148,900	2,059,830	3,554,276	3,461,184
Total assets	2,146,263	2,124,898	2,876,005	2,844,633	5,022,268	4,969,531
Deferred outflows of resources	142,263	180,187	51,360	68,671	193,623	248,858
Total assets and deferred outflows of resources	2,288,526	2,305,085	2,927,365	2,913,304	5,215,891	5,218,389
Other liabilities	55,593	51,129	124,889	114,028	180,482	165,157
Long-term liabilities	1,457,454	1,496,930	1,494,150	1,555,689	2,951,604	3,052,619
Total liabilities	1,513,047	1,548,059	1,619,039	1,687,910	3,132,086	3,217,776
Deferred inflows of resources	22,966	33,161	136,675	131,761	159,641	164,922
Total liabilities and deferred inflows of resources	1,536,013	1,581,220	1,755,714	1,801,478	3,291,727	3,382,698
Net position:						
Net investment in capital assets	1,040,595	1,008,489	1,058,213	1,009,302	2,098,808	2,017,791
Restricted	266,447	266,983	88,734	86,863	355,181	353,846
Unrestricted	(554,529)	(551,607)	24,704	15,661	(529,825)	(535,946)
Total net position	\$ 752,513	\$ 723,865	\$ 1,171,651	\$ 1,111,826	\$ 1,924,164	\$ 1,835,691

*Certain reclassifications have been made to prior year's number to conform with the current year presentation

At the end of fiscal year 2019, the City's net position totaled \$1,924,164 which reflects a net increase of \$88,473 or 5% from prior fiscal year.

Current and other assets, including cash, cash equivalents and investments, receivables, prepaid items, land held for resale, and notes receivable, totaled \$1,467,992 decreased by \$40,355 (3%) as compared to the prior fiscal year; of this amount governmental activities increased \$17,343 offset by a decrease of \$57,698 in business-type activities. The increase in governmental activities is primarily due to unspent land sale proceeds of \$12,000, and an increase of \$7,294 in investment market value. The decrease in business-type activities is primarily due to \$83,181 spend-down of bond proceeds for capital improvements, offset by an increase of \$10,137 in prepaid purchased power, and an increase of \$9,523 in investment market value.

Deferred outflows of resources, including deferred charges on refunding bonds, deferred items related to pension and Other Postemployment Benefits (OPEB), totaling \$193,623 decreased by \$55,235 (22%). This decrease is primarily due to a decrease of \$56,125 in deferred items

related to pension resulting from current year amortization of \$45,328 in deferred items related to changes in assumptions, the difference between projected and actual investment, and the difference between projected and actual plan experience; a decrease of \$24,901 from the current year addition of net difference between the projected and actual investment earnings attributable to favorable plan investment earnings, offset by an increase of \$5,298 in deferred items related to plan experience and change in proportion, and an increase of \$8,806 in pension contributions subsequent to measurement date.

Other liabilities, including accounts payable, wages payable, interest payable, deposits and unearned revenues, totaled \$180,482 increased by \$15,325 (9%) primarily due to increases of \$12,991 in accounts payable due to suppliers and construction contractors.

Deferred inflows of resources, including deferred regulatory credits, deferred regulated business activities, deferred items on refunding bonds, deferred OPEB and pension related items, totaling \$159,641 decreased by \$5,281 (3%). The decrease is primarily due to decrease

of \$8,517 in deferred pension related items resulting from current year additions of \$5,789 in difference between projected and actual plan experience, \$12,500 change in assumption and \$4,052 change in proportion, offset by current year amortization of \$30,858 of deferred pension items related to changes in assumption, change in proportion and the difference between projected and actual plan experiences. Offsetting the decrease is an increase of \$4,653 in deferred regulated business activities primarily from investment earnings.

The largest portion of the City's net position of \$2,098,808 reflects its investment in capital assets (e.g. land, buildings, utility plant, machinery, equipment, and infrastructure), net of any related outstanding debt that was used to acquire those assets. The City uses these assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Net investment in capital assets increased by \$81,017 (4%) primarily due to additions of capital asset funded by unrestricted resources and grants, offset by a reduction of the related outstanding debt due to current year principal payments.

An additional portion of the City's net position of \$355,181 represents resources that are subject to external restrictions on how they may be

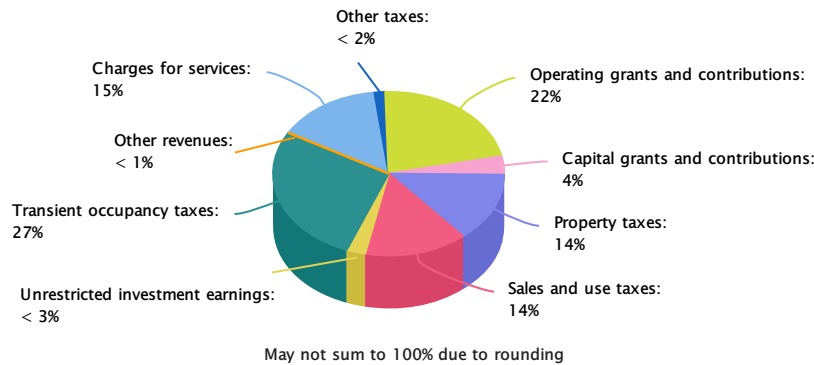
used. This amount increased by \$1,335 from prior fiscal year. Restricted net position of the governmental activities decreased \$536 primarily due to restricted resources of \$8,086 spent for infrastructure construction for the Platinum Triangle Mello-Roos Projects, offset by current year unspent Anaheim Tourism Improvement District special assessment net revenues of \$5,381, and other development impact fees of \$2,545. Restricted net position in the business-type activities increased by \$1,871 primarily due to an increase of \$2,829 restricted for debt services, an increase of \$3,695 restricted for capital projects, offset by a decrease of \$4,653 primarily due to current year spending of the restricted resources for decommissioning costs and public benefits expenses.

The remaining balance deficit of \$529,825 is the unrestricted net position, of which the unfunded OPEB, net pension liabilities and the related deferred inflows and outflows of resources account for \$806,208. The unrestricted net position deficit decreased by \$6,121 from prior fiscal year reflecting results from current year operations. The unfunded net OPEB and pension liabilities are long-term obligations that will be funded annually in accordance with actuarially determined contribution amounts and rates. The positive component of the unrestricted net position, excluding the effects of OPEB and pension liabilities, is \$276,383 and may be used to meet the City's ongoing obligations to citizens and creditors.

**CHANGE IN NET POSITION
YEAR ENDED JUNE 30, 2019 AND 2018**

	Governmental Activities		Business-type Activities		Total Government	
	2019	2018	2019	2018	2019	2018
REVENUES						
Program revenues:						
Charges for services	\$ 86,889	\$ 87,561	\$ 663,275	\$ 638,567	\$ 750,164	\$ 726,128
Operating grants and contributions	130,335	115,520	231	88	130,566	115,608
Capital grants and contributions	21,335	39,340	28,408	8,353	49,743	47,693
General revenues:						
Taxes:						
Property taxes	80,822	76,547			80,822	76,547
Sales and use taxes	84,982	80,732			84,982	80,732
Transient occupancy taxes	161,948	154,925			161,948	154,925
Other taxes	8,893	9,076			8,893	9,076
Gain on sale of capital assets		6,258				6,258
Unrestricted investment earnings	15,654	2,783	19,183	4,423	34,837	7,206
Other	98	105			98	105
Total revenues	590,956	572,847	711,097	651,431	1,302,053	1,224,278
EXPENSES						
Program activities:						
Governmental activities:						
General government	22,005	15,645			22,005	15,645
Police	175,409	173,921			175,409	173,921
Fire & Rescue	82,948	81,528			82,948	81,528
Community & Economic Development	98,818	96,067			98,818	96,067
Planning & Building	26,248	25,376			26,248	25,376
Public Works	53,742	55,981			53,742	55,981
Community Services	43,218	39,020			43,218	39,020
Public Utilities	2,476	2,346			2,476	2,346
Convention, Sports & Entertainment	27,663	19,930			27,663	19,930
Interest on long-term debt	35,149	34,938			35,149	34,938
Business-type activities:						
Electric Utility			425,072	394,574	425,072	394,574
Water Utility			76,484	75,755	76,484	75,755
Sanitation Utility			64,659	61,145	64,659	61,145
Golf Courses			4,954	4,898	4,954	4,898
Convention, Sports & Entertainment Venues			68,187	66,058	68,187	66,058
ARTIC Management			6,548	6,218	6,548	6,218
Total expenses	567,676	544,752	645,904	608,648	1,213,580	1,153,400
Excess before transfers	23,280	28,095	65,193	42,783	88,473	70,878
Transfers in (out)	5,368	4,114	(5,368)	(4,114)		
Increase in net position	28,648	32,209	59,825	38,669	88,473	70,878
Net position at beginning of year	723,865	691,656	1,111,826	1,073,157	1,835,691	1,764,813
Net position at end of year	\$ 752,513	\$ 723,865	\$ 1,171,651	\$ 1,111,826	\$ 1,924,164	\$ 1,835,691

REVENUES BY SOURCE – GOVERNMENTAL ACTIVITIES



Governmental activities. Governmental activities increased the City's net position by \$28,648. Key elements of this increase are as follows:

The most significant revenues of the governmental activities are general taxes (57%), which include transient occupancy taxes (27%), property taxes (14%), sales and use taxes (14%), and other taxes (2%). Program revenues are 40% of the total revenues of the governmental activities, which include operating grants and contributions (22%), capital grants and contributions (4%), and charges for services (15%); other revenues (less than 1%), and unrestricted investment earnings less than 3% of the total revenues.

Public safety (Police and Fire & Rescue) expenses are the most significant (46%) of all governmental activities' expenses, followed by Community & Economic Development (17%), Public Works (9%), Community Services (8%), interest on long-term debt (6%), and various other programs (14%). Included in these amounts is depreciation expense, which is 6% of the total expenses for governmental activities.

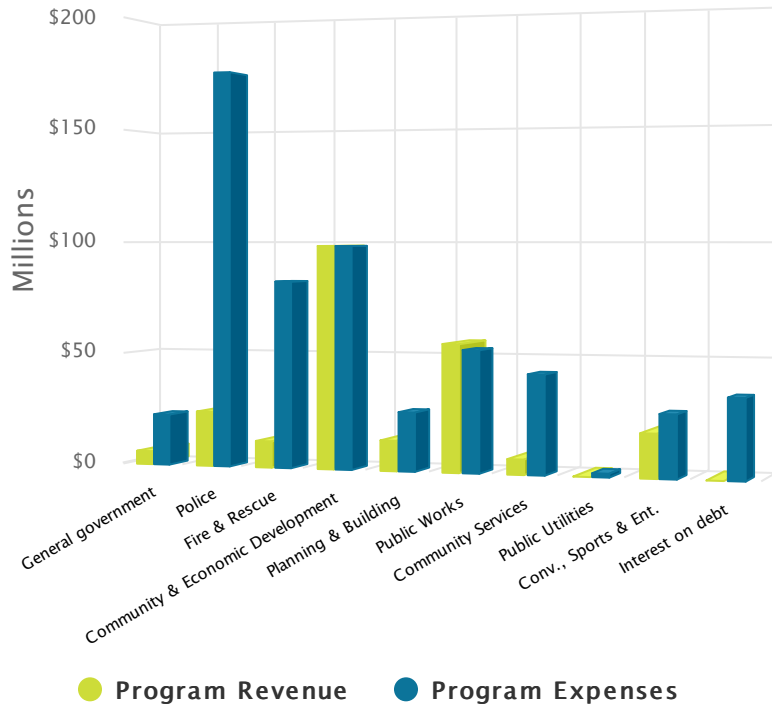
Governmental activities revenues increased \$18,109 (3%) as compared to the prior fiscal year due to the following:

- Taxes increased \$15,365 (5%) mainly due to the increase of \$7,023 (5%) in transient occupancy taxes (TOT). TOT increases are largely attributable to the continued growth of the tourism industry. The addition of seven new hotels since 2016 adding over 1,500 additional rooms to the City's hotel supply, the opening of the

Disney's new Guardians of the Galaxy – Mission Breakout ride in May 2017, and the grand opening of the Anaheim Convention Center Expansion, Betterment VII in September 2017 adding 200,000 square foot exhibit space, have drawn new and returning visitors to the City. Property taxes increased \$4,275 (6%) primarily due to increases in housing demand, additions of new hotels, and developments within the Platinum Triangle providing an increase to the property base upon which taxes are levied. Sales and use tax increased \$4,250 (5%) due to general growth in the economy.

- Charges for services decreased by \$672 (less than 1%) primarily due to a decrease of \$635 in labor cost reimbursements from the California Office of Emergency Services for providing fire strike team assistance to various fire incidents in the prior fiscal year; a decrease of \$2,335 in construction permits and the related inspections mainly due to timing of construction activities. These decreases are partially offset by an increase of \$999 in special assessment revenues in the Anaheim Resort Maintenance District and the Anaheim Tourism Improvement District; and \$1,461 of realized gain from the sale of a land parcel located at the northwest corner of Anaheim Boulevard.
- Operating grants increased by \$14,815 (13%) primarily attributable to increases in federal fundings of \$2,866 in HOME grant; \$1,076 in the Community Development Block Grant (CDBG); and \$1,987 in Urban Area Security Initiative (UASI) Grant due to project timing, a one-time grant of \$3,691 from the State of California for the Homeless Emergency Assistance Program Funds, and an increase of \$4,447 in revenue allocations from the State of California for road maintenance and rehabilitation per the Road Repair and Accounting Act of 2017 (SB1 Beall) for a full fiscal year, and partially resulting from the 12 cent gasoline excise tax per gallon being applicable for the entire fiscal year.
- Capital grants and contributions decreased by \$18,005 (46%). Decreases of \$10,763 in developer impact revenues and \$5,168 in grant reimbursements are primarily due to timing of projects; and a decrease of \$3,162 in one-time capital asset contributions from the prior fiscal year in the Honda Center.
- Unrestricted interest earnings increased \$12,871 (462%) due to the rise in interest rates.
- Governmental activities net transfer in increased \$1,254. There were no significant changes to note.

**EXPENSES AND PROGRAM REVENUES –
GOVERNMENTAL ACTIVITIES**



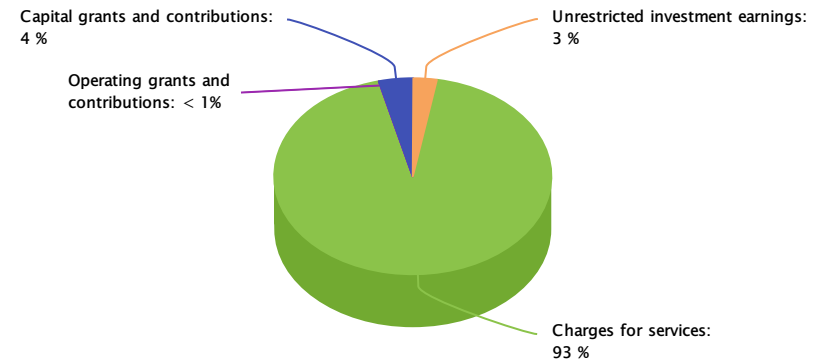
Governmental activities expenses increased \$22,924 (4%) as compared to the prior fiscal year.

Key elements of the change are as follows:

- The increase in General government expenses of \$6,360 (41%) is primarily due to \$5,712 of costs incurred during fiscal year 2019 to operate the temporary homeless shelters at the Salvation Army Shelter, La Mesa Street Shelter and the State College Temporary Shelter.
- The increase in Public safety expenses of \$2,908 (1%). There are no significant changes to note..

- The increase in Community & Economic Development expenses of \$2,751 (3%) is mainly due to increase of \$554 in Section 8 rental assistance, as fewer residents were assisted at a higher cost per resident, and additional housing development costs of \$648.
- The increase in Community Services of \$4,198 (11%) is primarily due to new park developments and facilities that were placed in service during the fiscal year resulting in a depreciation expense increased of \$1,803; and facility rental and facility major component maintenance increased by \$710.
- The increase in Convention, Sports and Entertainment expenses of \$7,733 (39%) is primarily due to realized loss of \$6,276 on the sale of land surrounding the Honda Center. Additional information about the sale of the land parcel can be found in the Capital Asset discussion on page 30-31 of this report. An increase of \$546 in depreciation expense was due to new capital assets that were placed in service and an increase of \$665 in Anaheim Tourism Improvement District distribution to Visit Anaheim based on increased special assessment receipts.

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



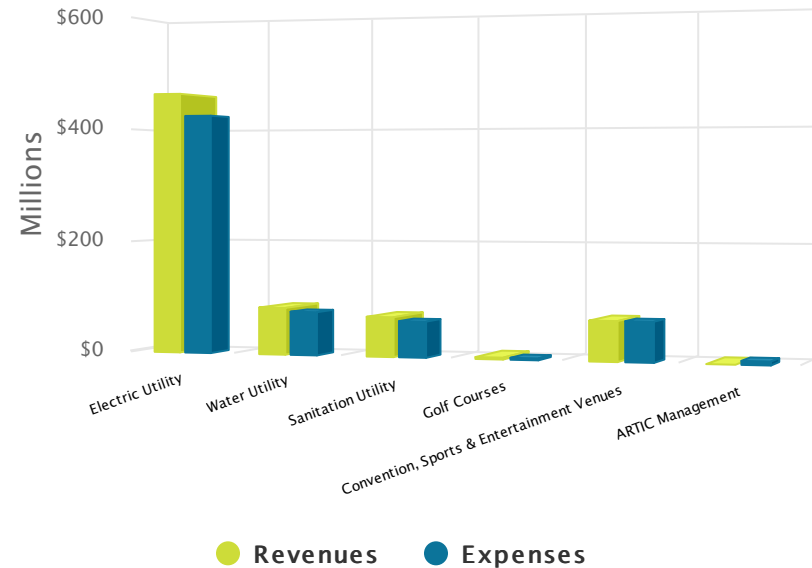
Business-type activities. Business-type activities increased the City's net position by \$59,825. Key elements of this change are as follows:

Charges for services of \$663,275 increased by \$24,708 (4%) due to the following:

- The increase of \$15,427 (3%) in Electric Utilities charges for services is primarily attributable to the following: a) wholesale revenues totaled \$38,138 and increased by \$9,259 resulting from higher electric wholesale prices along with additional energy available for sale; b) Rate Stabilization revenue (RSA) of \$15,000 was recognized for the current fiscal year while there was no RSA recognized in the prior fiscal year. Additional information about the RSA can be found in note 1 of the notes to the financial statement on pages 61-62 of this report; and offset by c) retail sales of electricity, net of allowance for bad debts, totaled \$362,873 and decreased by \$8,484 primarily due to moderate weather during the year as well as the continued implementation of energy efficiency programs that resulted in less energy consumption.
- The increase of \$575 (less than 1%) in Water Utilities charges for services is primarily due to rate increase charged to its customers effective in April 2019.
- The increase of \$2,898 (4%) in Sanitation Utility charges for services is attributable to a 3% rate increase charged to its customers in both solid waste collection and disposal, and wastewater during the entire fiscal year.
- The increase of \$6,088 (14%) in the Convention, Sports and Entertainment Venues Fund is primarily due to a \$7,860 realized gain on the sale of the Convention Center Car Park 7. Additional information about the sale of the Car Park 7 can be found in the Capital Asset discussion on page 30-31 of this report. Offsetting the increase is a decrease of \$1,795 in concession revenues resulting from an event mix that used less technology and food.
- The decrease of \$313 (23%) in ARTIC Management is mainly due to lower occupancy and less advertising revenues during the current fiscal year.

Business-type activities net transfer out increased \$1,254. There were no significant changes to note.

EXPENSES AND PROGRAM REVENUES – GOVERNMENTAL ACTIVITIES



Total expenses of \$645,904 increased \$37,256 (6%). Key elements of the changes are due to the following:

- The increase in Electric Utility expenses of \$30,498 (8%) reflects an increase of \$50,583 (21%) primarily due to higher natural gas prices that resulted from a one-time major maintenance project of local gas pipelines. These gas pipelines are used for transporting natural gas which in turn is used in a variety of ways for the generation of electricity; higher wholesale energy prices, and increased transmission congestion prices due to fires and transmission outages also drove the increase in power costs. The increase in purchased power is partially offset by the decreases of \$11,063 in fuel and generation, \$4,169 in operation, maintenance and administration, and \$7,247 in depreciation expense resulting from the Electric Utility having relinquished its ownership rights in the San Juan Coal Unit in the prior fiscal year. The recognition of Cap and Trade funds further offset the increase. Additional information about the Electric Utility's Cap and Trade program can be found in note 14 on page 102 of this report. The Electric Utility continues to exercise its due diligence in implementing the best strategies in order to procure lower power costs and to comply with Renewable Portfolio Standards (RPS) requirements.

- The increase in Water Utility expenses of \$729 (less than 1%) is attributable mainly to an increase of \$1,068 (18%) in interest expense as the Water Utility early implemented GASB Statement 89. *Accounting for interest costs incurred before the end of a construction period*, an increase of \$744 in operation, maintenance, and administration costs mainly due to increase in maintenance costs; partially offset by a decrease in purchased water and treatment and pumping costs of \$1,571 (4%) related to lower water demand caused by more rainfall and cooler temperature during the current fiscal year.
- The increase in Sanitation Utility expenses of \$3,514 (6%) is primarily due to rate and volume increases of waste disposal services and gate fees and the timing of infrastructure maintenance.
- The increase in Golf Courses expenses of \$56 (1%). There were no significant increase to note.
- The increase in Convention, Sports & Entertainment Venues expenses of \$2,129 (3%) is mainly due to increase in interest expense as there was no capitalized interest for the year since the Convention Center Expansion construction was completed in the prior fiscal year.
- The increase in ARTIC Management expenses of \$330 (5%). The increase is primarily due to the an uncollectible tenant receivable of \$275.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

At the end of the current fiscal year, the City's governmental funds reported total ending fund balances of \$486,376, an increase of \$12,861 in comparison with the prior fiscal year. Of the total fund balance of \$486,376, restricted fund balance totaled \$385,680 (79%) and indicates the use of resources are constrained by external parties, resource providers, constitutions or enabling legislations. Unassigned fund balance totaled \$34,238 (7%) and is available for spending at the City's discretion. The remaining fund balance is \$66,458 (14%), of which \$12,295 is not in spendable form, \$3,812 was committed to neighborhood and community projects and \$50,351 that was assigned for particular purposes.

Governmental revenues totaled \$592,700 while expenditures were \$586,866.

The General Fund is the general operating fund of the City. At June 30, 2019, the General Fund reported a total ending fund balance of \$64,059 and consisted of the following:

- \$756 was nonspendable for inventory, prepaid and other assets
- \$4,627 was restricted for claims and judgments
- \$15,221 was assigned for encumbrances and other purposes
- \$43,455 was unassigned

General Fund total revenues increased \$23,197 (6%) as compared to the prior fiscal year primarily attributable to the following:

- Total taxes increased by \$14,274 (4%) due to growth in the overall economy. Taxes are the largest revenue sources of the General Fund and they accounted for \$335,737 or 81% of the total General Fund revenues. During fiscal year 2019, transient occupancy taxes (TOT) increased by \$7,023 (5%), property taxes increased by \$4,275 (6%), sales and use taxes increased by \$3,112 (4%); and other taxes decreased by \$136 (2%).
- Licenses, fees and permits decreased by \$3,272 (10%) mainly due to timing of overall construction and development activities.
- Use of money and property increased by \$7,114 (75%) mainly due to proceeds of \$11,991 from the sale of Platinum Triangle land parcel (\$1,900), and \$10,091 from the sale of land parcel surrounding the Honda Center. Land sale proceeds in the prior fiscal year were \$6,331 from the sale of 1221 South Auto Center Drive; investment income increased by \$1,673 due to higher investment earnings.

General Fund expenditures increased by \$22,720 (7%), of which \$5,077 (1%) was attributable to increases in labor and benefit costs as required from various labor contracts, an increase of \$11,697 was due to \$5,712 in operating costs of the three temporary emergency homeless shelters, and \$5,985 in property acquisition and building renovation for the La Mesa Street Shelter. The key elements of the changes are discussed in the government-wide financial analysis of the governmental-activities.

The Housing Authority Fund revenues decreased by \$963 (1%) primarily due to \$4,230 one-time revenues in the prior fiscal year from loan payoff and conduit bond administration fees; partially offset by an increase in investment income of \$2,582 and \$790 in federal funding for Section 8 rental assistance.

The Housing Authority expenditures decreased by \$1,859 (2%). The decrease of \$5,581 was due to prior year capital asset acquisitions and improvements; offset by an increase of \$2,336 in development loan to the El Verano Apartments housing project, \$554 increase in Section 8 rental assistance as fewer residents were assisted at a higher cost per resident, and additional housing development costs of \$648.

Total nonmajor governmental funds revenues increased by \$4,311 (5%). The most significant factors of the changes are discussed in the government-wide financial analysis of the governmental-activities.

Total nonmajor governmental funds other financing sources increased by \$1,191 (2%). In April 2019, the City issued the 2019 Anaheim Public Financing Authority (APFA) Refunding Bonds Series A & B in the principal amount of \$175,565 with a premium of \$35,279 to refund the \$209,065 outstanding principal balances of the 2007 APFA Series A1 & A2.

Total nonmajor governmental funds expenditures increased by \$21,037 (16%). Debt services increased \$19,910, of which principal payment increased \$17,379 and interest payment increased \$2,531. Bond issuance cost amounted to \$1,748. Other key elements of the changes are discussed in the government-wide financial analysis of the governmental-activities.

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

- The Electric Utility net position increased by \$26,282 (7%) in the current fiscal year.

- The Water Utility fund net position increased by \$9,155 (5%) in the current fiscal year.
- The Sanitation fund net position increased by \$4,274 (4%) in the current fiscal year.
- The Golf Courses fund net position decreased by \$683 (12%) in the current fiscal year.
- The Convention, Sports and Entertainment Venues fund net position increased by \$19,762 (8%) in the current fiscal year.
- The ARTIC Management fund net position increased by \$591 (less than 1%).

GENERAL FUND BUDGETARY HIGHLIGHTS

During the year, the original budget was amended to increase appropriations by \$16,474 (5%). The increase in appropriations was primarily the result of the carryover of prior year appropriations and amendments amounting to \$12,974 and the reallocation of appropriations from other funds of \$3,500. These amendments were funded from savings in other programs of the General Fund during the year and from reserves.

General Fund revenues of \$412,996 were greater than budgeted revenues of 394,529 by \$18,467 (5%), primarily due to proceeds from sale of properties and higher investment income.

General Fund expenditures were less than budgeted. Of the total appropriations of \$350,987, approximately 1%, or \$4,241, went unspent. There were no other significant variances.

CAPITAL ASSETS AND DEBT ADMINISTRATION

CAPITAL ASSETS
(net of accumulated depreciation)
JUNE 30, 2019 AND 2018

	Governmental Activities		Business-type Activities		Total Government	
	2019	2018	2019	2018	2019	2018
Land	\$ 653,769	\$ 658,827	\$ 92,700	\$ 89,505	\$ 746,469	\$ 748,332
Construction in Progress	48,848	71,013	278,200	200,603	327,048	271,616
Building, structures, and improvements	220,141	193,896	706,271	718,550	926,412	912,446
Utility plant			1,044,461	1,037,864	1,044,461	1,037,864
Machinery and equipment	45,703	44,487	27,268	13,308	72,971	57,795
Infrastructure	436,915	433,131			436,915	433,131
Total	\$ 1,405,376	\$ 1,401,354	\$ 2,148,900	\$ 2,059,830	\$ 3,554,276	\$ 3,461,184

Capital assets. The City's investment in capital assets for its governmental and business-type activities at June 30, 2019 amounted to \$3,554,276 (net of accumulated depreciation). This investment in capital assets included land, construction in progress, buildings, structures and improvements, utility plant, machinery and equipment, and infrastructure. The total increase over the prior fiscal year was 3% (\$93,092), of which governmental activities increased less than 1% (\$4,022) and business-type activities increased 4% (\$89,070).

Governmental activities capital asset additions totaled \$64,173, capital assets transferred from business-type activities was \$120, capital asset retirements, net of accumulated depreciation was \$17,566 offset by current year depreciation of \$42,727. Major capital asset activities during the current fiscal year include the following:

- Additions of \$36,080 in construction work in progress which consist of various street improvements and street widening totaled \$25,757 including the La Palma/State College street widening (\$2,412), Gene Autry Way Street Improvement (\$4,762), and Blue Gum Street, Miraloma Avenue (\$2,765), Sabina Neighborhood improvement(\$2,492), and King Court Neighborhood (\$2,582). Park developments totaled \$5,427 including Ponderosa Park (\$246), and Anaheim Coves North Park Improvement (\$3,172). Building and structure improvements totaled \$4,213 including the Honda Center arena seating (\$1,287), and the City hall air condition unit replacement (\$1,155).
- Completion of \$57,488 of construction work in progress included Brookhurst Street Widening (\$9,867), Ball/Sunkist Intersection Improvement (\$3,952), Lincoln Avenue/State

College Improvement (\$680), Orange Avenue/Western (\$873), Ponderosa Park Improvement (\$16,215), Anaheim Cove North Park Improvement (\$6,150), Miraloma Park Development (\$5,084), and Fire Station 5 (\$5,370).

- Acquisitions of various vehicles and equipment totaled \$8,445.
- Public right-of-way and land and building additions of \$16,622, which include \$7,274 for street widening purposes, \$1,019 for housing development purposes, \$5,569 for the La Mesa Shelter, and \$2,760 for other general improvements.
- In November 2018, the City, to further the objectives of the Platinum Triangle Master Land Use Plan (PTMLUP), authorized the sale of approximately 16 acres (portions of parcels 1, 3, 4, and 5) of city-owned land surrounding the Honda Center to TS Anaheim, LLC, an affiliate of Anaheim Arena Management, LLC (AAM) and controlled by H&S Ventures, LLC. The land sold was severely encumbered with 3,900 parking spaces held for the Honda Center, thereby limiting the City's ability to develop the land due to the need to satisfy parking requirements before any development could occur. In approving the sale, the City noted that AAM was better positioned to develop the land around the Honda Center and to find solutions to mitigate traffic through greater use of the ARTIC station.

The land was sold at a fair market value of \$10,100 with covenants restricting the change of use and sale of the land. The sale required the buyer to submit a development plan within 18 months after the close of escrow. If the land is not developed, the City has

the option to repurchase it when the Honda Center Facility Management Agreement terminates in 2048.

As part of the sale, the City was granted at no cost to City, a perpetual, irrevocable, non-exclusive easement to portions of the property as it existed at the time of sale, or as it changes if developed.

The sale was completed on January 31, 2019. The land parcel and the related land development and improvements have a book value of \$16,567. The City realized a loss on sale of land in the amount of \$6,276. The sale of the land relieved the City of General Fund obligation for maintenance and other costs related to the 3,900 parking spaces.

- In October 2018, the City sold a remnant parcel at the northwest corner of Anaheim Boulevard with a book value of \$439 at fair market value of \$1,900 resulting in net realized gain of \$1,461.

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

- The Electric Utility increase of \$61,015 (7%) is comprised of capital asset additions of \$102,740, and offset by \$41,725 for the current year addition to accumulated depreciation. Construction work in progress increased by \$63,662 mainly due to \$98,586 in additions of capital projects offset by work completed of \$34,924. Construction work in progress of the Electric Utility includes replacement of aging overhead electrical lines with state-of-the-art underground projects related to Underground District #57 Phase II at Dale Avenue, Underground District #62 from Miraloma Avenue to Miller Street to La Palma Avenue. The Electric Utility made substantial progress in the construction of the Harbor Substation, which is located at the Northeast corner of Katella Avenue and Zyen Street along with ongoing replacement of aging circuit breakers, poles, transformers and switches throughout the City. The Electric Utility also replaced 1,866 street lights with more efficient LED lights. During the year, the Electric Utility purchased 282 new transformers to replace the aging ones.
- The Water Utility increase of \$26,004 (8%) is comprised of capital asset additions of \$37,617 and offset by current year accumulated depreciation addition of \$11,613. Construction work in progress increased by \$16,761 primarily due to \$34,250 in addition of capital projects offset by work completed of \$17,489. These projects include Downtown Anaheim Recycled Water Expansion,

Maychelle Water Main Replacement, and Lincoln Avenue Water Main Replacement.

- The Sanitation Utility increase of \$637 (1%) is comprised of capital asset additions of \$3,838, and partially offset by the current year additions to accumulated depreciation of \$3,011. Construction work in progress decreased by \$1,907 primarily due to \$3,378 in addition of projects offset by work completed of \$5,285. These projects include sanitary sewer improvements at East Orangewood, Crescent, Anaheim Hills, and Anaheim Boulevard.
- The Golf Courses decrease of \$495 (6%) is due to current year additions to accumulated depreciation of \$495.
- The Convention, Sports and Entertainment Venues increase of \$4,200 (1%) is comprised of capital asset additions of \$24,173, and partially offset by the current year additions to accumulated depreciation of \$19,864, and sale of land with a net book value of \$111. The current year additions included scoreboard of \$17,748 at the Stadium, chiller and air handler and other equipment of \$1,031, land acquisition of \$3,305, and building and structures improvements of \$2,089.

In July 2016, The City approved a development agreement that would permit FJS, Inc., a Texas corporation (FJS), to remove an existing structure and construct an eight-story, 634-room hotel at 1030 West Katella Avenue, Anaheim, CA. The City also approved the sale to FJS of an adjacent 1.67-acre triangular portion of City-owned land at a fair market value of \$7,993 resulting in a net gain to the City of \$7,860.

At the time of sale, the parcel sold was being used by the City for ingress and egress activities to and from the adjacent Anaheim Convention Center. As part of the development agreement and sale of property, FJS agreed to convey to the City a parking and access easement over and across a portion of FJS combined property (property already owned, and property being purchased). The purchase price of the easement was \$3,300. The sale of the land and purchase of the easement were completed in December 2018.

- The ARTIC Management decrease of \$2,291 (1%) is mainly due to current year addition to accumulated depreciation \$2,312 offse by equipment purchase of \$21.

Additional information on the City' Capital Assets can be found in notes 1 and 6 of the notes to the financial statements, on page 59 and page 75-76 of this report.

LONG-TERM LIABILITIES
JUNE 30, 2019 AND 2018

	Governmental		Business-type		Total	
	Activities		Activities		Government	
	2019	2018	2019	2018	2019	2018
Long-term debts from direct borrowings and direct placements:						
Interest payable			\$ 3,292	\$ 2,998	\$ 3,292	\$ 2,998
Notes and loans payable	\$ 23,796	\$ 28,008	13,418	16,972	37,214	44,980
Revenue bonds	600,444	621,675	1,172,354	1,214,339	1,772,798	1,836,014
Total	<u>624,240</u>	<u>649,683</u>	<u>1,189,064</u>	<u>1,234,309</u>	<u>1,813,304</u>	<u>1,883,992</u>
Other long-term liabilities:						
Capital lease obligations	1,988	1,550			1,988	1,550
Due to other governments	22,580	28,948			22,580	28,948
Self-insurance	53,247	54,312			53,247	54,312
Compensated absences	21,822	21,090			21,822	21,090
San Juan reclamation obligation			6,377	6,232	6,377	6,232
Provision for decommissioning liability			86,409	92,098	86,409	92,098
Net OPEB liability	138,177	138,177	46,674	48,475	184,851	186,652
Net pension liability	595,400	603,170	165,626	174,575	761,026	777,745
Total	<u>833,214</u>	<u>847,247</u>	<u>305,086</u>	<u>321,380</u>	<u>1,138,300</u>	<u>1,168,627</u>
Total long-term liabilities	<u>\$ 1,457,454</u>	<u>\$ 1,496,930</u>	<u>\$ 1,494,150</u>	<u>\$ 1,555,689</u>	<u>\$ 2,951,604</u>	<u>\$ 3,052,619</u>

Long-term liabilities. At June 30, 2019, The City's outstanding long-term liabilities totaled \$2,951,604, a decrease of \$101,015 (3%) in which long-term debts from direct borrowings and direct placements decreased by \$70,688, and other long-term liabilities decreased by \$30,327.

Long-term debts from direct borrowings and direct placements including revenue bonds, notes and loans payable, and interest payable due in more than one year totaled \$1,813,304 at June 30, 2019. Key changes include the following:

- Long-term debts in Governmental activities totaled \$624,240 and decreased by \$25,443 (4%). The decrease is primarily due to principal payments of \$33,397, payment made on accretion of capital appreciation bonds of \$14,746, offset by additions of accrued accretion payable of \$19,892 and the annual amortization of discounts/premium of \$1,030. In April 2019, the City issued the 2019 APFA Series A and B with a principal amount of \$175,565 and at a premium of \$35,278 to refund the \$209,065 outstanding principal balance of the 2007 APFA 2007 Series A1 and A2.

- Long-term debt in the business-type activities totaled \$1,189,064 and decreased by \$45,245 (4%). The decrease is primarily due to current year principal payments of \$34,194 offset by an increase in accrued interest payable of \$294 and amortization of premium/discount of \$11,345.

Other long-term liabilities include self-insurance, compensated absences, provision for decommissioning liability, net OPEB liability, and net pension liability totaling \$1,138,300 at June 30, 2019. Key changes include the following:

- Other long-term liabilities in the governmental activities totaled \$833,214 and decreased by \$14,033 (3%). The decrease is due to a \$6,368 adjustment to the estimated liability due to other governments from the Long Range Property Management Plan. Additional information about the amount due to other government can be found in note 9 of the notes to the financial statements on page 88-90 of this report; other changes include a decrease of \$1,065 in self-insurance, an increase of \$438 in

capital lease obligation, and an increase of \$732 in compensated absences. Net pension liabilities decreased by \$7,770 primarily due to favorable plan investment earnings.

- Other long-term liabilities in the business-type activities totaled \$305,086 decreased by \$16,294. The change is primarily due to a decrease of \$5,689 in provision for decommissioning liability from current year payments in decommissioning costs offset by an increase in San Juan reclamation obligation of \$145. Net OPEB liabilities decreased by \$1,801 and net pension liabilities decreased by \$8,949 attributable to favorable plan investment earnings.

Additional information on the City's long-term liabilities can be found in notes 7, 8, 9, 10, 11 and 12 of the notes to the financial statements, on pages 77-99 of this report.

ECONOMIC FACTORS

There remains a focus on public pensions and their sustainability; many assumptions are used to estimate the ultimate liability of pensions and the contributions that will be required to meet those obligations. One of the most significant factors used in determining the funding requirements is the rate of return that investments will yield prior to making payments, known as the discount rate. The CalPERS Board of Administration approved a discount rate of 7.25% for fiscal year 2019-2020 in determining the unfunded pension liability and funding requirements. Beginning in fiscal year 2020-2021, the discount rate used to determine the required contributions by CalPERS will be 7.00%. Additional information about the City's retirement plans can be found in note 11 of the notes to the financial statements on pages 91-96 of this report.

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

For the 2020 fiscal year, the City appropriated \$376,536 in estimated available resources of \$423,081 for General Fund spending. This leaves \$46,545 in estimated available reserves, which is 12% of General Fund appropriations. The City's long-standing policy is to maintain General Fund reserves of at least 7% to 10% of annual appropriations.

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

Tourism plays a significant role in the economies of California, Orange County and the City of Anaheim. While Anaheim has been able to compete for and capture a significant portion of tourism revenue, Anaheim has long recognized its inability to robustly tap into the upscale convention and tourism business. In May 2013 and June 2015, the City entered into four economic assistance agreements to provide economic assistance in the development of four-diamond quality hotels thus creating the desired number of luxury rooms within the City. As such the program was rescinded for terminated for future developments in December 2016. Provision of economic assistance is contingent upon completion of construction of the hotels, the commencement of and continued operations as a four-diamond quality, and the generation of and payment to the City of TOT. The contemplated hotels have yet to be built, and therefore cannot operate, generate nor pay TOT, and as such no economic assistance is required by the City at this time. Once the hotels are constructed and operated at the required quality level, the City will use an amount equal to 70% of the TOT generated and paid to the City to fund the corresponding economic assistance referenced above. Additional information about the City's Tax Abatement can be found in note 5 of the notes to the financial statements on page 74-75 of this report.

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

REQUESTS FOR INFORMATION

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



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Basic Financial Statements



Statement of Net Position

June 30, 2019 (In thousands)

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 61,420	\$ 44,338	\$ 105,758
Investments	283,217	197,693	480,910
Accounts receivable, net	24,031	58,699	82,730
Accrued interest receivable	1,973	2,574	4,547
Internal balances, net	14,682	(14,682)	
Due from other governments	37,697		37,697
Inventories	1,276	20,474	21,750
Land held for resale, net	22,035		22,035
Prepaid and other assets	14,465	108,546	123,011
Restricted cash and cash equivalents	34,145	74,180	108,325
Restricted investments	163,739	235,283	399,022
Unamortized prepaid bond insurance	505		505
Notes receivable, net	72,236		72,236
Due from Successor Agency	9,466		9,466
Capital assets, net:			
Nondepreciable	702,617	370,900	1,073,517
Depreciable	702,759	1,778,000	2,480,759
Total assets	<u>2,146,263</u>	<u>2,876,005</u>	<u>5,022,268</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charges on refunding bonds	3,927	17,323	21,250
Deferred OPEB related items	15,635	4,897	20,532
Deferred pension related items	122,701	29,140	151,841
Total deferred outflows of resources	<u>142,263</u>	<u>51,360</u>	<u>193,623</u>

(Continued)

Statement of Net Position

June 30, 2019 (In thousands)

	Governmental Activities	Business-type Activities	Total
LIABILITIES			
Accounts payable	\$ 32,262	\$ 94,980	\$ 127,242
Wages payable	9,338	1,739	11,077
Interest payable	2,692	12,006	14,698
Arbitrage rebate liability		183	183
Deposits	7,549	13,506	21,055
Unearned revenues	3,752	2,475	6,227
Long-term liabilities:			
Other long-term liabilities due within one year	28,442		28,442
Long-term debts due within one year	27,679	39,723	67,402
Interest payable due in more than one year		3,292	3,292
Other long-term liabilities due in more than one year	71,195	92,786	163,981
Long-term debts due in more than one year	596,561	1,146,049	1,742,610
Net OPEB liability	138,177	46,674	184,851
Net pension liability	595,400	165,626	761,026
Total liabilities	<u>1,513,047</u>	<u>1,619,039</u>	<u>3,132,086</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Regulatory credits		103,500	103,500
Deferred Regulated business activities		22,846	22,846
Deferred item on refunding bonds		591	591
Deferred OPEB related items	8,692	4,049	12,741
Deferred pension related items	14,274	5,689	19,963
Total deferred inflows of resources	<u>22,966</u>	<u>136,675</u>	<u>159,641</u>
NET POSITION			
Net investment in capital assets	1,040,595	1,058,213	2,098,808
Restricted for:			
Debt service	220	25,598	25,818
Capital projects	88,790	57,199	145,989
Community and economic development	109,250		109,250
Streets, roads and transportation improvement projects	51,380		51,380
Other purposes	16,807	5,937	22,744
Unrestricted	(554,529)	24,704	(529,825)
Total net position	<u>\$ 752,513</u>	<u>\$ 1,171,651</u>	<u>\$ 1,924,164</u>

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

Statement of Activities

Year Ended June 30, 2019 (In thousands)

Functions/Programs	Expenses	Indirect Expenses Allocation	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Total
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
Governmental activities:								
General government	\$ 37,625	\$ (15,620)	\$ 1,742	\$ 4,527		\$ (15,736)		\$ (15,736)
Police	171,216	4,193	15,901	8,577	\$ 29	(150,902)		(150,902)
Fire & Rescue	82,541	407	10,949	942	460	(70,597)		(70,597)
Community & Economic Development	98,261	557	7,531	90,728		(559)		(559)
Planning & Building	25,188	1,060	11,715	1,346		(13,187)		(13,187)
Public Works	53,702	40	21,075	22,539	13,247	3,119		3,119
Community Services	42,421	797	3,174	1,676	2,604	(35,764)		(35,764)
Public Utilities	2,476					(2,476)		(2,476)
Convention, Sports & Entertainment	27,382	281	14,802		4,995	(7,866)		(7,866)
Interest on long-term debt	35,149					(35,149)		(35,149)
Total governmental activities	<u>575,961</u>	<u>(8,285)</u>	<u>86,889</u>	<u>130,335</u>	<u>21,335</u>	<u>(329,117)</u>		<u>(329,117)</u>
Business-type activities:								
Electric Utility	420,102	4,970	459,182		5,307		\$ 39,417	39,417
Water Utility	75,242	1,242	79,649		3,433		6,598	6,598
Sanitation Utility	64,124	535	68,036	231	385		3,993	3,993
Golf Courses	4,847	107	4,306				(648)	(648)
Convention, Sports and Entertainment Venues	66,756	1,431	51,072		19,283		2,168	2,168
ARTIC Management	6,548		1,030				(5,518)	(5,518)
Total business-type activities	<u>637,619</u>	<u>8,285</u>	<u>663,275</u>	<u>231</u>	<u>28,408</u>		<u>46,010</u>	<u>46,010</u>
Total government	<u>\$ 1,213,580</u>	<u>\$ (8,285)</u>	<u>\$ 750,164</u>	<u>\$ 130,566</u>	<u>\$ 49,743</u>	<u>(329,117)</u>	<u>46,010</u>	<u>(283,107)</u>
General revenues:								
Taxes:								
Property taxes						80,822		80,822
Sales and use taxes						84,982		84,982
Transient occupancy taxes						161,948		161,948
Other taxes						8,893		8,893
Unrestricted investment earnings						15,654	19,183	34,837
Other						98		98
Transfers						5,368	(5,368)	
Total general revenues and transfers						<u>357,765</u>	<u>13,815</u>	<u>371,580</u>
Change in net position						28,648	59,825	88,473
Net position at beginning of year						<u>723,865</u>	<u>1,111,826</u>	<u>1,835,691</u>
Net position at end of year						<u>\$ 752,513</u>	<u>\$ 1,171,651</u>	<u>\$ 1,924,164</u>

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



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Balance Sheet

Governmental Funds

June 30, 2019 (In thousands)

	General	Housing Authority	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 8,901	\$ 14,617	\$ 20,305	\$ 43,823
Investments	38,625	68,082	94,532	201,239
Accounts receivable, net	17,648	42	1,751	19,441
Accrued interest receivable	277	430	822	1,529
Due from other funds	1,586	2,150	8,037	11,773
Due from other governments	19,532	52	18,113	37,697
Inventories	258			258
Land held for resale, net		6,032	16,003	22,035
Prepaid and other assets	498	36	11,503	12,037
Restricted cash and cash equivalents		1,005	32,910	33,915
Restricted investments			163,739	163,739
Notes receivable, net		48,741	23,495	72,236
Due from Successor Agency			9,466	9,466
Total assets	<u>\$ 87,325</u>	<u>\$ 141,187</u>	<u>\$ 400,676</u>	<u>\$ 629,188</u>
LIABILITIES				
Accounts payable	\$ 10,358	\$ 1,252	\$ 13,979	\$ 25,589
Wages payable	4,398	95	228	4,721
Deposits	5,976	112	1,461	7,549
Due to other funds	585		10,187	10,772
Unearned revenue	500	843		1,343
Total liabilities	<u>21,817</u>	<u>2,302</u>	<u>25,855</u>	<u>49,974</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues	1,449	33	10,538	12,020
Unavailable resources- long-term notes receivable		48,741	23,495	72,236
Unavailable resources - due from Successor Agency			8,582	8,582
Total deferred inflows of resources	<u>1,449</u>	<u>48,774</u>	<u>42,615</u>	<u>92,838</u>
FUND BALANCES:				
Nonspendable :				
Inventory	258			258
Prepaid and other assets	498	36	11,503	12,037
Restricted:				
Anaheim Resort maintenance and improvement			5,018	5,018
Capital projects			5,967	5,967
Claims and judgments	4,627			4,627
Community and economic development projects			19,425	19,425
Debt service			157,592	157,592
Development impact projects			80,757	80,757
Grant purposes			4,624	4,624
Homebuyer assistance programs		1,215	7,581	8,796
Low and moderate income housing		57,838		57,838
Rental assistance		2,588		2,588
Streets, roads and transportation improvement projects			38,448	38,448
Committed for neighborhood and community projects			3,812	3,812
Assigned:				
Capital projects			4,370	4,370
Debt service			1,599	1,599
Housing projects		28,434		28,434
Other purposes	15,221		727	15,948
Unassigned	<u>43,455</u>		<u>(9,217)</u>	<u>34,238</u>
Total fund balances	<u>64,059</u>	<u>90,111</u>	<u>332,206</u>	<u>486,376</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 87,325</u>	<u>\$ 141,187</u>	<u>\$ 400,676</u>	<u>\$ 629,188</u>

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

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

June 30, 2019 (In thousands)

Total fund balances - governmental funds		\$	486,376
Amounts reported for governmental activities in the Statement of Net Position are different because:			
Capital assets used in the operation of governmental funds are not current financial resources and, therefore, are not reported in the funds. These assets consist of:			
Land	\$	653,769	
Construction in progress		44,812	
Buildings, structures and improvements		389,336	
Machinery and equipment		70,685	
Infrastructure		897,787	
Accumulated depreciation		<u>(682,167)</u>	
Total capital assets, net			1,374,222
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as deferred inflows of resources in the funds.			92,838
Unamortized prepaid bond insurance (\$505) and deferred charge on refunding bonds (\$3,927) are not current financial resources, and, therefore, are not reported in the funds.			4,432
Internal service funds are used by management to charge the costs of certain activities, such as insurance, employee benefits, and fleet services, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position.			26,383
Compensated absences, not otherwise included in the internal service funds, are not due and payable in the current period and, therefore, are not reported in the funds.			(605)
Certain liabilities are not due and payable in the current period, and therefore, are not reported in the funds.			(22,580)
Effects of net pension obligation and other post employment benefits (OPEB) obligations are not due and payable in the current period, and therefore, are not reported in the funds.			
Deferred outflows of resources		129,477	
Net OPEB obligation		(127,910)	
Net pension obligation		(564,448)	
Deferred inflows of resources		<u>(20,965)</u>	(583,846)
Long-term liabilities of governmental funds, including bonds (\$600,444), notes and loans payable (\$21,611), and accrued interest payable (\$2,652) are not due and payable in the current period and, therefore, are not reported in the funds.			<u>(624,707)</u>
Net position of governmental activities		\$	<u>752,513</u>

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

Year Ended June 30, 2019 (In thousands)

	General	Housing Authority	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:				
Property taxes	\$ 80,822			\$ 80,822
Sales and use taxes	84,792			84,792
Transient occupancy taxes	161,948			161,948
Other taxes	8,175			8,175
Licenses, fees and permits	28,070	\$ 73	\$ 2,600	30,743
Intergovernmental revenues	8,390	79,719	51,667	139,776
Charges for services	20,276		24,686	44,962
Fines, forfeits and penalties	2,937			2,937
Use of money and property	16,626	7,315	13,518	37,459
Other	960	78	48	1,086
Total revenues	<u>412,996</u>	<u>87,185</u>	<u>92,519</u>	<u>592,700</u>
Expenditures:				
Current:				
City Council	847			847
City Administration	9,494		250	9,744
City Attorney	6,682		115	6,797
City Clerk	1,333		2	1,335
Human Resources	2,250			2,250
Finance	5,934		29	5,963
Police	154,398		5,957	160,355
Fire & Rescue	76,251		353	76,604
Community & Economic Development	1,921	85,835	16,318	104,074
Planning & Building	22,846		1,350	24,196
Public Works	20,658		11,671	32,329
Community Services	33,880		2,459	36,339
Public Utilities	2,448			2,448
Convention, Sports & Entertainment	1,020		14,555	15,575
Capital outlay	6,675	1,069	35,447	43,191
Debt service:				
Principal retirement			32,128	32,128
Interest charges			30,943	30,943
Bond issuance costs			1,748	1,748
Total expenditures	<u>346,637</u>	<u>86,904</u>	<u>153,325</u>	<u>586,866</u>
Excess (deficiency) of revenues over (under) expenditures	<u>66,359</u>	<u>281</u>	<u>(60,806)</u>	<u>5,834</u>
Other financing sources (uses):				
Transfers in	27,743	3,042	77,019	107,804
Transfers out	(88,320)		(14,236)	(102,556)
Issuance of refunding bonds			175,565	175,565
Premium of bonds payable			35,279	35,279
Payment to refunded bond escrow agent			(209,065)	(209,065)
Total other financing sources (uses)	<u>(60,577)</u>	<u>3,042</u>	<u>64,562</u>	<u>7,027</u>
Net change in fund balances	5,782	3,323	3,756	12,861
Fund balances at beginning of year	58,277	86,788	328,450	473,515
Fund balances at end of year	<u>\$ 64,059</u>	<u>\$ 90,111</u>	<u>\$ 332,206</u>	<u>\$ 486,376</u>

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

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

Year Ended June 30, 2019 (In thousands)

Net change in fund balances - total governmental funds	\$ 12,861
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlay as expenditures. However, in the Statement of Activities the costs of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay (\$43,191) exceeded depreciation (\$36,746) in the current period.	6,445
Transfers of capital assets between governmental funds and proprietary funds do not require the use of financial resources and are not reported as transfers in the funds.	120
The net effect of other miscellaneous transactions involving capital assets (i.e., sales, trade-in, retirements and contributions) is to increase net position.	(5,522)
Revenues in governmental funds provide current financial resources but have been included in the Statement of Activities in prior fiscal year.	(3,870)
Collections of notes and long-term receivables provide current financial resources to governmental funds but reduce receivables in the Statement of Net Position.	(3,279)
Proceeds from long-term debt (less \$512 paid for bond insurance premium) provide current financial resources to governmental funds, but the issuance of debt increases long-term liabilities in the Statement of Net Position	(210,332)
Loan disbursements in the governmental funds use current financial resources but increase receivables in the Statement of Activities	2,511
Certain expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds	(2,844)
Certain expenditures in the governmental funds have been included in the Statement of Activities in the prior fiscal year	5,566
Payments of principal on long-term debt use current financial resources in the governmental funds, but the repayments reduce long-term liabilities in the Statement of Net Position.	241,193
Net effect of accrued net pension liabilities and the related deferred outflows and deferred inflows of resources are not reported as expenditures in the funds.	(19,273)
Internal service funds are used by management to charge the costs of certain activities, such as insurance, employee benefits, and fleet services, to individual funds. The net expense of the internal service funds is reported with governmental activities.	<u>5,072</u>
Change in net position of governmental activities	<u>\$ 28,648</u>

Statement of Revenues, Expenditures and Changes in Fund Balances

Budget and Budgetary Basis Actual - General Fund

Year Ended June 30, 2019 (In thousands)

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:				
Property taxes	\$ 80,053	\$ 80,053	\$ 80,822	\$ 769
Sales and use taxes	85,518	85,518	84,792	(726)
Transient occupancy taxes	161,651	161,651	161,948	297
Other taxes	8,262	8,262	8,175	(87)
Licenses, fees and permits	24,953	24,953	28,070	3,117
Intergovernmental revenues	3,613	7,304	8,390	1,086
Charges for services	20,314	20,314	20,276	(38)
Fines, forfeits and penalties	2,900	2,900	2,937	37
Use of money and property	2,661	2,661	16,626	13,965
Other	912	913	960	47
Total revenues	390,837	394,529	412,996	18,467
Expenditures:				
City Council	935	935	847	(88)
City Administration	4,059	10,022	9,505	(517)
City Attorney	6,905	6,905	6,682	(223)
City Clerk	1,656	1,656	1,325	(331)
Human Resources	2,324	2,324	2,250	(74)
Finance	6,375	6,375	5,934	(441)
Police	155,747	155,747	154,424	(1,323)
Fire & Rescue	73,997	76,625	76,625	
Community and Economic Development	3,056	7,006	5,883	(1,123)
Planning & Building	22,515	22,846	22,846	
Public Works	19,290	22,702	22,702	
Community Services	34,317	34,324	34,255	(69)
Public Utilities	2,500	2,500	2,448	(52)
Convention, Sports and Entertainment	837	1,020	1,020	
Total expenditures	334,513	350,987	346,746	(4,241)
Excess of revenues over expenditures	56,324	43,542	66,250	22,708
Other financing sources (uses):				
Transfers in	28,417	28,417	27,743	(674)
Transfers out	(85,565)	(85,565)	(88,320)	(2,755)
Total other financing uses	(57,148)	(57,148)	(60,577)	(3,429)
Net change in fund balance	(824)	(13,606)	5,673	19,279
Fund balance at beginning of year	58,277	58,277	58,277	
Fund balance at end of year	\$ 57,453	\$ 44,671	63,950	\$ 19,279
Adjustment to reconcile to GAAP:				
Payment of interfund receivable			72	
Prepaid maintenance			37	
Ending fund balance - GAAP basis			\$ 64,059	

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

Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Housing Authority
Year Ended June 30, 2019 (In thousands)

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:				
Licenses, fees and permits	\$ 50	\$ 50	\$ 73	\$ 23
Intergovernmental revenues	79,869	79,839	79,719	(120)
Use of money and property	2,435	2,435	7,315	4,880
Other			78	78
Total revenues	<u>82,354</u>	<u>82,324</u>	<u>87,185</u>	<u>4,861</u>
Expenditures:				
Community and Economic Development	112,228	131,228	86,904	(44,324)
Total expenditures	<u>112,228</u>	<u>131,228</u>	<u>86,904</u>	<u>(44,324)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(29,874)</u>	<u>(48,904)</u>	<u>281</u>	<u>49,185</u>
Other financing sources (uses):				
Transfers in		700	3,042	2,342
Transfers out				
Total other financing sources		<u>700</u>	<u>3,042</u>	<u>2,342</u>
Net change in fund balance	(29,874)	(48,204)	3,323	51,527
Fund balance at beginning of year	86,788	86,788	86,788	
Fund balance at end of year	<u>\$ 56,914</u>	<u>\$ 38,584</u>	<u>\$ 90,111</u>	<u>\$ 51,527</u>

Statement of Net Position Proprietary Funds June 30, 2019 (In thousands)

	Business-type Activities - Enterprise Funds						Governmental Activities - Internal Service	
	Electric Utility	Water Utility	Sanitation Utility	Golf Courses	Convention, Sports and Entertainment Venues	ARTIC Management		Total
ASSETS								
Current assets:								
Cash and cash equivalents	\$ 14,316	\$ 8,870	\$ 9,205		\$ 11,947		\$ 44,338	\$ 17,597
Investments	66,698	41,328	39,962		49,705		197,693	81,978
Restricted cash and cash equivalents	7,470	8,025	1,720		12,089		29,304	230
Restricted investments	28,597	4,155	7,476				40,228	
Accounts receivable, net	41,804	6,067	8,170	\$ 188	2,041	\$ 429	58,699	2,907
Accrued interest receivable	1,619	291	308		356		2,574	444
Interfund receivable	508						508	234
Inventories	19,741	733					20,474	1,018
Prepaid and other assets	34,214	463	3		15	149	34,844	2,428
Total current assets	<u>214,967</u>	<u>69,932</u>	<u>66,844</u>	<u>188</u>	<u>76,153</u>	<u>578</u>	<u>428,662</u>	<u>106,836</u>
Noncurrent assets:								
Restricted cash and cash equivalents, less current portion	32,390	5,221	923		6,342		44,876	
Restricted investments, less current portion	171,169	2,129	14,384		7,373		195,055	
Accounts receivable, less current portion								1,683
Interfund receivable, less current portion	2,256						2,256	53
Prepaid and other assets	73,702						73,702	
Capital assets:								
Land	34,243	2,339	316	1,949	21,330	32,523	92,700	
Buildings, structures and improvements			126,264	18,858	707,453	171,041	1,023,616	9,635
Utility plant	1,311,198	464,887					1,776,085	
Machinery and equipment			8,536	820	39,189	2,503	51,048	78,538
Construction in progress	208,060	61,998	7,657		485		278,200	4,036
Total capital assets	<u>1,553,501</u>	<u>529,224</u>	<u>142,773</u>	<u>21,627</u>	<u>768,457</u>	<u>206,067</u>	<u>3,221,649</u>	<u>92,209</u>
Less accumulated depreciation	<u>(569,045)</u>	<u>(162,580)</u>	<u>(27,531)</u>	<u>(13,362)</u>	<u>(289,797)</u>	<u>(10,434)</u>	<u>(1,072,749)</u>	<u>(61,055)</u>
Capital assets, net	<u>984,456</u>	<u>366,644</u>	<u>115,242</u>	<u>8,265</u>	<u>478,660</u>	<u>195,633</u>	<u>2,148,900</u>	<u>31,154</u>
Total noncurrent assets	<u>1,263,973</u>	<u>373,994</u>	<u>130,549</u>	<u>8,265</u>	<u>492,375</u>	<u>195,633</u>	<u>2,464,789</u>	<u>32,890</u>
Total assets	<u>1,478,940</u>	<u>443,926</u>	<u>197,393</u>	<u>8,453</u>	<u>568,528</u>	<u>196,211</u>	<u>2,893,451</u>	<u>139,726</u>
DEFERRED OUTFLOWS OF RESOURCES:								
Deferred charges on refunding bonds	12,709	4,578			36		17,323	
Deferred OPEB related items	2,486	905	651	34	821		4,897	1,271
Deferred pension related items	15,639	4,971	2,790	193	5,547		29,140	7,588
Total deferred outflows of resources	<u>30,834</u>	<u>10,454</u>	<u>3,441</u>	<u>227</u>	<u>6,404</u>		<u>51,360</u>	<u>8,859</u>

(continued)

Statement of Net Position Proprietary Funds June 30, 2019 (In thousands)(continued)

	Business-type Activities - Enterprise Funds							Governmental Activities - Internal Service
	Electric Utility	Water Utility	Sanitation Utility	Golf Courses	Convention, Sports and Entertainment Venues	ARTIC Management	Total	
LIABILITIES								
Current liabilities (payable from current assets):								
Accounts payable	\$ 43,827	\$ 19,290	\$ 4,726	\$ 355	\$ 1,740	\$ 328	\$ 70,266	\$ 6,673
Wages payable	602	269	109	7	506		1,493	4,617
Interest payable					1,795		1,795	40
Other long-term liabilities								27,837
Long-term debts	6,272		702		2,729	3,500	13,203	1,048
Unearned revenues					2,474	1	2,475	2,409
Deposits	7,115	447	667	3	5,248	26	13,506	
Interfund payable		344		1,439		147	1,930	402
Total current liabilities (payable from current assets)	<u>57,816</u>	<u>20,350</u>	<u>6,204</u>	<u>1,804</u>	<u>14,492</u>	<u>4,002</u>	<u>104,668</u>	<u>43,026</u>
Current liabilities (payable from restricted assets):								
Accounts payable	9,557	6,677	116		8,364		24,714	
Wages payable	241		5				246	
Interest payable	7,322	1,863	930		96		10,211	
Arbitrage rebate liability	183						183	
Long-term debts	18,763	3,640	488		3,629		26,520	
Total current liabilities (payable from restricted assets)	<u>36,066</u>	<u>12,180</u>	<u>1,539</u>		<u>12,089</u>		<u>61,874</u>	
Total current liabilities	<u>93,882</u>	<u>32,530</u>	<u>7,743</u>	<u>1,804</u>	<u>26,581</u>	<u>4,002</u>	<u>166,542</u>	<u>43,026</u>
Noncurrent liabilities:								
Interfund payable, less current portion		1,720					1,720	
Interest payable, less current portion						3,292	3,292	
Other long-term liabilities, less current portion	6,377						6,377	48,615
Long-term debts, less current portion	692,160	166,154	51,742		226,493	9,500	1,146,049	1,137
Net OPEB liability	23,376	8,889	6,117	401	7,891		46,674	10,267
Net pension liabilities	87,747	28,553	16,253	1,193	31,880		165,626	30,952
Provision for decommissioning costs	86,409						86,409	
Total noncurrent liabilities	<u>896,069</u>	<u>205,316</u>	<u>74,112</u>	<u>1,594</u>	<u>266,264</u>	<u>12,792</u>	<u>1,456,147</u>	<u>90,971</u>
Total liabilities	<u>989,951</u>	<u>237,846</u>	<u>81,855</u>	<u>3,398</u>	<u>292,845</u>	<u>16,794</u>	<u>1,622,689</u>	<u>133,997</u>
DEFERRED INFLOWS OF RESOURCES								
Regulatory credits	101,032	2,468					103,500	
Regulated business activities	22,846						22,846	
Deferred item on refunding bonds			591				591	
Deferred OPEB related items	2,187	679	372	42	769		4,049	913
Deferred pension related items	2,294	800	295	24	2,276		5,689	1,088
Total deferred inflows of resources	<u>128,359</u>	<u>3,947</u>	<u>1,258</u>	<u>66</u>	<u>3,045</u>		<u>136,675</u>	<u>2,001</u>
NET POSITION								
Net investment in capital assets	329,241	204,585	72,550	8,265	260,939	182,633	1,058,213	27,211
Restricted for:								
Debt service	22,389	2,722	487				25,598	
Capital projects	15,442	3,047	11,784		26,926		57,199	
Other purposes	5,937						5,937	
Unrestricted	18,455	2,233	32,900	(3,049)	(8,823)	(3,216)	38,500	(14,624)
Total net position	<u>\$ 391,464</u>	<u>\$ 212,587</u>	<u>\$ 117,721</u>	<u>\$ 5,216</u>	<u>\$ 279,042</u>	<u>\$ 179,417</u>	<u>1,185,447</u>	<u>\$ 12,587</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.							(13,796)	
Net position of business-type activities							<u>\$ 1,171,651</u>	

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

Statement of Revenues, Expenses and Changes in Net Position

Proprietary Funds

Year Ended June 30, 2019 (In thousands)

	Business-type Activities - Enterprise Funds							Governmental Activities - Internal Service Funds
	Electric Utility	Water Utility	Sanitation Utility	Golf Courses	Convention, Sports and Entertainment Venues	ARTIC Management	Total	
Operating revenues:								
Sales of retail and wholesale electricity, net	\$ 416,413						\$ 416,413	
Transmission revenues	38,677						38,677	
Sales of water, net		\$ 78,472					78,472	
Solid waste collection fees			\$ 48,603				48,603	
Wastewater fees			13,910				13,910	
Street cleaning fees			3,257				3,257	
Green fees and cart rentals				\$ 3,896			3,896	
Facilities rental					\$ 31,428	\$ 990	32,418	
Concession fees				227	9,596		9,823	
Charges for services								\$ 150,462
Other	4,092	1,177	2,266	183	2,188	40	9,946	461
Total operating revenues	459,182	79,649	68,036	4,306	43,212	1,030	655,415	150,923
Operating expenses:								
Cost of purchased power	295,540						295,540	
Fuel and generation of power	8,613						8,613	
Cost of purchased water		33,789					33,789	
Treatment and pumping of water		7,622					7,622	
Maintenance, operations and administration	56,260	16,693	60,205	4,462	38,280	3,942	179,842	55,632
Insurance premiums and claims								16,342
Compensated absences and other benefits								71,378
Depreciation	41,725	11,613	3,011	495	19,864	2,312	79,020	5,981
Total operating expenses	402,138	69,717	63,216	4,957	58,144	6,254	604,426	149,333
Operating income (loss)	57,044	9,932	4,820	(651)	(14,932)	(5,224)	50,989	1,590
Nonoperating income (expenses):								
Intergovernmental revenues			231				231	256
Investment income	9,894	3,430	2,989	(32)	2,902		19,183	3,652
Interest expense	(23,176)	(6,844)	(1,607)		(10,118)	(294)	(42,039)	(115)
Gain (loss) from disposal of capital assets			(3)		7,860		7,857	133
Total nonoperating income (expenses)	(13,282)	(3,414)	1,610	(32)	644	(294)	(14,768)	3,926
Income (loss) before contributions and transfers	43,762	6,518	6,430	(683)	(14,288)	(5,518)	36,221	5,516
Capital contributions	5,307	3,433	385		19,283		28,408	
Transfers in	227	600			15,592	6,109	22,528	
Transfers out	(23,014)	(1,396)	(2,541)		(825)		(27,776)	
Change in net position	26,282	9,155	4,274	(683)	19,762	591	59,381	5,516
Net position at beginning of year	365,182	203,432	113,447	5,899	259,280	178,826		7,071
Net position at end of year	\$ 391,464	\$ 212,587	\$ 117,721	\$ 5,216	\$ 279,042	\$ 179,417		\$ 12,587
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.							444	
Change in net position of business-type activities							\$ 59,825	

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

Statement of Cash Flows

Proprietary Funds

Year Ended June 30, 2019 (In thousands)

	Business-type Activities - Enterprise Funds						Total	Governmental Activities - Internal Service Funds
	Electric Utility	Water Utility	Sanitation Utility	Golf Courses	Convention, Sports & Entertainment Venues	ARTIC Management		
Cash flows from operating activities:								
Receipts from customers and users	\$ 465,028	\$ 79,723	\$ 65,693	\$ 3,868	\$ 46,967	\$ 1,125	\$ 662,404	
Receipts from interfund services provided	2,230	326	20				2,576	\$ 150,462
Payments to suppliers	(304,408)	(31,010)	(47,727)	(3,725)	(12,195)	(3,964)	(403,029)	(28,434)
Payments for salaries, wages and other benefits	(50,389)	(15,667)	(8,208)	(494)	(21,547)		(96,305)	(87,588)
Payments for interfund services used	(15,110)	(5,237)	(4,002)	(240)	(3,681)	(51)	(28,321)	(4,948)
Payments for insurance premiums and claims								(16,790)
Other receipts			2,254	421		40	2,715	479
Net cash provided by (used for) operating activities	<u>97,351</u>	<u>28,135</u>	<u>8,030</u>	<u>(170)</u>	<u>9,544</u>	<u>(2,850)</u>	<u>140,040</u>	<u>13,181</u>
Cash flows from noncapital financing activities:								
Receipt of interfund balances	462			1,439		147	2,048	422
Payment of interfund balances	(295)	(344)		(1,238)			(1,877)	(423)
Payment of decommissioning costs	(5,689)						(5,689)	
Transfers in		600				2,609	3,209	
Transfers out	(23,014)	(1,396)	(2,541)		(825)		(27,776)	
Operating grant receipts			231				231	
Net cash provided by (used for) noncapital financing activities	<u>(28,536)</u>	<u>(1,140)</u>	<u>(2,310)</u>	<u>201</u>	<u>(825)</u>	<u>2,756</u>	<u>(29,854)</u>	<u>(1)</u>
Cash flows from capital and related financing activities:								
Proceeds from sale of capital assets					7,971		7,971	92
Capital contributions	2,462	599			634		3,695	
Capital purchases	(100,378)	(29,984)	(3,661)		(5,653)	(21)	(139,697)	(7,342)
Principal payments on long-term debt	(21,006)	(3,490)	(1,100)		(5,098)	(3,500)	(34,194)	(2,379)
Interest payments	(30,650)	(7,560)	(2,325)		(11,074)		(51,609)	(140)
Payment of interfund balances for capital purposes								(46)
Transfers in for capital purposes	227				15,592	3,500	19,319	
Net cash provided by (used for) capital and related financing activities	<u>(149,345)</u>	<u>(40,435)</u>	<u>(7,086)</u>		<u>2,372</u>	<u>(21)</u>	<u>(194,515)</u>	<u>(9,815)</u>
Cash flows from investing activities:								
Purchase of investment securities	(203,457)	(45,989)	(37,670)		(24,601)		(311,717)	(40,573)
Proceeds from sale and maturity of investment securities	139,079	66,665	34,630		12,214		252,588	32,120
Interest received	7,345	2,109	1,366		1,479		12,299	1,265
Interest paid				(32)			(32)	(25)
Net cash provided by (used for) investing activities	<u>(57,033)</u>	<u>22,785</u>	<u>(1,674)</u>		<u>(10,908)</u>		<u>(46,862)</u>	<u>(7,213)</u>
Increase (decrease) in cash and cash equivalents	(137,563)	9,345	(3,040)	(1)	183	(115)	(131,191)	(3,848)
Cash and cash equivalents at beginning of the year	191,739	12,771	14,888	1	30,195	115	249,709	21,675
Cash and cash equivalents at end of the year	<u>\$ 54,176</u>	<u>\$ 22,116</u>	<u>\$ 11,848</u>	<u>\$</u>	<u>\$ 30,378</u>	<u>\$</u>	<u>\$ 118,518</u>	<u>\$ 17,827</u>

(continued)

Statement of Cash Flows

Proprietary Funds

Year Ended June 30, 2019 (In thousands)

	Business-type Activities - Enterprise Funds							Governmental Activities - Internal Service Funds
	Electric Utility	Water Utility	Sanitation Utility	Golf Courses	Convention, Sports & Entertainment Venues	ARTIC Management	Total	
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:								
Operating income (loss)	\$ 57,044	\$ 9,932	\$ 4,820	\$ (651)	\$ (14,932)	\$ (5,224)	\$ 50,989	\$ 1,590
Adjustment to reconcile operating income (loss) to net cash provided by (used for) operating activities:								
Depreciation and amortization	41,725	11,613	3,011	495	19,864	2,312	79,020	5,981
Changes in assets, deferred outflows of resources, liabilities, and deferred outflows of resources:								
Accounts receivable	6,248	42	(132)	(17)	1,745	152	8,038	229
Inventories	(2,955)	1,146					(1,809)	(24)
Prepays and other assets	(10,108)	7	2		(3)	(17)	(10,119)	866
Accounts payable and other accrued liabilities	367	4,642	(1,032)	(71)	(216)	(56)	3,634	1,634
Wages and benefits payable	2,501	395	1,298	74	1,076		5,344	3,373
Unearned revenues					(29)	1	(28)	(146)
Deposits	2,380	79	63		2,039	(18)	4,543	
Compensated absences and self-insurance liability								(322)
Regulated business activities	701						701	
Regulatory credits	(552)	279					(273)	
Total adjustments	40,307	18,203	3,210	481	24,476	2,374	89,051	11,591
Net cash provided by (used for) operating activities	\$ 97,351	\$ 28,135	\$ 8,030	\$ (170)	\$ 9,544	\$ (2,850)	\$ 140,040	\$ 13,181
Schedule of noncash investing, capital and noncapital financing activities:								
Increase in fair value of investments	\$ 5,578	\$ 1,190	\$ 1,497		\$ 1,258		\$ 9,523	\$ 1,634
Capital assets financed through capital leases								1,548
Capital contributions	2,845	2,834	385		19,283		25,347	
Changes in accounts payable related to capital assets	(483)	4,799	(395)		42		3,963	
Amortization of bond premium (discount), net	(7,303)	(683)	(664)		(850)		(9,500)	
Change in accrued interest payable	(171)	(33)	(54)		(106)	\$ 294	(70)	
Transfers out of capital assets			(120)				(120)	
Reconciliation of cash and cash equivalents:								
Cash and cash equivalents	\$ 14,316	\$ 8,870	\$ 9,205		\$ 11,947		\$ 44,338	\$ 17,597
Restricted cash and cash equivalents, current portion	7,470	8,025	1,720		12,089		29,304	230
Restricted cash and cash equivalents, noncurrent portion	32,390	5,221	923		6,342		44,876	
Total cash and cash equivalents	\$ 54,176	\$ 22,116	\$ 11,848		\$ 30,378		\$ 118,518	\$ 17,827

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

Statement of Fiduciary Net Position (Deficit)
Fiduciary Funds
June 30, 2019 (In thousands)

	Investment Trust Fund	Successor Agency Private Purpose Trust Fund	Agency Funds
ASSETS			
Restricted cash and cash equivalents	\$ 558	\$ 35,649	\$ 3,041
Restricted investments	2,601	642	4,594
Accrued interest receivable	15	82	
Accounts receivable, net		2	5
Notes receivable, net		356	
Prepaid and other assets		657	
Unamortized prepaid bond insurance		624	
Total assets	\$ 3,174	\$ 38,012	\$ 7,640
LIABILITIES			
Accounts payable		14	
Wages payable		2	
Interest payable		4,489	
Due to bond holders			7,640
Long-term liabilities:			
Long-term debts due within one year		8,726	
Other long-term liabilities due within one year		1,732	
Other long-term liabilities due in more than one year		21,262	
Long-term debts due in more than one year		168,344	
Total liabilities		204,569	\$ 7,640
DEFERRED INFLOWS OF RESOURCES			
Deferred gain on refunding bonds		465	
Total deferred outflows of resources		465	
NET POSITION			
Held in trust for pool participants	3,174		
Held in trust for other purposes (deficit)		(167,022)	
Total net position (deficit)	\$ 3,174	\$ (167,022)	

Statement of Changes in Fiduciary Net Position (Deficit)
Fiduciary Funds
Year Ended June 30, 2019 (In thousands)

	Investment Trust Funds	Successor Agency Private Purpose Trust Fund
ADDITIONS		
Property tax		\$ 24,956
Contributions to pooled investments	\$ 8,720	
Interest and investment income	117	844
Rental income		445
Other		2
Total additions	<u>8,837</u>	<u>26,247</u>
DEDUCTIONS		
Distributions from pool investments	7,260	
Salaries and administration		683
Program expenses		804
Interest expense		6,754
Total deductions	<u>7,260</u>	<u>8,241</u>
Change in net position	1,577	18,006
Net position (deficit) held in trust at beginning of year	<u>1,597</u>	<u>(185,028)</u>
Net position (deficit) held in trust at end of year	<u>\$ 3,174</u>	<u>\$ (167,022)</u>



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Notes to Financial Statements

(Amounts in thousands)

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The financial reporting entity

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

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

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

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

Anaheim Public Financing Authority (APFA), a joint powers authority, was established as a vehicle to reduce local borrowing costs and promote greater use of existing and new financial instruments and mechanisms.

City Council members, in separate session, serve as the governing board of the APFA. Financial activity of the APFA has been blended into the City's CAFR into various governmental and business-type activities and funds of the City as applicable.

Anaheim Housing and Public Improvement Authority (AHPIA), a joint power authority, was created by and between the City and the Anaheim Housing Authority as a vehicle to reduce local borrowing costs and promote greater use of existing and new financial instruments and mechanisms. Members of the City Council of the City serves as the members of the Board and Directors of the AHPIA. Financial activity of the AHPIA has been blended into the City's CAFR into various business-type activities and funds of the City as applicable.

The City is a participant in four joint ventures and jointly-owned properties (see note 13), which are not considered part of the financial reporting entity, as the City does not have significant equity interests in the joint ventures and jointly-owned properties.

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

Basic financial statements

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

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

statements focus more on the sustainability of the City as an entity and the change in aggregate financial position resulting from the activities of the fiscal period.

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

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

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

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

directly benefit from goods, services or privileges provided by a particular function or program and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or program. Taxes, unrestricted investment income and other revenues not identifiable with particular functions or programs are included as general revenues. The general revenues support the net costs of the functions and programs not covered by program revenues.

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

The City reports the following major governmental funds:

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

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

The City reports the following major enterprise funds:

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

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

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

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

The Convention, Sports & Entertainment Venues Fund accounts for the operations of the Anaheim Convention Center, Angel Stadium of Anaheim, and The City National Grove of Anaheim. See note 14 for further discussions of the Angel Stadium of Anaheim and The City National Grove of Anaheim.

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

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

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

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

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

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

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

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

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

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

Measurement focus and basis of accounting

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

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

With this measurement focus, operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. This is the traditional

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

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

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

On the proprietary funds financial statements, operating revenues are those that flow directly from the operations of the activity, i.e. charges to customers or users who purchase or use the goods or services of that

activity. Operating expenses are those that are incurred to provide those goods or services. Non-operating revenues and expenses are items such as investment income and interest expense that are not a result of the direct operations of the activity.

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

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

Cash and investments

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

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

Notes receivable

In the government-wide financial statements, notes receivable of \$72,236 includes accrued interest receivable of \$23,352, ranging from

3% to 10% interest per annum, and is net of allowances of \$31,695 for uncollectible accounts at June 30, 2019. Allowances for uncollectible accounts were estimated based on certain assumptions; therefore, actual results could differ from the estimates.

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

Inventories

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

Prepaid and other assets

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

Land held for resale

The Housing Authority has recorded parcels of land held for resale in their financial records. The properties held for resale are for the primary purpose of developing low and moderate income housing and are recorded at the lower of cost or estimated net realizable value. At June 30, 2019, land held for resale with an original cost of \$10,454 was recorded net of the allowance for decline in value of \$4,422 and totaled \$6,032, with this amount offset by a restriction of fund balance for low and moderate income housing in the Housing Authority major governmental fund financial statement.

The Long Range Property Management Plan nonmajor Special Revenue Fund records parcels of land held for resale transferred from the Successor Agency to the former Anaheim Redevelopment Agency on January 1, 2016 under the authorization of the approved Long Range Property Management Plan of the State of California Health and Safety Code Section 34191.5. The parcels are approved for future developments.

The City has recorded the land held for resale equal to the net realizable value of these assets as recorded in the Successor Agency's financial records in the amount of \$16,003 net of allowance for decline in value of \$5,566 with a corresponding restriction in fund balance for future economic development.

Restricted assets

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

Capital assets

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

Capital assets, including public domain infrastructure (e.g., roads, bridges, sidewalks and other assets that are immovable and of value only to the City), are defined as assets with an initial, individual cost of more than \$5 (\$50 for infrastructure) and an estimated useful life of greater than one year.

Capital assets are recorded at cost or estimated historical cost if purchased or constructed. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are recorded at acquisition value rather than fair value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as the projects are constructed.

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

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

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

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

Debt issuance costs

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

Bond refunding costs

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

Accretion

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

Deferred outflows of resources

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

1. Deferred charges on refunding bonds - A deferred charge on refunding bonds results from the difference in the carrying value of debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The City reported \$3,927 in governmental activities and \$17,323 in business-type activities in this category.
2. Deferred outflows of OPEB related items - these balances represent current fiscal year contribution to the OPEB Trust that will be applied as a reduction in net OPEB liability in the next fiscal year; or other items arising from changes in actuarial assumptions, difference between actual and projected experience, difference between actual and projected investment gains/losses or changes in a fund's proportionate share of the net OPEB liability; the amount will be amortized and reported as a component in OPEB expense in future fiscal years (refer to discussion of OPEB Plan). The City reported \$15,635 in governmental activities and \$4,897 in business-type activities in this category.
3. Deferred outflows of resources of pension related items - these balances represent current fiscal year contribution to the pension plans that will be applied as a reduction in net pension liability in the next fiscal year; or other items arising from changes in actuarial assumptions, difference between actual and projected experience, difference between actual and projected investment gains/losses or changes in a fund's proportionate share of the net pension liability; the amount will be amortized and reported as a component in pension expense in future fiscal years (refer to discussion of Pension Plans). The City reported \$122,701 in governmental activities and \$29,140 in business-type activities in this category.

Deferred inflows of resources

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

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

	General Fund	Housing Authority	Nonmajor Governmental Funds	Total
Govermental Funds:				
Grants	\$ 1,032	\$ 33	\$ 10,538	\$ 11,603
Other revenues	417			417
Long-term notes receivable		48,741	23,495	72,236
Due from successor agency			8,582	8,582
Total	<u>\$ 1,449</u>	<u>\$ 48,774</u>	<u>\$ 42,615</u>	<u>\$ 92,838</u>

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

	Business-type activities
Enterprise Funds:	
Electric Utility	\$ 101,032
Water Utility	2,468
Total	<u>\$ 103,500</u>

- Deferred inflow from regulated business activities related to amounts accumulated from collections from the Electric Utility customers reported in the business-type activities. These amount represented the excess funding of asset retirement obligations primarily resulting from the accumulation of investment earnings from the decommissioning irrevocable trust account. Refer to note 1 on page 62 of the notes to the financial statements of this report.
- Deferred inflow related to refunding bonds includes gains from debt refunding. The City reports \$591 in business-type activities in this category.
- Deferred inflows of resources related to OPEB presents changes in total OPEB liability arising from changes in actuarial assumptions; difference between actual and projected plan experiences; difference between actual and projected investment gains/losses or changes of the Fund's proportionate share of the net OPEB liability. Refer to discussion of the OPEB Plan in note 12 of the notes to the financial statements on pages 96-99 of this report. The City reported \$8,692 in governmental activities and \$4,049 in business-type activities in this category.
- Deferred inflows of resources related to pension are certain changes in total pension liability and fiduciary net position that are to be

recognized as an increase in pension expenses in future fiscal years. These are the balances arise from changes in actuarial assumptions; difference between actual and projected experience; difference between actual and projected investment gains/losses or changes in the Fund's proportionate share of the Plan's net pension liability. Refer to discussion of Pension Plans in note 11 of the notes to the financial statements on pages 91-96 of this report. The City reported \$14,274 in governmental activities and \$5,689 in business-type activities in this category.

Regulatory credits

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

The Electric Utility restructured its rates effective September 1, 2015 in order to more effectively align the recovery of the Electric Utility's costs with the nature of the costs incurred. This was accomplished by reducing the Power Cost Adjustment (PCA) and the Environmental Mitigation Adjustment (EMA) with corresponding increases to base rates. The restructuring was designed to be revenue neutral to the customer.

During fiscal year 2019 the Electric Utility recognized \$15,000 in RSA revenues. This amount is included in the operating revenues Sales of retail and wholesale electricity of the Electric Utility Enterprise Fund.

As of June 30, 2019, the PCA rates were \$0.100 per kWh for residential, general commercial, industrial and municipal customers and \$0.0048 for large commercial customers. The Electric Utility recorded deferred inflows of resources for regulatory credits related to PCA totaled \$36,206. The EMA rates were \$0.0005 per kWh for residential, general commercial, industrial and municipal customers and \$0.0055 per kWh

for large commercial customers. The deferred inflows of resources recorded for regulatory credits related to EMA totaled \$64,826.

The Water Utility’s rates, rules and regulations provide for a water regulatory credit account to reflect variations in the cost of water to the Water Utility and provide more stable retail water rates to the customers of the City’s Water Utility. This rate stabilization account (RSA) provides increased flexibility by allowing the Water Utility to maintain financial performance indicators and goals specified in bond covenants. The account is funded through expense reimbursements such as water supply cost refunds received from the Metropolitan Water District and Orange County Water District and other miscellaneous credits and revenue. At June 30, 2019 the deferred inflows of resources recorded for regulatory credits totaled \$2,468 for the Water Utility. During fiscal year 2019, there was no RSA revenues recognized.

Compensated absences

Compensated absences, vacation and sick pay, for all City employees are generally paid by the General Benefits and Insurance Fund, an internal service fund. The General Benefits and Insurance Fund is reimbursed through payroll charges to all other funds based on estimates of benefits to be earned and used during the fiscal year. It is the policy of the City to pay all accumulated vacation pay when an employee retires or terminates. Accumulated sick pay in excess of 175 hours per employee is paid to employees at their then current rate of pay in January each year or upon termination from the City. Employees are paid for all accumulated sick pay when they retire from the City. Vested vacation and sick pay benefits are accrued when incurred in the General Benefits and Insurance Fund and at June 30, 2019, totaled \$21,217 and is included in other long-term liabilities in the Statement of Net Position. Also included in long-term liabilities in the Statement of Net Position at June 30, 2019, is compensatory time liability of \$605.

Changes in the City’s compensated absences liability in fiscal year 2019 were as follows:

Estimated compensated liability at beginning of year	\$ 21,090
Estimated compensated absence benefits earned	26,249
Compensated absences used	<u>(25,517)</u>
Compensated absences liability end of year	<u>\$ 21,822</u>

Asset Retirement Obligations (ARO)-Provision for decommissioning costs

During fiscal year 2019, the City adopted GASB Statement No. 83, *Certain Asset Retirement Obligations* effective July 1, 2018. This standard requires the City to record a liability and deferred outflow of resources

associated with the retirement of tangible capital assets that it has an enforceable legal obligation to take specific actions to retire. GASB Statement No. 83 requires governmental entities to record a liability and a corresponding deferred outflow at the time there is an external obligating event such as a federal or state regulation, a legally binding contract or court judgment and when there is an internal obligating event which is at the time an asset is acquired or if constructed when placed in service.

Federal regulations require the City’s Electric Utility to provide for the future decommissioning costs of its former ownership share of the San Onofre Nuclear Generating Station (SONGS). Prior to the implementation of GASB Statement No. 83, the Electric Utility has established a provision for decommissioning costs of SONGS and the restoration of the beachfront at San Onofre, California, that is used by the plant. A separate irrevocable trust account was established for amounts funded, and these amounts are classified as restricted assets in the Statement of Net Position. In accordance with GASB Statement No. 83, the Electric Utility estimated and recorded its asset retirement obligations at the current value of outlays expected to be incurred using a site specific cost study performed by a third-party consultant. Current value is the amount that would be paid if all equipment, facilities, and services included in the estimate were acquired at the end of the current reporting period. This approach includes probability weighting of potential outcomes when this data can be obtained at a reasonable cost.

On June 7, 2013, Southern California Edison (SCE) announced the permanent retirement of the SONGS plant. The Electric Utility’s minority interest in SONGS units 2 and 3 is approximately 2.4681% of the total decommissioning costs estimated at \$4,702,264 at June 30, 2019. SCE has decommissioning responsibility as well as majority interest of 75.7419%. Other minority owners are San Diego Gas and Electric 20.0%, and the City of Riverside Public Utilities 1.79%. The Electric Utility’s minority share interest in SONGS of 2.4681% of the total decommissioning liability, net of payments already made by the Electric Utility, is \$81,011 at June 30, 2019. The Electric Utility currently has assets of \$102,444 in cash equivalent and investments plus an additional accrued interest receivable of \$732 in an irrevocable trust for the decommissioning costs. The overfunding amounts of \$22,165, recorded in the deferred inflows from regulated business activities at June 30, 2019, are held in trust that will be used to reduce rates in the future or return to Electric rate customers if there are any funds remaining at the completion of decommissioning which is expected to take approximately 30 to 40 years. During fiscal year 2019, the Electric Utility paid \$5,689 related to SONGS decommissioning costs.

The Electric Utility was also previously a minority owner of the San Juan Generation Station (SJ) located in San Juan, New Mexico and is responsible for the future decommission costs related to its former ownership share in Units 2 and 3. The Electric Utility's minority share interest in SJ is 3.1% of the total estimated decommissioning liability of \$174,130. PNM Resources, Inc. has decommissioning responsibility as well as majority interest of 46.297%. Other minority owners are Texas-New Mexico Power Company 19.8%; Southern California Public Power Authority 12.71%; M-S-R Public Power Agency 8.7%; the City of Farmington, New Mexico 2.559%; Tri State Generation and Transmission Associates, Inc. 2.49%; the Incorporated County of Los Alamos, New Mexico 2.175%; and Utah Associated Municipal Power Systems 2.169%. By fiscal year 2022, it is estimated that the Electric's Utility percentage liability will decrease from 3.1% to an estimated 2.7% as the plant continues to operate after the Electric Utility transferred its ownership rights on December 31, 2017. As of June 30, 2019, the Electric Utility has recorded a provision for decommissioning costs for SJ of \$5,398. As of June 30, 2019, the Electric Utility has \$6,079 in the City's restricted cash account for the decommissioning costs. The overfunding amount of \$681, recorded in the deferred inflows from regulated business activities at June 30, 2019, will be returned to Electric rate customers if there are any funds remaining at the completion of the decommissioning which is expected to take approximately 20 to 40 years.

In accordance with GASB 83, the Electric Utility recorded its proportionate share of the asset retirement obligations based on its former ownership percentages of estimates made by the primary owners of the assets which measured their respective liability under standards set by the Governmental Accounting Standards Board.

The Electric Utility had the following asset retirement obligations as of June 30, 2019:

<u>Asset</u>	<u>Obligating Event</u>	<u>Beginning</u>	<u>Additions</u>	<u>Payments</u>	<u>Ending</u>
SONG	Ownership Agreement	\$ 86,700		\$ (5,689)	\$ 81,011
SJ	Ownership Agreement	5,398			5,398
		<u>\$ 92,098</u>		<u>\$ (5,689)</u>	<u>\$ 86,409</u>

Pension plan

Full-time City employees are members of the State of California Public Employees' Retirement System (CalPERS). The City's policy is to fund all annual required actuarially determined contribution (ADC); such costs to be funded are determined annually as of July 1 by the CalPERS's actuary. The City maintains three Pension Plans with CalPERS - Miscellaneous Plan, Police Safety Plan and Fire Safety Plan. See note 11 for further discussion.

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

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

Postemployment benefits other than pension (OPEB)

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

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

For purposes of measuring the net OPEB liability and deferred outflows/ inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the City's OPEB Plan and additions to/ deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CERBT. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. See note 12 for further discussion.

On October 1, 2005, the City and the International Brotherhood of Electrical Workers (IBEW), Local 47, entered into a Letter of Understanding related to the Retiree Medical Plan. Under the Plan, the IBEW would establish a union trust (Trust) for the sole and exclusive purpose of providing post-retirement medical benefits to IBEW bargaining unit employees employed by City of Anaheim on October 1, 2005, and their eligible surviving spouses and dependents. The City agreed to transfer

to the Trust for each employee in the IBEW bargaining unit the one-time post-retirement medical reserve allocations, and the IBEW and City also agreed that the sum of four percent of base biweekly pay shall be contributed by the employees of the IBEW bargaining unit to the Retiree Medical Plan. It should be noted that the Trust does not constitute a City-sponsored OPEB defined benefit plan and furthermore, that the City's responsibility is limited to contributions negotiated with the IBEW, as such, there is no related retiree-medical liability included in the City's OPEB plan.

Net position restricted by enabling legislation

The government-wide Statement of Net Position reports \$266,447 of governmental activities restricted net position, of which \$64,210 is restricted by enabling legislation.

Fund balances

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

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

- Unassigned fund balance accounts for the residual balance of the City's general fund and includes all spendable amounts not contained in other classifications. In other governmental funds, the unassigned classification reports a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed or assigned.

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

In all governmental funds, encumbered amounts have been restricted or assigned for specific purposes for which resources have already been allocated. At June 30, 2019, encumbrances totaled \$330, \$54 and \$15,676 in the General Fund, Housing Authority Special Revenue Fund, and other nonmajor governmental funds, respectively.

The accumulated deficit fund balances at June 30, 2019 of \$49 in the Workforce Development nonmajor special revenue Fund, \$1,296 in the Streets Construction and \$241 in the Transportation Improvement Projects nonmajor Capital Project Funds, will be eliminated in future years by the receipt of reimbursements for grant expenditures.

Budgetary principles

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

The City utilizes an encumbrance system as a management control technique to assist in controlling expenditures. All appropriations lapse

at the end of the fiscal year, except for capital projects which are carried forward until such time as the project is completed or terminated and for encumbered balances that are re-appropriated in the next fiscal year.

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

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

Property taxes

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

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

Entitlements, shared revenues and grants

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

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

Revenue, net of uncollectible amount, is recorded in the period in which services are provided. Most residential and smaller commercial customers are billed bimonthly and all other customers monthly. At June 30, 2019 unbilled but earned service charges recorded in accounts receivable for the Electric Utility, Water Utility, and Sanitation Utility Funds amounted to \$23,186, \$1,517, and \$3,797, respectively. See note 8 for discussion of pledged revenues.

Use of estimates

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

NOTE 2 – NEW ACCOUNTING PRONOUNCEMENTS

On July 1, 2018, the city adopted the following new accounting pronouncements issued by the GASB:

- Statement No. 83, *Certain Asset Retirement Obligations*. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). It establishes criteria for determining the timing and pattern of the recognition of a liability and a corresponding deferred outflow of resources for AROs and also requires disclosure of information about the nature of a government's AROs, the methods and assumptions used for the estimates of the liabilities, and the estimated remaining useful life of the associated tangible capital assets. The requirements of this Statement are effective with the fiscal year that ends June 30, 2019.
- Statement No. 88, *Certain Disclosures related to Debt, including Direct Borrowings and Direct Placements*. The objective of this Statement is to improve the information that is disclosed in notes to the government's financial statements related to debt, including direct borrowings and direct placements and also clarify which liabilities governments should include when disclosing information related to debt. The requirement of this Statement takes effect for financial statements with the fiscal year that ends June 30, 2019.

- Statement No. 89, *Accounting for Interest Costs Incurred before the End of a Construction Period*. The Statement establishes accounting requirements for interest cost incurred before the end of a construction period. It enhances the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and simplifies the accounting for interest cost incurred before the end of a construction period. The requirements of this Statement takes effect for financial statements starting the fiscal year that ends June 30, 2020. The City early implements this Statement for fiscal year ended June 30, 2019.

Implementations of the above GASB Statements have no material effect on amounts reported in the City's financial statements.

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

- Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how these activities should be reported. The requirements of this Statement are effective with the fiscal year that ends June 30, 2020.
- Statement No. 87, *Leases*. This statement establishes accounting and financial reporting standards focused on certain lease liabilities that currently are not reported. Comparability of financial statements among governments will be enhanced by requiring lessees and lessors to report leases under a single model. Decision-usefulness will also be enhanced by requiring notes to financial statements related to the timing, significance, and purpose of leasing arrangements. The requirements of this Statement are effective for reporting periods with the fiscal year that ends June 30, 2021.
- Statement No. 90, *Majority Equity Interests – An amendment of GASB Statement No. 14 and No. 61*. The primary objectives of

this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit. The requirements of this Statement will take effect for financial statements with the fiscal year that ends June 30, 2020.

- Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement is effective for reporting periods beginning after December 15, 2020.

NOTE 3 – DEPOSITS AND INVESTMENTS:

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

The City's pooled investment fund has been reviewed by Standard and Poor's Corporation (S&P) and received a credit rating of AA+f/S1 in December 2017.

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

Deposits and investments are comprised of the following at June 30, 2019:

	Cash and Cash Equivalents	Investments	Restricted Cash and Cash Equivalents	Restricted Investments	Total
Governmental activities:					
General Fund	\$ 8,901	\$ 38,625			\$ 47,526
Housing Authority	14,617	68,082	\$ 1,005		83,704
Nonmajor governmental funds	20,305	94,532	32,910	\$ 163,739	311,486
Internal service funds	17,597	81,978	230		99,805
Total governmental activities	61,420	283,217	34,145	163,739	542,521
Business-type activities:					
Electric Utility	14,316	66,698	39,860	199,766	320,640
Water Utility	8,870	41,328	13,246	6,284	69,728
Sanitation Utility	9,205	39,962	2,643	21,860	73,670
Convention, Sports & Entertainment Venues	11,947	49,705	18,431	7,373	87,456
Total business-type activities	44,338	197,693	74,180	235,283	551,494
Government- wide totals	105,758	480,910	108,325	399,022	1,094,015
Fiduciary funds			39,248	7,837	47,085
Total cash and investments	\$ 105,758	\$ 480,910	\$ 147,573	\$ 406,859	\$ 1,141,100

Deposits and investments are comprised of the following at June 30, 2019:

Deposits	\$ 23,353
Investments	1,117,747
Total deposits and investments	\$ 1,141,100

At June 30, 2019, deposits of \$23,353 with a corresponding bank balance of \$28,393 were maintained in various federally regulated financial institutions. The difference of \$5,040 represents deposits in transit, outstanding checks, and other reconciling items. Deposits with bank balances of \$1,451 are insured by the Federal Depository Insurance Corporation. For deposits with bank balances totaling \$26,294, California state statutes require federally regulated financial institutions to secure a city's deposits by pledging collateral consisting of either government securities with a value of 110% of a city's total deposits or by pledging first trust deed mortgage notes having a value of 150% of a city's total deposits. The collateral is required by regulation to be held by the counterparty's agent in the name of the City.

Investments

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

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

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

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

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio*	Maximum Investment in One Issuer	(S&P/ Moody's / Fitch)
U.S. Treasury obligations	5 Years	100%	None	None
U.S. agency securities	5 Years	100%	40%	None
Banker's acceptances	180 days	40%	5%	None
Commercial paper	270 days	25%	5%	A-1;P-1;F-1
Negotiable certificates of deposit	365 days	25%	5%	None
Repurchase agreements	1 Year	30%	None	None
Reverse repurchase agreements	90 days	20%	None	None
Medium-term corporate notes	5 Years	30%	5%	A-
Money market mutual funds	N/A	20%	10%	AAA
LAIF	N/A	\$65 million per account	\$65 million per account	None
Time Certificate of Deposit (TCD)	1 year	20%	5%	None
Supranationals	5 Years	20%	10%	AA

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

The City's pooled investments comply with the requirements of the investment policy. GAAP requires disclosure of certain investments in any one issuer that exceeds five percent concentration of the total investments. At June 30, 2019, the following investments represent five percent or more of the City's total pooled investments

<u>Issuer</u>	<u>Investment Type</u>	<u>Fair Value</u>	<u>%</u>
U.S. Treasury obligations	Treasury securities	\$ 120,311	18%
Federal Farm Credit Bank	U.S. agency securities	104,181	16%
Federal Home Loan Bank	U.S. agency securities	73,648	11%
Federal Home Loan Mortgage Corporation	U.S. agency securities	60,153	9%
Wells Fargo Government Institution	Money market mutual funds	46,365	7%

Investments authorized by debt agreements

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

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Percentage Allowed</u>	<u>Investment in One Issuer</u>
U.S. Treasury obligations	None	None	None
U.S. agency securities	None	None	None
Guaranteed investment contracts	None	None	None
Collateralized investment contracts	None	None	None
Flexible repurchase agreements	None	None	None
Money market mutual funds	None	None	None
LAIF	None	None	None

At June 30, 2019, the following investments represent five percent or more of the City's total investments controlled by bond trustees:

<u>Issuer</u>	<u>Investment Type</u>	<u>Fair Value</u>	<u>%</u>
Morgan Stanley	Flexible repurchase agreement	\$118,990	26%
U.S. Treasury Obligations	Treasury securities	116,421	26%
Federal Home Loan Bank	U.S. agency securities	48,731	11%
First American Treasury Obligations	Money market mutual funds	44,727	10%
Federal Farm Credit Bank	U.S. agency securities	26,830	6%
Dreyfus Treasury	Money market mutual funds	24,738	5%

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

Custodial credit risk

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

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

Interest rate risk

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

Investments held by bond trustees are typically long-term securities which are not adversely affected by interest rate changes. Guaranteed investment contracts for construction funds are usually limited to three years or less. Information about the sensitivity of the fair values of the

City's investments (including investments held by bond trustees) to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity at June 30, 2019:

Cash Equivalents & Investments	Credit Rating (S&P/Moody's)	Fair Value 6/30/2019	12 months or less	13 to 24 Months	25 to 36 Months	37 to 60 Months	More than 60 Months
Cash equivalents & investments controlled by City Treasurer:							
U.S. agency securities	AA+,Aaa	\$ 252,003	\$ 38,929	\$ 9,951	\$ 45,277	\$ 157,846	
U.S. agency securities	A-1+,P-1	10,993	10,993				
U.S. Treasuries obligations	AA+,Aaa	120,311		39,763	40,146	40,402	
Medium term notes	A, A1	4,993	4,993				
Medium term notes	A,A2	33,064	14,966	11,012	7,086		
Medium term notes	A+,A1	10,048	4,994		5,054		
Medium term notes	A+,A2	4,991	4,991				
Medium term notes	A+,Aa3	10,980	5,989	4,991			
Medium term notes	AA,Aa2	5,081				5,081	
Medium term notes	AA-,A1	24,980	15,015	4,994	4,971		
Medium term notes	AA-,Aa3	25,711	4,990	2,004		18,717	
Medium term notes	AA+,Aa1	22,272	6,983			15,289	
Medium term notes	AAA,Aaa	14,045	4,994	3,998	5,053		
Commercial paper	A-1,P-1	14,983	14,983				
Commercial paper	A-1+,P-1	30,969	30,969				
Money market mutual funds	AAA	67,698	67,698				
LAIF	Unrated	14,035	14,035				
Total cash equivalents & investments controlled by City Treasurer		<u>667,157</u>	<u>245,522</u>	<u>76,713</u>	<u>107,587</u>	<u>237,335</u>	
Cash equivalents & investment controlled by bond trustees:							
U.S. agency securities	AA+,Aaa	45,315	250	11,317	11,932	21,816	
U.S. agency securities	A-1+,P-1	40,703	40,703				
U.S. Treasuries	AA+,Aaa	106,534	44,785	26,697	14,962	20,090	
U.S. Treasuries	A-1+,P-1	9,887	9,887				
Guaranteed investment contracts	Unrated	16,418	7,305	8,353		760	
Flexible repurchase agreements	Unrated	133,253	118,990				\$ 14,263
Money market mutual funds	AA+,Aaa	78,146	78,146				
Money market mutual funds	A-1+	49	49				
LAIF	Unrated	20,285	20,285				
Total cash equivalents & investments controlled by bond trustees		<u>450,590</u>	<u>320,400</u>	<u>46,367</u>	<u>26,894</u>	<u>42,666</u>	<u>14,263</u>
Total cash equivalents & Investments		<u>\$ 1,117,747</u>	<u>\$ 565,922</u>	<u>\$ 123,080</u>	<u>\$ 134,481</u>	<u>\$ 280,001</u>	<u>\$ 14,263</u>

Investment in the State of California Local Agency Investment Fund (LAIF):

The City is a voluntary participant in LAIF that is regulated by the California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The City's investment in LAIF is carried at fair value in the accompanying financial statement based on the pro-rata share of the fair value of each participating dollar as provided by LAIF. The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

Regular LAIF accounts are subject to limitation of \$65 million cap and 15 transactions a month. Withdrawal can be made same day but LAIF requires one day advanced notice for withdrawal amount \$10 million or greater.

Fair Value Measurement:

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is best determined based upon quoted market prices.

However, in certain instances, there are no quoted market prices for the City's various financial instruments. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including discount rates and estimates of future cash flows. Accordingly, the fair value estimates may not be realized in an immediate settlement of the instrument.

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

- Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities for identical assets or liabilities that the City has the ability to access at the measurement date.
- Level 2 of the fair value hierarchy are valued using a matrix pricing technique utilizing market data including, but not limited to benchmark yields, reported trades, and broker-dealer quotes. Matrix pricing is the process of estimating the market price of

a bond based on the quoted prices of more frequently traded comparable bonds.

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

The City has the following recurring measurements as of June 30, 2019:

	Fair Value Measurement Using			
	Quoted Prices in Active Markets for Identical Assets	Significant other Observable Inputs	Not Required to be leveled	
	6/30/2019	(Level 1)	(Level 2)	
Investment by fair value level				
Debt securities:				
U.S. Agency Securities	\$ 349,014	\$ 51,696	\$ 297,318	
U.S. Treasury Obligations	236,732	236,732		
Commercial Paper	45,952		45,952	
Medium Term Corporate Notes	156,165		156,165	
LAIF	34,320			\$ 34,320
Total investment measured at fair value	<u>822,183</u>	<u>\$ 288,428</u>	<u>\$ 499,435</u>	<u>\$ 34,320</u>
Investments measured at cost-based:				
Guaranteed investment contracts	16,418			
Flexible repurchase agreements	133,253			
Money Market Mutual Funds	145,893			
Total investment measured at cost-based	<u>295,564</u>			
Total pooled and bond trustee investments	<u>\$1,117,747</u>			

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

Accounts receivable

Accounts receivable for the City's governmental and business-type activities, including the applicable allowance for uncollectible accounts at June 30, 2019, are as follows:

	Accounts Receivable	Less Allowance for Uncollectibles	Total
Governmental activities:			
General Fund	\$ 21,639	\$ (3,991)	\$ 17,648
Housing Authority	167	(125)	42
Nonmajor governmental funds	1,760	(9)	1,751
Internal service funds	4,595	(5)	4,590
Total governmental activities	<u>28,161</u>	<u>(4,130)</u>	<u>24,031</u>
Business-type activities:			
Electric Utility	42,361	(557)	41,804
Water Utility	6,077	(10)	6,067
Sanitation Utility	8,332	(162)	8,170
Golf Courses	188		188
Convention, Sports & Entertainment Venues	2,115	(74)	2,041
ARTIC Management	429		429
Total business-type activities	<u>59,502</u>	<u>(803)</u>	<u>58,699</u>
Total accounts receivable	<u>\$ 87,663</u>	<u>\$ (4,933)</u>	<u>\$ 82,730</u>

Due from other governments

Due from other governments for the City's governmental activities at June 30, 2019, are as follows:

	Taxes	Grants	Other	Total
Governmental activities:				
General Fund	\$ 16,512	\$ 1,347	\$ 1,673	\$ 19,532
Housing Authority		52		52
Nonmajor governmental funds		18,030	83	18,113
Total due from other governments	<u>\$ 16,512</u>	<u>\$ 19,429</u>	<u>\$ 1,756</u>	<u>\$ 37,697</u>

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

General fund	\$ 1,319
Electric Utility	487
Water Utility	49
Sanitation Utility	187
Convention, Sports & Entertainment Venues	49
ARTIC Management	199
Total	<u>\$ 2,290</u>

Due from the Successor Agency

At June 30, 2019, the amount due from the Successor Agency is \$9,466. Due to the extended period of time over which the receivables for the HUD loan agreements are to be collected, the City has recorded expenditures at the time the loans were provided and deferred inflows of resources equal to the amount due in the nonmajor special revenues funds (\$4,344) and the nonmajor capital project fund (\$4,238).

- On April 1, 2003 the City and the former Anaheim Redevelopment Agency entered into a Cooperation Agreement whereby the City assisted the Redevelopment Agency with the development of Westgate utilizing \$10,000 of funds from the HUD Section 108 loan program. The amount is due to the City by annual installment through June 2024. At June 30, 2019, the amount due is \$4,238.
- On June 1, 2010, the City and the former Anaheim Redevelopment Agency entered into a Cooperation Agreement whereby the City assisted the Redevelopment Agency with the rehabilitation of the historic Packing House site utilizing \$7,000 of funds from the HUD Section 108 \$15,000 loan proceeds. The amount is due to the City by annual installment through June 2031. At June 30, 2019, the amount due is \$4,344.
- On February 5, 2013, the City and the Successor Agency entered into a Cooperation Agreement whereby the City assisted the Successor Agency with loaning the proceeds of one-time allocation of the \$1,563 from the low and moderate income housing fund for various Successor Agency projects. At June 30, 2019, the amount due to the City is \$884 which will be due on July 1, 2019.

Interfund receivable and payable balances

Net internal balances between governmental activities and business-type activities of \$14,682 are included in the government-wide financial statements at June 30, 2019.

Interfund receivables and payables that are included in the fund financial statements at June 30, 2019, are as follows:

	Interfund Receivable:					Total
	General Fund	Housing Authority	Nonmajor governmental funds	Internal service funds	Electric Utility	
<u>Interfund Payable:</u>						
Governmental Funds:						
General Fund				\$ 63	\$ 522	\$ 585
Nonmajor governmental funds		\$ 2,150	\$ 8,037			10,187
Enterprise Funds:						
Water Utility					2,064	2,064
Golf Courses	\$ 1,439					1,439
ARTIC Management	147					147
Internal Service Funds						
				224	178	402
Total	\$ 1,586	\$ 2,150	\$ 8,037	\$ 287	\$ 2,764	\$ 14,824

All interfund balances at June 30, 2019 are generally short-term loans to relieve temporary cash deficits in various funds, except the following interfund balances that are expected to be repaid in more than one year:

Electric Utility

- In 2015, the Public Utility Customer Service Information System Project was completed and placed in service. The Electric Utility paid for the total cost of the project. The Water Utility portion of the total cost is \$3,484, payable in annual amounts of not less than \$344 beginning July 2016 until July 2024. The outstanding balance at June 30, 2019 is \$2,064.
- In October 2016, the Public Utility and the Community Services Department entered into a Memorandum of Understanding (MOU) whereby the Public Utility agreed to provide low-interest financial assistance of \$309 to fund the costs of the security light and photo cell replacement resource efficiency upgrading projects in various City parks. The fund will be repaid over five

years at an interest rate of 0.65% per annum. Monthly principal and interest payment is \$5 payable from unrestricted general fund resources. At June 30, 2019 the balance is \$238.

- In November 2016, the Public Utility and the Public Works Department entered into a Memorandum of Understanding (MOU) whereby the Public Utility agreed to provide low-interest financial assistance of \$231 to fund the costs of the general office lighting and parking garage structure resource efficiency upgrading projects. The fund will be repaid over five years at an interest rate of 0.65% per annum. Monthly principal and interest payment is \$4 payable from unrestricted resources of the Municipal Facility Maintenance internal service fund. At June 30, 2019, the balance is \$178.
- In February 2019, the Public Utility and the Community Services Department entered into a Memorandum of Understanding (MOU) whereby the Public Utility agreed to provide low interest financial assistance of \$295 in implementing resource efficiency measures of security lighting upgrade projects in various City parks. The fund will be repaid over five years at an interest rate of 2.11% per annum. Monthly principal and interest payment is \$5 payable from unrestricted general fund resources. At June 30, 2019 the balance is \$284.

Housing Authority

In February 2018, the City and the Anaheim Housing Authority entered into a Cooperation Agreement whereby the City and Housing Authority exchanged real property for the purpose of developing affordable housing. The market value of the Housing Authority property exceeded that of the City property by \$2,150; hence, the City agreed to provide \$2,150 in future Park Fee Credits to the Housing Authority for the benefit of affordable housing development. At June 30, 2019, the park fee credit due to the Housing Authority is \$2,150 from the Community Services Facilities nonmajor special revenue fund.

Certain interfund transactions

The following interfund transfers are reflected in the fund financial statements at June 30, 2019:

	Transfer In:								
	General Fund	Housing Authority	Nonmajor governmental funds	Electric Utility	Water Utility	Enterprise Funds Convention, Sports & Entertainment Venues		ARTIC Management	Total
Transfer Out:									
General Fund			\$ 69,519		\$ 600	\$ 15,592	\$ 2,609	\$ 88,320	
Nonmajor governmental funds	\$ 196	\$ 3,042	7,498				3,500	14,236	
Electric Utility	23,014							23,014	
Water Utility	1,169			\$ 227				1,396	
Sanitation Utility	2,539		2					2,541	
Convention, Sports & Entertainment Venues	825							825	
Total	\$ 27,743	\$ 3,042	\$ 77,019	\$ 227	\$ 600	\$ 15,592	\$ 6,109	\$ 130,332	

The net transfers between governmental funds and proprietary funds is \$5,248 which are primarily comprised of operational subsidies from enterprise funds to the General Fund and are offset by debt service subsidies to the ARTIC Management and Convention, Sports & Entertainment Venues Funds.

The City made the following major transfers during fiscal year ended June 30, 2019:

- Transfer of \$66,230 represents Lease Payment Measurement Revenues (LPMR) from the General Fund to the Anaheim Resort Improvements nonmajor Debt Service Fund which is held by the Trustee, see discussion on note 8 of the notes to the financial statements on page 79 of this report.
- Transfer of \$15,592 from the General Fund to the Convention, Sports & Entertainment Venues Enterprise Fund for debt service subsidy.
- Transfer of \$2,609 from the General Fund to ARTIC Management Enterprise Fund for operational subsidies.
- Transfer of \$1,638 from the General Fund to the Municipal Facilities nonmajor Debt Service Fund for debt services.
- Transfer of \$1,371 from the General Fund to the Other Capital Improvements nonmajor Capital Project Fund for Public Safety 800 Megahertz (mHz) communication debt service (\$803); public works projects (\$318); and various neighborhood capital improvement projects (\$250).

- Transfer of \$6,263 from the Development Impact Projects nonmajor Capital Project Fund to Community Service Facilities nonmajor Capital Project Fund from the net proceeds of prior year sale of land parcel to provide resources for park development projects.
- Transfer of \$1,033 from the Mello-Roos Projects nonmajor Capital Project Fund to the Street Construction nonmajor Capital Project Fund for the portion of the Platinum Triangle street construction related expenditures.
- Transfer of \$3,042 from the Grant nonmajor Special Revenue Fund to the Housing Authority major Special Revenue to provide funding for HOME grant eligible expenditures of the El Verano project development loan (\$2,342) and the Avon property acquisition (\$700).
- Transfer of \$600 from the General Fund to the Water Utility Enterprise Fund per the result of Measure N in the November 2014 election.
- Transfer of \$3,500 from the Gas Tax nonmajor Special Revenue Fund to the ARTIC Management Enterprise Fund for debt services on the ARTIC land acquisition loan as discussed on note 8 of the notes to the financial statements on page 84 of this report.
- Transfers of \$17,444 from the Electric Utility Enterprise Fund and \$2,539 from the Sanitation Utility Enterprise Fund to the General Fund. As defined by City Charter, the transfer is equal to the

maximum of 4% of total operating revenues of the current fiscal year.

- Transfer of \$5,570 from the Electric Utility Enterprise Fund and \$1,169 from the Water Utility Enterprise Fund to the General Fund. The amount represents the City Council approved transfer of 1.5% retail electric revenue and net water revenue of the prior fiscal year.

The net transfer of \$5,368 from the business-type activities to governmental activities in the government-wide Statement of Activities consisted of the net transfers (\$5,248) described above with an increase of \$120 transfer out of capital asset from the Sanitation Utility business-type activities to the governmental activities.

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

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

As of June 30, 2019, the City Council approved two Economic Assistance Agreements (Agreements) to developers. These Agreements related to constructions of a Hotel and retail spaces (Projects) within the City of Anaheim. There has been analysis of the feasibility gap between the costs of developing and operating the Projects and the costs that the Projects can finance and viably support. The feasibility gap for the Projects is the economic assistance that the City has committed to partially provide.

- In July 2002, the City entered into a Development and Economic Assistance Agreement (Agreement) with a developer to provide certain economic assistance to the developer in connection with the development of a seven story all-suites hotel (DoubleTree Hotel) on certain real property owned by developer and located in the City. The feasibility gap of the economic assistance is capped at \$12,908 in total for a period over 15 years expiring in fiscal year 2021 payable semi-annually calculated from the Transient Occupancy Tax (TOT), ranging from 5% to 40% in accordance to the Adjustment table of the Agreement. During fiscal year 2019, the developer received \$657 in economic assistance.
- In April 2006, the City entered into a Disposition and Development Agreement with a developer to construct and operate retail space

(Garden-Walk) in Anaheim. Upon completion of the construction, the developer receives economic assistance equal to a portion of the sales tax that Garden-Walk generated for a period of 25 years expiring at the earlier of 1) December 2038 or 2) maximum amount of \$15,600 in total which increases 8% annually starting on July 1, 2013. During fiscal year 2019, the developer received \$275 in economic assistance.

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

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

The following is a summary of economic assistance agreements:

Project	Expiration Date	Years Remaining	Tax Base for Calculation of Economic Assistance	% of Tax for Calculation of Economic Assistance	Maximum Economic Assistance Amount	Total Economic Assistance Paid in Fiscal Year 2019	Total Economic Assistance Paid to Date	Total Maximum Economic Assistance Remaining
DoubleTree Hotel	6/30/2021	2	TOT	5%-40%	\$ 12,908	\$ 657	\$ 10,886	\$ 2,022
GardenWalk Retail	12/31/2038	20	Sales	40%-50%	15,600	275	1,463	14,137
GardenWalk Hotel - 466+ Rooms	20 Years from Completion	20	TOT	70%	81,100			81,100
GardenWalk Resort Hotel - 350+ Rooms	20 Years from Completion	20	TOT	70%	76,900			76,900
1700 South Harbor - 580 Rooms	20 Years from Completion	20	TOT	70%	145,000			145,000
1030 West Katella Avenue - 634 Rooms	20 Years from Completion	20	TOT	70%	148,000			148,000

NOTE 6 - CAPITAL ASSETS

Capital asset activities for the year ended June 30, 2019, were as follows:

	Beginning Balance	Additions	Transfer In (Out)	Deletions	Ending Balance
Governmental activities:					
Nondepreciable assets:					
Land	\$ 658,827	\$ 11,062	\$ 34	\$ (16,154)	\$ 653,769
Construction in progress	71,013	36,080	(57,488)	(757)	48,848
Total	729,840	47,142	(57,454)	(16,911)	702,617
Depreciable assets:					
Buildings, structures and improvements	359,137	5,560	35,970	(1,696)	398,971
Machinery and equipment	143,168	8,445	1,691	(4,081)	149,223
Infrastructure	874,960	3,026	19,935	(134)	897,787
Total	1,377,265	17,031	57,596	(5,911)	1,445,981
Total assets	2,107,105	64,173	142	(22,822)	2,148,598
Less accumulated depreciation for:					
Buildings, structures and improvements	(165,241)	(14,632)		1,043	(178,830)
Machinery and equipment	(98,681)	(8,920)		4,081	(103,520)
Infrastructure	(441,829)	(19,175)		132	(460,872)
Total accumulated depreciation	(705,751)	(42,727)		5,256	(743,222)
Total governmental activities capital assets, net	\$ 1,401,354	\$ 21,446	\$ 142	\$ (17,566)	\$ 1,405,376
Business-type activities:					
Nondepreciable assets:					
Land	\$ 89,505	3,306		(111)	\$ 92,700
Construction in progress	200,603	136,549	(58,905)	(47)	278,200
Total	290,108	139,855	(58,905)	(158)	370,900
Depreciable assets:					
Buildings, structures and improvements	1,017,146	2,533	6,257	(2,320)	1,023,616
Utility plant	1,760,264	7,521	52,413	(44,113)	1,776,085
Machinery and equipment	33,080	18,484	93	(609)	51,048
Total	2,810,490	28,538	58,763	(47,042)	2,850,749
Total assets	3,100,598	168,393	(142)	(47,200)	3,221,649
Less accumulated depreciation for:					
Buildings, structures and improvements	(298,596)	(21,066)		2,317	(317,345)
Utility plant	(722,400)	(53,337)		44,113	(731,624)
Machinery and equipment	(19,772)	(4,617)		609	(23,780)
Total accumulated depreciation	(1,040,768)	(79,020)		47,039	(1,072,749)
Total business-type activities capital assets, net	\$ 2,059,830	\$ 89,373	\$ (142)	\$ (161)	\$ 2,148,900

Depreciation expense was charged to functions/programs of the City during fiscal year 2019 as follows:

Governmental activities:	
General government	\$ 119
Police	1,884
Fire	1,585
Community and Economic Development	2,130
Planning	47
Public Works	19,986
Community Services	5,170
Convention, Sports and Entertainment	5,825
Capital assets held by the City's internal service funds are charged	
to the various functions based on their usage of the assets	5,981
Total depreciation expense - governmental activities	<u>\$ 42,727</u>

Business-type activities:	
Electric Utility	\$ 41,725
Water Utility	11,613
Sanitation Utility	3,011
Golf Courses	495
Convention, Sports & Entertainment Venues	19,864
ARTIC Management	2,312
Total depreciation expense - business-type activities	<u>\$ 79,020</u>

Capitalized leases

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

	<u>Governmental Activities</u>
Machinery and equipment	\$ 4,318
Less accumulated amortization	(2,001)
Capitalized leased assets, net	<u>\$ 2,317</u>

Operating leases

Housing Authority

At June 30, 2019, the Housing Authority earned revenues as the lessor of land, carried at cost of \$74,667 in the government-wide financial statements, under ten operating ground leases. These leases to

developers are noncancelable. Terms of the leases range from 55 years to 65 years with lease expiration dates from 2054 to 2080. The total base rent to be collected over the terms of the leases are \$80,817 with simple interest accruing on unpaid portions at a rate ranging from 1% to 6%. Minimum lease payments are calculated annually, based on residual receipts, as defined in the lease agreements. At June 30, 2019, the Housing Authority has recorded lease receivables due from developers related to these transactions of \$7,794, net of allowances of \$12,574 for uncollected accounts in the government-wide financial statements. In the governmental fund financial statements, this amount is included in the \$48,741 notes receivable balance of the Housing Authority.

ARTIC Management

The ARTIC has entered into numerous long-term operating leases with tenants granting them certain uses of the ARTIC premises described in the respective lease agreements. Terms of the leases range from 5 years to 10 years with lease expiration dates from 2020 to 2027. Extension options range from 5 years to 15 years. ARTIC had also entered into agreements to grant bus companies non-exclusive rights to use certain spaces in ARTIC. These agreements ranged from 5 years to perpetuity. Some of the agreements can be terminated by either party with a 60 days termination notice; some of them have extension options, while others will automatically continue on a month-to-month basis upon expiration.

In November 2018, the City and ATCM LLC (ATCM) entered into a Facility Management Agreement (FMA) effective on July 1, 2019, whereby ATCM has the exclusive right and license to manage, maintain and operate all aspects of the ARTIC. Due to the FMA, the City will no longer have rights to the future minimum lease payments. Additional information about the ATCM can be found in note 14 of the notes to the financial statement on page 103 of this report

Future minimum lease payments are as follows:

<u>Fiscal Year Ending 6/30</u>	
2020	\$ 374
2021	265
2022	246
2023	247
2024	186
2025-2027	252
Total	<u>\$ 1,570</u>

NOTE 7 – SELF INSURANCE:

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

At June 30, 2019, the City was funded at an actuarially acceptable level for self-funded retention for workers’ compensation and general liability claim exposures (with retention levels of \$2,000 per occurrence for workers’ compensation claims and \$1,000 per occurrence for general liability claims). Above these retained levels, the City’s potential liability is covered through various commercial insurance and intergovernmental risk pooling programs (collectively, “Insurance”). Settled claims have not exceeded total Insurance in any of the past three years, nor does management believe that there are any pending claims that will exceed total Insurance coverage.

The unpaid claims liability included in the Insurance Fund is based on the results of actuarial studies and includes amounts for claims incurred-but- not-reported, known-claim development, and allocated loss adjustment expenses. Claims liabilities are calculated using a discount rate of 2.25% and consider the effects of inflation, multi-year loss development trends, and other economic and social factors. It is the City’s practice to obtain full actuarial studies annually for its retained levels for general liability and workers’ compensation exposures. “Premiums” are charged by the Insurance Fund using various allocation methods that include actual costs, trends in claims experience and various exposure bases.

Changes in claims liability of the General Benefits and Insurance Fund and that relates to the governmental funds and reported in the governmental activities in the government-wide Statement of Net Position in fiscal years 2019 and 2018 were as follows:

	<u>2019</u>	<u>2018</u>
Claims liability at beginning of year	\$ 54,312	\$ 51,865
Current year claims and changes in estimates	11,149	14,488
Claims payments	<u>(12,214)</u>	<u>(12,041)</u>
Claims liability at end of year	<u>\$ 53,247</u>	<u>\$ 54,312</u>

Above the retained limit of \$2,000 per occurrence for workers’ compensation losses, the City purchases excess coverage, utilizing both commercial insurance and an intergovernmental risk pooling program (CSAC-EIA), to statutory limits.

Above the retained limit of \$1,000 per occurrence for liability losses, the City maintains excess coverage for all City operations to \$200,000 per occurrence, excluding helicopter operations for which the City purchases \$50,000, per occurrence, of commercial aviation liability insurance (on a first-dollar basis). The first layer of excess liability loss coverage is procured through the Authority for California Cities Excess Liability (ACCEL), a joint powers insurance authority, formed in 1986, pooling catastrophic general, automobile, personal injury, and public officials errors and omissions liability losses among twelve California cities, through both risk-sharing and commercial insurance joint-purchase arrangements. The City, therefore, continues to maintain some limited excess liability risk sharing exposure, above \$1,000 per occurrence, directly with ACCEL. This pooled coverage has exposure from the run-out periods from prior years in the ACCEL retained layer of \$4,000 in excess of \$1,000. Each ACCEL member’s share of pooled losses is based on a retrospectively-rated risk-sharing formula which includes, but is not limited to, exposure and loss experience factors.

In order to provide funds to pay claims, ACCEL collects an annual deposit from each member. The deposits are credited with investment income at the rate earned on ACCEL’s investments. At June 30, 2019, ACCEL’s cash and investments totaled \$46,765, of which \$1,736 consists of deposits and interest on deposits provided by the City. The City has no specific equity interest in ACCEL. Deposits provided to ACCEL by the City are expensed when paid by the General Benefits and Insurance Fund.

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

NOTE 8 – LONG-TERM DEBTS:

The following is a summary of changes in long-term debts from direct borrowings and direct placements reported in the government-wide financial statements for the year ended June 30, 2019:

	Beginning Balance	Additions/ Proceeds	Refunded	Reductions/ Payments	Ending Balance	Dune Within One Year
Governmental activities:						
Bonds payable:						
City lease revenue	\$ 382,324	\$ 175,565	\$ (209,065)	\$ (29,185)	\$ 319,639	\$ 7,771
Accretion	239,475	19,892		(14,746)	244,621	15,794
Unamortized bond discount/premium, net	(124)	35,279		1,029	36,184	
Total	621,675	230,736	(209,065)	(42,902)	600,444	23,565
Notes and loans payable:						
City	24,554			(2,943)	21,611	3,066
Internal Service Funds	3,454			(1,269)	2,185	1,048
Total	28,008			(4,212)	23,796	4,114
Governmental activities total	649,683	230,736	(209,065)	(47,114)	624,240	27,679
Business-type activities:						
Bonds payable:						
Electric Utility	670,945			(20,975)	649,970	25,005
Water Utility	158,900			(3,490)	155,410	3,640
Sanitation	45,705			(1,080)	44,625	1,170
Convention, Sports & Entertainment Venues	224,016			(5,095)	218,921	6,355
Unamortized bond discount/premium, net	114,773			(11,345)	103,428	
Total	1,214,339			(41,985)	1,172,354	36,170
Notes and loans payable:						
Electric Utility	272			(31)	241	30
Sanitation Utility	177			(20)	157	20
Convention, Sports and Entertainment Venues	23			(3)	20	3
ARTIC Management	16,500			(3,500)	13,000	3,500
Total	16,972			(3,554)	13,418	3,553
Interest payable						
ARTIC Management	2,998	294			3,292	
Total	2,998	294			3,292	
Business-type activities total	1,234,309	294		(45,539)	1,189,064	39,723
Government-wide total	\$ 1,883,992	\$ 231,030	\$ (209,065)	\$ (92,653)	\$ 1,813,304	\$ 67,402

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

	Standard & Poor's	Fitch Ratings	Moody's
General Fund Lease Revenue Bonds	AA-	AA	Aa3
2019 Senior Lease Revenue Bonds	A	AA-	A1
Electric Revenue Bonds	Unrated	AA-	Aa3
Water Revenue Bonds	AA+	AAA	Unrated
Sewer Revenue Bonds	AA+	Unrated	Unrated

GOVERNMENTAL ACTIVITIES:

BONDS PAYABLE

At June 30, 2019, bonds payable from direct placements consisted of the followings:

	Date Issued	Final Maturity	Range of Interest Rates at Issue Date	Authorized and Issued	Outstanding 6/30/2019
City					
1997 Anaheim Lease Revenue Bonds	02/01/1997	3/1/2037	4.5%-6.0%	\$ 510,427	\$ 128,265
Accretion					244,621
2008 Anaheim Lease Revenue Refunding Bonds	12/10/2008	8/1/2019	3.0%-5.0%	5,084	555
2014 Anaheim Lease Revenue Bonds	11/14/2014	5/1/2046	0.4%-5.0%	27,954	21,754
2019 A Anaheim Senior Lease Revenue Refunding Bonds	04/30/2019	9/1/2036	5%	169,065	169,065
Total					564,260
Unamortized bond premium/discounts, net					36,184
Total governmental activities bonds				\$ 712,530	\$ 600,444

The bond indentures of the respective bond issue contain provisions of 1) in the event of default, the entire outstanding principal shall become due and payable; 2) requirement of maintaining fund reserve of maximum annual debt service or a Bond Debt Reserve Insurance Policy equal to the debt service reserve requirement.

Bonds Payable - City

Lease payment measurement revenues

In February 1997, the Anaheim Public Financing Authority sold \$510,427 of lease revenue bonds to construct public improvements in The Anaheim Resort. In June 2007, the Authority sold \$256,320 of lease revenue bonds

to defease \$248,335 of the 1997 lease revenue bonds. In April 2019, the Authority sold \$175,565 of Senior Lease Revenue Refunding Bonds to defease the \$209,065 outstanding balance of the 2007 A1 and A2 bonds. The bonds are special obligations of the Authority payable solely from lease payments to be made by the City to the Authority for the use and occupancy of the leased premises. Debt service requirements to maturity for these lease revenue bonds are paid from lease payment measurement revenues (LPMR) defined as amounts equal to: 1) 3% of the 15% transient occupancy taxes (TOT) (i.e. 20% of the total transient occupancy taxes) for all hotel properties in the City, excluding Disney properties, and 2) 100% of the incremental TOT, sales, and property tax revenues from all Disney properties over the 1995 base, adjusted each year by the CPI change, with a minimum 2% increase annually. The City is not required to pay any additional sums should the LPMR fall short of the amount required to pay debt service on the bonds. The Walt Disney Company provided a guarantee to the bond insurer to enable the issuer to obtain municipal bond insurance.

LPMR began on January 1, 2001, with the first payment made to the trustee on July 7, 2001, for the LPMR generated during the period January through June 2001. Subsequent to that date, LPMR is collected and remitted to the trustee monthly. During the fiscal year ended June 30, 2019, \$63,287 was remitted to the trustee.

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

Fiscal Year Ending 6/30	Principal	Interest	Total
2020	\$ 7,216	\$ 25,075	\$ 32,291
2021	14,469	27,271	41,740
2022	15,028	27,948	42,976
2023	15,693	28,536	44,229
2024	16,361	29,161	45,522
2025-2029	87,809	155,556	243,365
2030-2034	69,349	177,872	247,221
2035-2037	71,405	136,009	207,414
Total	297,330	607,428	904,758
Unamortized bond discount	34,767		34,767
Total bonds	\$ 332,097	\$ 607,428	\$ 939,525

Included in interest is \$244,621 related to accretion on capital appreciation bonds.

Lease revenue bonds – City

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

<u>Fiscal Year Ending 6/30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 555	\$ 1,102	\$ 1,657
2021		1,088	1,088
2022	40	1,088	1,128
2023	488	1,086	1,574
2024	513	1,061	1,574
2025-2029	2,972	4,895	7,867
2030-2034	3,793	4,074	7,867
2035-2039	4,842	3,026	7,868
2040-2044	6,180	1,689	7,869
2045-2046	2,926	221	3,147
Total	22,309	19,330	41,639
Unamortized bond premium	1,417		1,417
Total Bonds	\$ 23,726	\$ 19,330	\$ 43,056

NOTES AND LOANS PAYABLE

Notes and loan payable from direct borrowing contain provision that in the event of default, the entire outstanding principal amount are due and payable. Additionally, the City had pledged certain real properties and park land as securities interest for the HUD Section 108 guaranteed loans. At June 30, 2019, notes and loans payable are as follows:

Notes and Loans Payable – CityHUD Section 108 guaranteed loans payable

In May 2003, the City entered into an agreement with HUD, making available \$10,000 to provide financial assistance related to the development of Westgate on a former landfill site located at the northeast corner of Beach Boulevard and Lincoln Avenue. The loan is payable from the receipts of the Successor Agency receivable. The outstanding balance at June 30, 2019 was \$4,238. The loan bears interest ranging from 1.74% to 5.97% and is payable over 20 years beginning on February 1, 2005, until August 1, 2023. Loan debt service requirements to maturity are as follows:

<u>Fiscal Year Ending 6/30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 785	\$ 223	\$ 1,008
2021	841	177	1,018
2022	907	127	1,034
2023	975	72	1,047
2024	730	22	752
Total notes and loans	\$ 4,238	\$ 621	\$ 4,859

In March 2010, the City entered into an agreement with HUD, making available \$15,000 to fund the acquisitions of the Orange County Family Justice Center and Miraloma Park site, construction of the Thornton Brady storm drain and the rehabilitation of the historic Packing House site. The loan is payable from the Community Development Block Grant yearly entitlement and from the receipts of the Successor Agency receivable. The outstanding balance of the loan at June 30, 2019, was \$9,550. The loan bears interest ranging from 1.74% to 3.97% and is payable over 20 years beginning on February 1, 2011 through August 1, 2030. Loan debt service requirements to maturity are as follows:

<u>Fiscal Year Ending 6/30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 710	\$ 372	\$ 1,082
2021	730	348	1,078
2022	755	321	1,076
2023	780	292	1,072
2024	805	262	1,067
2025 - 2029	4,500	775	5,275
2030 - 2031	1,270	40	1,310
Total notes and loans	\$ 9,550	\$ 2,410	\$ 11,960

Helicopter loan payable

In January 2009, the City entered into an agreement with Government Capital Corporation to finance the acquisition of a police helicopter. The amount of the loan totaled \$1,799 and bears interest at 5.391% per annum for a term of 12 years. On January 29, 2009, Government Capital Corporation assigned this agreement to Bank of America which subsequently assigned it to Western Alliance Equipment Finance on March 21, 2012. Principal and interest payments of \$206 are due annually beginning on December 16, 2009, until December 16, 2020. The outstanding balance at June 30, 2019 was \$381. Loan debt service requirements to maturity are as follows:

<u>Fiscal Year Ending 6/30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 185	\$ 21	\$ 206
2021	196	10	206
Total notes and loans	\$ 381	\$ 31	\$ 412

Lincoln Avenue Construction loan payable

In March 2013, the City entered into a cooperative agreement with the County of Orange (County) for the funding and construction of Lincoln Avenue. The project includes widening of Lincoln Avenue from Rio Vista Street to Riverbend Parkway, and construction of the Lincoln Avenue Bridge over the Santa Ana River. Construction costs of the Lincoln Avenue within the City boundary is estimated to be \$2,250 which will be

payable to the County in seven installments starting on July 1, 2013 and on July 1 of each subsequent year at no interest cost. The outstanding balance at June 30, 2019 was \$250.

800 Megahertz Communication Equipment

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

On November 30, 2015, the Agreement provided \$1,100 financing for acquisition of a portion of the mobile radio equipment payable over 10 years and bears interest of 1.98% per annum, Principal and interest payments of \$61 are due semi-annually beginning on May 30, 2016, until November 30, 2025. The outstanding balance at June 30, 2019 was \$740.

On November 30, 2016, the Agreement provided \$6,840 financing for acquisition of the remaining radio equipment payable over 10 years and bears interest of 1.87% per annum. Principal and interest of \$377 are due semi-annually beginning on May 30, 2017, until November 30, 2026. Amount of this financing allocated to the governmental activities totaled \$6,235. The outstanding balance at June 30, 2019 was \$4,828.

Loan debt service requirements to maturity are as follows:

<u>Fiscal Year Ending 6/30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 714	\$ 101	\$ 815
2021	727	88	815
2022	741	74	815
2023	754	61	815
2024	769	46	815
2025-2026	1,863	52	1,915
Total notes and loans	<u>\$ 5,568</u>	<u>\$ 422</u>	<u>\$ 5,990</u>

ACCELA Enterprise permit tracking and land management software system loan payable

On September 13, 2016, the City entered into a Technology Lease- Purchase Agreement with Government Capital Corporation to provide \$5,190 financing for the procurement of the Accela, Inc. software, programming, maintenance, support, licenses and project implementation services for the replacement of the Citywide enterprise permit tracking and land management system. The loan bears interest at 2.48% per annum for a term of 5 years. Principal and interest payments of \$1,090 are due

annually beginning on September 22, 2016, until September 22, 2020. The outstanding balance at June 30, 2019 was \$2,100. Loan debt service requirements to maturity are as follows:

<u>Fiscal Year Ending 6/30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 1,037	\$ 52	\$ 1,089
2021	1,063	26	1,089
Total notes and loans	<u>\$ 2,100</u>	<u>\$ 78</u>	<u>\$ 2,178</u>

Community Learning Center property acquisition loan payable

On September 1, 2017, the City entered into an Agreement with Los Altos V. LP (Seller) for the purchase and sale of the former Northgate Market site located at 718-744 N. Anaheim Boulevard for the development of a Community Learning Center. The purchase price of the property is \$4,750 of which \$2,500 was paid in cash from resources of the Community Development Block Grant with the balance of \$2,250 will be payable to Seller over five years at an annual interest rate of 5%. Principal and interest of \$43 are due on the first of each month commencing on March 1, 2018 until February 1, 2023. The annual loan payment will be funded from the restricted resources of the Community Development Block Grant yearly entitlement. The outstanding balance of the loan at June 30, 2019 was \$1,709. Total debt service to maturity are as follows:

<u>Fiscal Year Ending 6/30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 433	\$ 83	\$ 516
2021	457	59	516
2022	483	33	516
2023	336	7	343
Total notes and loans	<u>\$ 1,709</u>	<u>\$ 182</u>	<u>\$ 1,891</u>

BUSINESS-TYPE ACTIVITIES:

BONDS PAYABLE

At June 30, 2019, bonds payable from direct placements consisted of the following:

	Date Issued	Maturity	Range of Interest Rates at Issue Date	Authorized and Issued	Outstanding 6/30/2019
Electric Utility					
2011 Revenue Bonds	5/11/2011	10/1/2036	3.0%-5.375%	\$ 90,390	\$ 6,585
2012 Revenue Bonds	9/19/2012	10/1/2031	3.125%-5%	92,130	62,990
2014 Revenue Bonds	10/8/2014	10/1/2035	2.0%-5.0%	109,350	79,570
2015A Revenue Bonds	4/21/2015	10/1/2045	Variable ¹	50,000	50,000
2015B Revenue Bonds	7/21/2015	10/1/2035	3.0%-5.0%	92,865	78,685
2016A Revenue Bonds	10/19/2016	10/1/2041	3.0%-5.0%	219,285	126,265
2016B Revenue Bonds	10/19/2016	10/1/2028	0.80%-2.71%	69,780	8,590
2017A Revenue Bonds	12/21/2017	10/1/2028	1.57%-2.21%	42,955	42,955
2017B Revenue Bonds	12/21/2017	10/1/2036	1.14%-2.50%	194,790	194,330
Total					649,970
Unamortized bond premiums/discounts, net					66,984
Total Electric Utility					716,954
Water Utility					
2010 Revenue Bonds	10/28/2010	10/1/2040	2.0%-4.75%	34,525	32,045
2015 Revenue Bonds	4/21/2015	10/1/2045	2.0%-5.0%	95,885	90,240
2016-A Revenue Bonds	10/19/2016	10/1/2046	2.0%-5.0%	35,225	33,125
Total					155,410
Unamortized bond premiums/discounts, net					14,384
Total Water Utility					169,794
Sanitation Utility					
2018 Revenue Bonds	1/25/2018	2/1/2048	5%	45,705	44,625
Unamortized bond premium					8,150
Total Sanitation Utility					52,775
Convention, Sports and Entertainment Venues					
2008 Lease Revenue Refunding Bonds	12/10/2008	8/1/2019	3.0%-5.0%	45,847	5,295
2014 Lease Revenue Bonds	11/14/2014	5/1/2046	0.4%-5.0%	230,971	213,626
Total					218,921
Unamortized bond premiums/discounts, net					13,910
Total Convention, Sports and Entertainment Venues					232,831
Total business-type activities bonds				\$ 1,449,703	\$ 1,172,354

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

Bonds Payable - Electric Utility

The City's Electric Utility has pledged future electric revenues, net of certain costs, to repay a total of \$964,583 outstanding long-term obligations, principal and interest. Proceeds from bonds provided financing for various capital improvements, primarily distribution assets. The Electric Utility's bonds are payable solely from electric customer net revenues and are payable through 2046. At June 30, 2019, the annual principal and interest payments on the bonds, were 47.5% of

net revenues. Principal and interest paid for the current fiscal year and total net revenues were \$51,361 and \$108,663 respectively.

The bond indentures of the respective Electric Revenue Bonds contain provisions of 1) in the event of default, the entire outstanding principal shall become due and payable; 2) requirement of a fund reserve for the maximum annual debt service; 3) requirement of a fund reserve for renewals and replacements in an amount equal to a maximum of 2% of depreciated book value of the Electric Utility plant in service; and 4) requirement of a minimum debt service coverage ratio of 1.25.

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

Fiscal Year Ending 6/30	Principal	Interest	Total
2020	\$ 25,005	\$ 28,738	\$ 53,743
2021	26,170	28,324	54,494
2022	28,920	27,748	56,668
2023	30,110	26,272	56,382
2024	31,630	24,732	56,362
2025-2029	168,545	98,841	267,386
2030-2034	180,865	57,051	237,916
2035-2039	113,365	17,774	131,139
2040-2044	33,905	4,795	38,700
2045-2046	11,455	337	11,792
Total	649,970	314,612	964,582
Unamortized bond premiums/discounts, net	66,984		66,984
Total bonds	\$ 716,954	\$ 314,612	\$ 1,031,566

Bonds Payable - Water Utility

The City's Water Utility has pledged future revenues from the sale of water, net of certain costs, to repay a total of \$264,234 for outstanding long-term obligations, principal and interest. Proceeds from bonds provided financing for various capital improvements, primarily distribution assets. The bonds are payable solely from water net revenues and are payable through 2047. At June 30, 2019, the annual principal and interest payments on the bonds were 46.2% of net revenues. Principal and interest paid for current fiscal year and total net revenues were \$11,009 and \$23,806 respectively.

The bond indentures of the respective Water Revenue Bonds contain provisions of 1) in the event of default, the entire outstanding principal shall become due and payable; 2) requirement of a fund reserve for renewals and replacements in an amount equal to a maximum of 2%

of depreciated book value of the Water Utility plant in service; and 3) requirement of a minimum debt service coverage ratio of 1.0.

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

Fiscal Year Ending 6/30	Principal	Interest	Total
2020	\$ 3,640	\$ 7,369	\$ 11,009
2021	3,810	7,199	11,009
2022	3,985	7,025	11,010
2023	4,165	6,836	11,001
2024	4,345	6,643	10,988
2025-2029	24,995	29,734	54,729
2030-2034	31,530	22,753	54,283
2035-2039	38,885	14,842	53,727
2040-2044	29,560	5,752	35,312
2045-2047	10,495	671	11,166
Total	155,410	108,824	264,234
Unamortized bond premiums/discount, net	14,384		14,384
Total bonds	\$ 169,794	\$ 108,824	\$ 278,618

Bonds Payable – Sanitation Utility

The City's Sanitation Utility has pledged future sanitation system net revenues to pay a total of \$75,490 for revenue bonds issued in January 2018. Proceeds from the bonds provided financing for capital improvements to the sanitation sewer collection system. The bonds are payable solely from system net revenues and are payable through February 2048. At June 30, 2019, total principal and interest payments on the bonds were less than 41.12% of net revenues. Total principal and interest paid and total system net revenues for the current fiscal year were \$3,403 and \$8,273 respectively.

The bond indenture contains a provision that in the event of default, the entire outstanding principal shall become due and payable.

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

Fiscal Year Ending 6/30	Principal	Interest	Total
2020	\$ 1,170	\$ 2,231	\$ 3,401
2021	1,230	2,173	3,403
2022	1,295	2,111	3,406
2023	1,355	2,047	3,402
2024	1,430	1,979	3,409
2025-2029	8,265	8,750	17,015
2030-2034	10,560	6,466	17,026
2035-2039	13,465	3,549	17,014
2040-2044	2,935	1,185	4,120
2045-2048	2,920	374	3,294
Total	44,625	30,865	75,490
Unamortized bond premium	8,150		8,150
Total bonds	\$ 52,775	\$ 30,865	\$ 83,640

Bonds Payable – Convention, Sports and Entertainment Venues

The bond indenture contains a provision in the event of default, the entire outstanding principal shall become due and payable, and the requirement of maintaining a fund reserve equal to the maximum of annual debt service. Bond debt service requirements to maturity for the Convention, Sports and Entertainment Venues to be paid from revenues are as follows:

Fiscal Year Ending 6/30	Principal	Interest	Total
2020	\$ 6,355	\$ 10,814	\$ 17,169
2021	2,400	10,628	13,028
2022	3,890	10,508	14,398
2023	4,637	10,314	14,951
2024	4,868	10,082	14,950
2025-2029	28,238	46,507	74,745
2030-2034	36,037	38,705	74,742
2035-2039	45,998	28,749	74,747
2040-2044	58,705	16,041	74,746
2045-2046	27,794	2,102	29,896
Total	218,922	184,450	403,372
Unamortized bond premium/discounts, net	13,910		13,910
Total bonds	\$ 232,832	\$ 184,450	\$ 417,282

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

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

On January 1, 2016, upon expiration of the Agreement, the Public Utility Department and Wells Fargo Bank National Association entered into a new revolving credit Agreement for the same term with a maturity date of January 28, 2021. The Utility Department did not draw fund from the Revolving Credit during fiscal year 2019.

Note Payable – ARTIC Management**Anaheim Regional Transportation Intermodal Center (ARTIC) Land Acquisition Loan payable**

In July 2012, the City entered into an agreement with the Orange County Transportation Authority (OCTA) for the Purchase and Sale of a 13.58 acres real property located at 1750 South Douglass Road in Anaheim. The purchase price for the site is \$32,500. The City paid \$1,000 at the close of escrow and the remaining \$31,500 will be payable to OCTA over 13 years and bears 2% simple interest per annum. Annual principal payments are due on or before July 10th each year commencing 2012. The payment of accrued interest is deferred until equal payments of \$1,883 are due and payable on or before July 10, 2024 and July 10, 2025. The loan is payable with the Anaheim Tourism Improvement Special District (ATID) special assessments and Measure M2 Local Fair Share funds. OCTA will retain payments from Anaheim's "Local Fair Share" funds allocated by OCTA under Measure M2 each year until the final payment is made on July 10, 2025. At June 30, 2019, accrued interest payable for the ARTIC loan was \$3,292. The City may elect to provide alternative funding from other City funds for transportation related purposes, such as gas tax funds. At June 30, 2019, the outstanding balance of the ARTIC loan was \$13,000. Loan debt service requirements to maturity are as follows:

<u>Fiscal Year Ending 6/30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 3,500		\$ 3,500
2021	3,500		3,500
2022	4,000		4,000
2023	2,000		2,000
2024		\$ 1,883	1,883
2025		1,883	1,883
Total notes and loans	<u>\$ 13,000</u>	<u>\$ 3,766</u>	<u>\$ 16,766</u>

800 Megahertz Communication Equipment loan payable

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

Electric Utility

<u>Fiscal Year Ending 6/30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 30	\$ 5	\$ 35
2021	31	4	35
2022	31	4	35
2023	32	3	35
2024	33	2	35
2025-2026	84	2	86
Total notes and loans	<u>\$ 241</u>	<u>\$ 20</u>	<u>\$ 261</u>

Sanitation Utility

<u>Fiscal Year Ending 6/30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 20	\$ 3	\$ 23
2021	20	3	23
2022	20	3	23
2023	21	2	23
2024	21	2	23
2025-2026	55	1	56
Total notes and loans	<u>\$ 157</u>	<u>\$ 14</u>	<u>\$ 171</u>

Convention, Sports and Entertainment Venues

<u>Fiscal Year Ending 6/30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 3	\$ 1	\$ 4
2021	3	1	4
2022	3	1	4
2023	3		3
2024	2		2
2025-2026	6		6
Total notes and loans	<u>\$ 20</u>	<u>\$ 3</u>	<u>\$ 23</u>

ARBITRAGE

The Tax Reform Act of 1986 (Act) substantially revised the treatment to be afforded to earnings on the proceeds of tax-exempt debt, and requires the City to calculate and remit rebatable arbitrage earnings to the Internal Revenue Service. Certain of the City's debt and interest earned on the proceeds thereof are subject to the requirements of the Act. The City has accrued a liability for estimated rebatable arbitrage earnings and has set aside such earnings as restricted cash. At June 30, 2019, the arbitrage rebate liability for governmental and business-type activities was zero and \$183, respectively.

LEGAL DEBT MARGIN

The City of Anaheim has a general obligation debt limit that cannot exceed 3.75% of the total assessed valuation of all real and personal property within the City. Based on fiscal year 2018-2019 gross assessed valuation for taxation purposes of \$45,731,391, the City has a debt limit of \$1,714,927 or 3.5%. Currently the City does not have any outstanding bonded indebtedness in the form of general obligation bonds. Since the outstanding bond principal is zero, the City has a net debt margin of \$1,714,927.

COMPLIANCE WITH DEBT COVENANTS

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

DEBT ISSUANCES

City - Debt Issuance

On April 30, 2019, the City issued Anaheim Public Financing Authority (APFA), Senior Lease Revenue Refunding Bonds 2019 A in the principal amount of \$169,065, at a premium of \$35,279, and 2019 B in the principal amount of \$6,500, to refund the outstanding principal balance of the APFA 2007 A1 and A2 Revenue Refunding Bonds totaled \$209,065. Interest rate for the 2019 A bonds is 5%, and for the 2019 B is 2.55%. The total debt service to maturity is \$273,376. The City reduced its total debt service payments over the life of the refunded bonds by \$57,978 and obtained a net present value savings of \$39,823.

The bond proceeds, net of premium totaled \$210,844 of which \$209,065 and along with resource of \$1,535 from the City representing accrued interest on the 2007 A1 & A2 refunded bond were transferred to the

refunding bond escrow agent to defease the 2007 A1 & A2 APFA; \$740 from the bond proceeds was deposited to fund cost of issuance, \$527 to fund the underwriter discount, and \$512 for insurance premium and reserve surety.

DEBT RETIREMENTS

Debt Defeased

The City defeased the following bonds prior to June 30, 2019:

	Outstanding 6/30/2019
Electric Utility	
2011-A Electric Revenue Bonds	\$ 78,110
2012-A Electric Revenue Bonds	29,140
2016-A Electric Revenue Bonds	<u>91,610</u>
	<u>\$ 198,860</u>

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

CONDUIT FINANCINGS

City

The City has entered into two conduit financings on behalf of a community care provider facility and one to facilitate the management agreement for the Honda Center (formerly the Arrowhead Pond) of Anaheim. In accordance with applicable agreements, the City has no obligation for debt service payments and therefore, the debt is not reflected in the accompanying basic financial statements. Bonds payable and certificates of participation related to conduit financings outstanding at June 30, 2019, were as follows:

	Date Issued	Final Maturity	Amount Issued	Outstanding 6/30/2019
1993 Anaheim Memorial Hospital Association	10/15/1993	5/15/2020	\$ 46,690	\$ 3,150
2003 Anaheim Arena Financing Project	12/11/2003	6/1/2023	<u>42,600</u>	<u>16,500</u>
Total			<u>\$ 89,290</u>	<u>\$ 19,650</u>

Anaheim Housing Authority

The Anaheim Housing Authority has entered into conduit debt financings on behalf of various developers to assist with the acquisition, construction, equipping, rehabilitation and refinancing of multifamily residential rental projects within the City of Anaheim. In accordance with the bond documents, neither the City nor the Housing Authority has an obligation for debt service payments and therefore, the debt is not reflected in the accompanying basic financial statements. Housing Authority revenue bonds related to conduit financings outstanding at June 30, 2019, were as follows:

	Date Issued	Final Maturity	Amount Issued	Outstanding 6/30/2019
Heritage Village Apartments	11/12/1992	7/15/2033	\$ 8,485	\$ 5,485
Sage Park Project	11/1/1998	11/1/2028	5,500	5,500
Solara Court Apartments	11/28/2004	12/1/1934	8,200	4,656
Bel Age Manor Apartments	2/1/2008	2/1/1944	22,350	19,000
Pradera Apartments (Lincoln Anaheim) Phase B	5/15/2009	4/15/1939	23,217	7,086
Anton Monaco Apartments	12/14/2012	1/1/2046	35,460	33,485
Crossings at Cherry Orchard Apartments Tranche A	8/23/2012	12/1/2044	9,365	1,040
Crossings at Cherry Orchard Apartments Tranche B	8/23/2012	12/1/2029	2,985	2,302
Paseo Village Apartments	2/28/2013	9/1/2045	19,750	12,268
Village Center Apartments	8/7/2014	3/1/2047	15,000	15,000
Pebble Cove Apartments Series A	8/19/2015	9/1/2031	13,000	12,437
Pebble Cove Apartments Taxable Subordinate Series 2015A	8/19/2015	8/1/2055	3,550	3,550
Hermosa Village Apartments Phase 1 Series A-1/A-2	12/28/2016	7/1/2049	41,028	26,134
Miracle Terrace Apartments Series B-1	1/10/2017	2/1/2050	26,555	26,555
Miracle Terrace Apartments Series B-2	1/10/2017	2/1/2020	11,445	11,445
Cobblestone Apartments Series A-1	3/14/2017	10/1/2054	6,185	6,173
Sea Wind Apartments Series B-1	3/14/2017	10/1/2054	11,015	10,941
Total			<u>\$ 263,090</u>	<u>\$ 203,057</u>

FIDUCIARY FUNDS

Successor Agency

The following is a summary of changes in long-term debts from direct borrowings and direct placements for the year ended June 30, 2019:

	Beginning Balance	Additions/ Proceeds	Reductions/ Payments	Ending Balance	Due Within One Year
Bonds payable	\$ 156,455		\$ (7,225)	\$ 149,230	\$ 7,595
premium/(discount), net	21,915		(2,657)	19,258	
Due to City of Anaheim	9,654		(1,072)	8,582	1,131
	<u>\$ 188,024</u>		<u>\$ (10,954)</u>	<u>\$ 177,070</u>	<u>\$ 8,726</u>

Bonds Payable

2007 Tax Allocation Refunding Bonds

The Successor Agency will repay a total of \$67,240, principal and interest, for the outstanding 2007 tax allocation bonds issued in December 2007 from the semi-annual Redevelopment Property Tax Trust Fund (RPTTF) revenue allocations. Proceeds from the bonds provided financing for public improvements related to the merged project areas, for the supply of low-and moderate-income housing within the City, to repay certain Redevelopment Agency loan obligations and to advance refund the 1992, 1997 and 2000 bonds. The bonds bear interest at rates ranging from 4.25% to 6.50% and are payable through February 2031. During the fiscal year ended June 30, 2018, total principal and interest paid was \$18,008.

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

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

Fiscal Year Ending 6/30	Principal	Interest	Total
2020	\$ 2,935	\$ 2,700	\$ 5,635
2021	3,130	2,509	5,639
2022	3,330	2,306	5,636
2023	1,780	2,089	3,869
2024	1,875	1,973	3,848
2025-2029	17,790	7,471	25,261
2030-2031	10,665	1,052	11,717
Total bonds	<u>\$ 41,505</u>	<u>\$ 20,100</u>	<u>\$ 61,605</u>

2018 Tax Allocation Refunding Bonds

On January 25, 2018, the Successor Agency issued Tax Allocation Refunding Bonds, 2018 Series A and B. The bond proceeds together with the 2007 series A and C bond reserve funds were used to refund the 2007 Tax Allocation Bonds series A and C, and the 2010 Recovery Economic Zone Development Bonds. The Successor Agency will repay a total of \$149,007, principal and interest, from the semi-annual RPTTF revenue allocations. The refunding bonds bear interest at rates ranging from 2.27% to 2.50% and are payable through February 2031.

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

Fiscal Year Ending 6/30	Principal	Interest	Total
2020	\$ 4,660	\$ 5,379	\$ 10,039
2021	4,885	5,153	10,038
2022	5,130	4,909	10,039
2023	7,155	4,653	11,808
2024	7,530	4,295	11,825
2025-2029	52,040	14,902	66,942
2030-2031	26,325	1,991	28,316
Total bonds	107,725	41,282	149,007
Unamortized bond premium/ discounts, net	19,258		19,258
Total bonds	\$ 126,983	\$ 41,282	\$ 168,265

Due to the City of Anaheim

The Successor Agency will repay a total of \$4,859 outstanding long-term obligations, principal and interest, from the semi-annual RPTTF revenue allocations for the \$10,000 Cooperation Agreement dated April 1, 2003, between the former Redevelopment Agency and the City, whereby the City assisted the former Agency with the development of the Anaheim Westgate Center (Westgate project) utilizing \$10,000 of funds from the HUD Section 108 loan. This Cooperation Agreement obligation (HUD Section 108 loan) bears interest ranging from 1.74% to 5.97% and is payable semi-annually through August 2023. At June 30, 2019, outstanding principal due to the City for the Westgate project obligation was \$4,238. Principal and interest paid for the current fiscal year were \$996.

Fiscal Year Ending 6/30	Principal	Interest	Total
2020	\$ 785	\$ 223	\$ 1,008
2021	841	177	1,018
2022	907	127	1,034
2023	975	72	1,047
2024	730	22	752
Total notes and loans	\$ 4,238	\$ 621	\$ 4,859

The Successor Agency will repay a total of \$5,441 outstanding long-term obligations, principal and interest, from the semi-annual RPTTF revenue allocations for the \$7,000 Cooperation Agreement dated June 2010 between the former Redevelopment Agency and the City, whereby the City assisted the former Redevelopment Agency with the rehabilitation of the historic Packing House site utilizing proceeds from the HUD Section 108 loan. This Cooperation Agreement obligation (HUD 108 Section loan) bears interest ranging from 1.68% to 3.98% and is payable over 20 years beginning on February 1, 2011 through August 1, 2030. As of June 2019, the outstanding principal due to the City for the Packing House site project obligation was \$4,344. Principal and interest paid for the current fiscal year were \$522.

Fiscal Year Ending 6/30	Principal	Interest	Total
2020	\$ 346	\$ 169	\$ 515
2021	349	157	506
2022	354	144	498
2023	359	131	490
2024	364	117	481
2025-2029	1,909	353	2,262
2030-2031	663	26	689
Total notes and loans	\$ 4,344	\$ 1,097	\$ 5,441

Mello-Roos Community Facilities Districts

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

At June 30, 2019, the City has the following outstanding Mello-Roos special tax bonds:

	Outstanding 6/30/2019
CFD 06-02	\$ 6,975
CFD 08-01	59,305
	\$ 66,280

In February 2007, the City issued \$9,060 in special tax bonds to finance a portion of the cost of acquisition and construction of facilities in the Platinum Triangle of Anaheim, Community Facility District 06-2. Stadium Loft. On August 10, 2016, the outstanding balance of \$7,680 of the 2007 special tax bonds were refunded by Special Tax Refunding Bonds, Series 2016, CFD 06-02, in the principal amount of \$7,540 and at a premium of \$91. The City reduced the CFD 06-2 total debt service payments over the life of the refunded bonds by \$1,989 with a present value savings of \$1,352. The true interest cost is 2.89% payable semi-annually commencing from March 1, 2017 through September 1, 2037. Balance of total debt service is \$9,117 to maturity.

In August 2010, the City issued \$28,630 in special tax bonds, Series 2010 to finance a portion of the cost of acquisition and construction of facilities in the Platinum Triangle of Anaheim, Community Facility District 08-1 and to fund a reserve fund for the Series 2010 Bonds. On August 10, 2016 the City issued Special Tax Bonds, Series 2016, CFD 08-1 in the principal amount of \$60,000 and at a premium of \$5,923. The bonds are being used to provide financing for acquisition and construction of certain public facilities necessary for the continued development of the District, and to refund \$22,730 outstanding principal of the CFD 08-1, Special Tax Bonds, Series 2010. The City reduced the CFD 08-1 total debt service payments over the life of the refunded bonds by \$13,325 with a present value savings of \$8,649. The true interest cost is 3.38% payable semiannually commencing from March 1, 2017 through September 1, 2037. Balance of total debt service is \$103,598 to maturity.

NOTE 9 - OTHER LONG-TERM LIABILITIES:

The following is a summary of other long-term liabilities reported in the government-wide financial statements for the year ended June 30, 2019:

	Beginning Balance	Additions	Reductions/ Payments	Ending Balance	Due Within One Year
Governmental activities:					
Capital lease payable	\$ 1,550	\$ 1,548	\$ (1,110)	\$ 1,988	\$ 1,008
Claims liabilities (note 7)	54,312	11,149	(12,214)	53,247	12,501
Compensated absences (note 1)	21,090	26,249	(25,517)	21,822	14,933
Due to other governments	28,948		(6,368)	22,580	
Other Postemployment Benefits (OPEB) (note 12)					
Governmental Funds	127,709	16,133	(15,932)	127,910	
Internal Service Funds	10,468	1,179	(1,380)	10,267	
Total	138,177	17,312	(17,312)	138,177	
Pension (note 11):					
Governmental Funds	571,968	179,479	(186,999)	564,448	
Internal Service Funds	31,202	10,049	(10,299)	30,952	
Total	603,170	189,528	(197,298)	595,400	
Governmental activities total	847,247	245,786	(259,819)	833,214	28,442
Business-type activities:					
San Juan reclamation obligation	6,232	299	(154)	6,377	
Provision for decommissioning liability (note 1)	92,098		(5,689)	86,409	
Other Postemployment Benefits (OPEB) (note 12)					
Electric Utility	24,486	2,684	(3,794)	23,376	
Water Utility	9,136	1,020	(1,267)	8,889	
Sanitation Utility	6,126	753	(762)	6,117	
Golf Courses	425	46	(70)	401	
Convention, Sports and Entertainment Venues	8,302	906	(1,317)	7,891	
Total	48,475	5,409	(7,210)	46,674	
Pension (note 11)					
Electric Utility	91,561	26,592	(30,406)	87,747	
Water Utility	29,417	8,653	(9,517)	28,553	
Sanitation Utility	16,674	4,987	(5,408)	16,253	
Golf Courses	1,232	361	(400)	1,193	
Convention, Sports and Entertainment Venues	35,691	9,662	(13,473)	31,880	
Total	174,575	50,255	(59,204)	165,626	
Business-type activities total	321,380	55,963	(72,257)	305,086	
Government-wide total	\$ 1,168,627	\$ 301,749	\$ (332,076)	\$ 1,138,300	\$ 28,442

Governmental activities**Due to other governments**

The California Department of Finance (DOF) approved the Successor Agency's Long Range Property Management Plan (LRPMP) on December 31, 2015; the LRPMP authorized the transfer of all of the properties formerly held by the Successor Agency to the City for either governmental use or future development. The California Redevelopment Agency Dissolution Law (ABx1 26, AB 1484, AB 471 and SB 107, as the same may be amended from time to time) addresses the distribution of land sale proceeds from the sale of those properties and suggests that such distribution be memorialized in agreements (Compensation Agreements) among the entities that receive the former redevelopment agency's property tax increment. To date, no Compensation Agreements have been executed, but such distribution may involve the transfer of \$0 up to the estimated net total liability at June 30, 2019 of \$22,580 to those taxing entities.

Capital lease obligation

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

Fiscal Year Ending 6/30

2020	\$	1,008
2021		700
2022		249
2023		31
Total	\$	<u>1,988</u>

Business-type activities**San Juan reclamation obligation**

The Electric Utility is providing for the future reclamation costs allocation based on its former ownership share of Unit 4 of 10.04% of the San Juan Generation Station. The Electric Utility has \$6,377 in an irrevocable trust as of June 30, 2019 for reclamation costs. The Utility has paid \$154 in fiscal years 2019 related to San Juan reclamation obligation.

SUCCESSOR AGENCY**Other long-term liabilities**

The Successor Agency has the following other long-term liabilities at June 30, 2019:

	<u>Beginning Balance</u>	<u>Additions/ Proceeds</u>	<u>Reductions/ Payments</u>	<u>Ending Balance</u>	<u>Within One Year</u>
Notes and loans payable	5,432		(461)	4,971	508
Due to City of Anaheim	884			884	884
Pollution remediation liability	17,578		(439)	17,139	340
	<u>\$ 23,894</u>		<u>\$ (900)</u>	<u>\$ 22,994</u>	<u>\$ 1,732</u>

Savi Ranch Associates note payable

In July 1989, the former Redevelopment Agency executed a note with Savi Ranch Associates, a California general partnership. The amount of the note totaled \$2,707 and bears interest at 9.5% per annum. The note is payable from net property tax increment as defined in the Redevelopment Agency note. If there is insufficient RPTTF revenue to pay for principal and interest at the termination of the River Valley project area plan in November 2031, the note ceases to be an obligation of the Successor Agency. For the fiscal year ended June 30, 2019, total interest paid was \$411.

Contractual obligations

As part of the Redevelopment Agency's economic development program to attract and retain businesses in the City, the former Redevelopment Agency has entered into various contractual obligations to reimburse tenant improvement costs to be paid from property tax increment revenues (thereafter RPTTF). At June 30, 2019, the outstanding balance of these obligations totaled \$20.

In December 1992, the former Redevelopment Agency has entered into an agreement with California State Teachers Retirement System (CALSTRS), to share in the development costs of the Plaza Redevelopment Project. In March 2004, CALSTRS assigned the agreement to the new owners, Pan Pacific Retail Properties, Inc. (PPRP). In October 2006, Kimco Realty Corporation (KRC) acquired PPRP including the assumption of the assigned plaza project agreement. The KRC participation note bears 7% simple interest rate, and has a maximum term of 25 years. The Successor Agency's obligation to repay the note is entirely contingent on the revenues generated by the project. The note will be forgiven at the end of the term whether or not the entire amount has been repaid. At June 30, 2019, the outstanding balance of the participation note was \$2,244.

Due to the City of Anaheim

In 2013, the Successor Agency entered into a Cooperative Agreements with the City whereby the City assisted the Successor Agency by providing a loan of \$1,563 to finance various Successor Agency projects. The Successor Agency will repay the City from future RPTTF revenue allocation. At June 30, 2019, the outstanding balance of these loan are \$884.

Westgate Pollution Remediation Obligation

In June 2003, the former Redevelopment Agency acquired property located at 2951 West Lincoln Avenue as part of a redevelopment project named the Westgate project. Approximately 11 acres of the property were formerly known as the Sparks and Rains Landfills. The County of Orange was the operator of these landfills until 1960. In November 2008, the County paid the Redevelopment Agency \$5,176 in settlement of claims related to the pollution remediation for the Westgate project site prior to the development of a shopping center. The total costs of the pollution remediation work amounted to \$12,420 based on actual contract received for the project. During the year ended June 30, 2015, management identified potential additional pollution remediation costs including ongoing maintenance responsibilities required for the Westgate project amounting to \$18,576. At June 30, 2019, the pollution remediation liability is estimated to be \$17,139

NOTE 10 – SEGMENT INFORMATION:

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

Condensed Statement of Net Assets

Assets	
Cash & cash equivalents	\$ 6,140
Investments	25,686
Other current assets	1,886
Restricted cash & cash equivalents	2,643
Restricted investments	21,860
Capital Assets, net	<u>112,448</u>
Total assets	<u>170,663</u>
Deferred outflows of resources	<u>1,467</u>
Liabilities	
Current liabilities	1,054
Long-term debt due within one year	702
Current liabilities payable from restricted assets	1,051
Long-term debt due within one year payable from restricted assets	488
Long-term debt less current portion	51,742
Other long-term liabilities	<u>9,688</u>
Total liabilities	<u>64,725</u>
Deferred inflows of resources	<u>873</u>
Net Position	
Net investment in capital assets	69,755
Restricted for debt services	487
Restricted for capital projects	11,784
Unrestricted	<u>24,506</u>
	<u>\$ 106,532</u>

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

Waste water fees (pledged against bonds)	\$ 13,910
Other revenues	700
Depreciation and amortization	(2,437)
Other operating expenses	<u>(7,767)</u>
Total operating Income	<u>\$ 4,406</u>
Nonoperating income(expenses)	
Intergovernmental revenues	11
Interest income	2,130
Interest expense	(1,607)
Loss on disposal of capital assets	(3)
Capital contribution	385
Transfer out	<u>(561)</u>
Total nonoperating expenses	<u>355</u>
Change in net position	4,761
Net position at beginning of year	<u>101,771</u>
Net position at end of year	<u>\$ 106,532</u>

Condensed Statement of Cash Flows

Net cash provided (used for) by:	
Operating activities	\$ 6,540
Noncapital financing activities	(550)
Capital and related financing activities	(7,063)
Investing activities	<u>(1,313)</u>
Net decrease	(2,386)
Beginning cash and cash equivalents	<u>11,169</u>
Ending cash and cash equivalents	<u>\$ 8,783</u>
Reconciliation of cash & cash equivalent	
Cash & cash equivalent	\$ 6,140
Restricted cash & cash equivalent	<u>2,643</u>
Total cash & cash equivalent	<u>\$ 8,783</u>

NOTE 11 - PENSIONS:

General information about the Pension Plans

Plan Description

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

Benefits Provided

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

The Plans' provisions and benefits in effect at June 30, 2019 are summarized as follows:

	<u>Miscellaneous</u>	
	Prior to	On or after
Hire Date	January 1, 2013	January 1, 2013
Benefit formula	2.7% @ 55	2.0% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50-55	52-65
Monthly benefits, as a% of eligible compensation	2.70%	2.00%
Required employee contribution rates	8.00%	6.75%
Required employer contribution rates	10.896%	10.896%

	<u>Police Safety</u>	
	Prior to	On or after
Hire Date	January 1, 2013	January 1, 2013
Benefit formula	3.0% @ 50	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50	52-57
Monthly benefits, as a % of eligible compensation	3.00%	2.70%
Required employee contribution rates	9.00%	12.00%
Required employer contribution rates	22.098%	22.098%

	<u>Fire Safety</u>	
	Prior to	On or after
Hire Date	January 1, 2013	January 1, 2013
Benefit formula	3.0% @ 50	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50	50-57
Monthly benefits, as a % of eligible compensation	3.00%	2.0%-2.7%
Required employee contribution rates	9.00%	10.75%
Required employer contribution rates	18.378%	18.378%

Employees Covered

As of the June 30, 2018 actuarial valuation, the following employees were covered by the benefit terms for each Plan:

	<u>Miscellaneous</u>	<u>Police Safety</u>	<u>Fire Safety</u>
Inactive employees or beneficiaries currently receiving benefits	2,114	560	312
Inactive employees entitled to but not yet receiving benefits	1,598	82	64
Active employees	<u>1,724</u>	<u>423</u>	<u>202</u>
Total	<u>5,436</u>	<u>1,065</u>	<u>578</u>

Contributions

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

Effective with fiscal year 2018, CalPERS began collecting employer contributions toward the plan's unfunded liability as dollar amounts instead of the prior method of a contribution rate. The total required minimum employer contribution is the sum of the Employer Normal Cost Rate (Employer Rate, expressed as a percentage of payroll) plus the Employer Unfunded Accrued Liability (UAL) Contribution amount (in dollar). The following table summarizes the required contribution rates by employee and employer effective for fiscal year 2019. The contribution requirements of plan members and the City are established and may be amended by CalPERS.

Employee Group	CalPERS Membership ¹	Retirement Formula	Employee Rate	Employer Rate		Total Rate			FY 2019 UAL Contribution ³
				Employee ²	City	Employee	City	Total Rate	
Miscellaneous Employees									
Management; confidential Anaheim Municipal Employees Association (AMEA) General	Classic	2.7% @ 55	8.000%	4.000%	6.896%	12.000%	6.896%	18.886%	
Anaheim Municipal Employees Association (AMEA) Clerical	New	2% @ 62	6.750%	0.000%	10.896%	6.750%	10.896%	17.646%	\$ 27,111
International Brotherhood of Electrical Workers (IBEW)									
Anaheim Police Association Trainees									
Safety Employees									
Fire Management	Classic	3% @ 50	9.000%	3.000%	15.378%	12.000%	15.378%	27.378%	
Anaheim Fire Association (AFA)	Classic	2% @ 50	9.000%	3.000%	15.378%	12.000%	15.378%	27.378%	
	New	2.7% @ 57	10.750%	0.000%	18.378%	10.750%	18.378%	29.128%	\$ 6,929
Police Management	Classic	3% @ 50	9.000%	3.000%	19.098%	12.000%	19.098%	31.098%	
Anaheim Police Management Association (APMA)	New	2.7% @ 57	12.000%	0.000%	22.098%	12.000%	22.098%	34.098%	\$ 11,713
Anaheim Police Association (APA)									

¹ Definition of a 'New' PERS member

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

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

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

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

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

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

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

Net Pension Liability

The City's net pension liability for each Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of each of the Plan is measured as of June 30, 2018. Liabilities are based on the results of the actuarial calculations performed as of June 30, 2017 and were rolled forward to determine the June 30, 2018 total pension liability. Fiduciary net position is based on fair value of investments as of June 30, 2018.

Actuarial Assumptions:

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

Valuation Date (VD)	June 30, 2017
Measurement Date (MD)	June 30, 2018
Measurement Period	July 1, 2017 to June 30, 2018
Reporting Date (RD)	June 30, 2019
Actuarial Cost Method	Entry Age Normal in accordance with the requirements of GASB 68
Asset Valuation Method	Market Value of Assets
<u>Actuarial Assumptions:</u>	
Discount Rate	7.15%
Inflation	2.50%
Salary Increase	Varies by Entry Age and Service
Payroll Growth	3.00%
Investment Rate of Return	7.15%
Retirement Age	The probabilities of Retirement are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011.
Mortality	The probabilities of mortality are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011. Pre-retirement and Post-retirement mortality rates include 20 years of projected mortality improvement using Scale BB published by the Society of Actuaries.
Post Retirement Benefits Increase	Contract COLA up to 2.0% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.5% thereafter

Change of Assumptions

In 2018, the demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017.

Discount Rate

The discount rate used to measure the total pension liability was 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. The tests revealed the assets would not run out. Therefore, the current 7.15 percent discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The discount rate of 7.15 percent is applied to all plans in the Public Employees Retirement Fund.

Long-term expected rate of return

The long-term expected rate of return on pension plan investments of 7.15% was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ 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 adjusted to account for the assumed administrative expenses.

<u>Asset Class¹</u>	<u>Current Target Allocation</u>	<u>Real Return Years 1-10²</u>	<u>Real Return Years 11+²</u>
Global Equity	50.00%	4.80%	5.98%
Global Fixed Income	28.00%	1.00%	2.62%
Inflation Sensitive		0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Estate	13.00%	3.75%	4.93%
Liquidity	<u>1.00%</u>		-0.92%
	<u>100.00%</u>		

¹ CalPERS' CAFR, Fixed income is included in Global Debt Securities; Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities

² An expected inflation of 2.0% used for this period

² An expected inflation of 2.92% used for this period

Recognition of Gains and Losses

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

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

Difference between projected and actual earnings on investments 5 year straight-line amortization

All other amounts Straight-line amortization over the average expected remaining service lives of all members that are provided with benefits (active, inactive, and retired) as of the beginning of the measurement period

Change in the Net Pension Liability

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

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

	<u>Total Pension Liability (a)</u>	<u>Plan Fiduciary Net Position (b)</u>	<u>Net Pension Liability/ (Asset) (c) = (a) - (b)</u>
Miscellaneous Plan:			
Balance at June 30, 2017 (VD)	\$ 1,384,834	\$ 959,247	\$ 425,587
Changes recognized for the Measurement Period:			
Service Cost	24,265		24,265
Interest on the Total Pension Liability	96,660		96,660
Changes of Assumptions	(7,462)		(7,462)
Difference between Expected and Actual Experience	(3,467)		(3,467)
Plan to Plan Resource Movement		(2)	2
Contribution from the Employer		35,753	(35,753)
Contributions from Employees		9,985	(9,985)
Net Investment Income		80,859	(80,859)
Benefit Payments, including Refunds of Employee Contributions	(68,285)	(68,285)	
Administrative Expenses		(1,495)	1,495
Other miscellaneous income (Expense) ⁽¹⁾		(2,839)	2,839
Net Changes during 2017-2018	<u>41,711</u>	<u>53,976</u>	<u>(12,265)</u>
Balance at 6/30/2018 (MD)	<u>\$ 1,426,545</u>	<u>\$ 1,013,223</u>	<u>\$ 413,322</u>

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/ (Asset) (c) = (a) - (b)
Police Safety Plan:			
Balance at June 30, 2017 (VD)	\$ 762,093	\$ 535,226	\$ 226,867
Changes recognized for the Measurement Period:			
Service Cost	16,628		16,628
Interest on the Total Pension Liability	53,413		53,413
Changes of Assumptions	(3,208)		(3,208)
Difference between Expected and Actual Experience	(2,322)		(2,322)
Plan to Plan Resource Movement		(1)	1
Contributions from Employer		20,412	(20,412)
Contributions from Employees		4,869	(4,869)
Net Investment Income		45,025	(45,025)
Benefit Payments, including Refunds of Employee Contributions	(35,675)	(35,675)	
Administrative Expenses		(834)	834
Other miscellaneous income (Expense) ⁽¹⁾		(1,584)	1,584
Net Changes during 2017-2018	28,836	32,212	(3,376)
Balance at 6/30/2018 (MD)	\$ 790,929	\$ 567,438	\$ 223,491
Fire Safety Plan:			
Balance at June 30, 2017 (VD)	\$ 428,248	\$ 302,957	\$ 125,291
Changes recognized for the Measurement Period:			
Service Cost	6,625		6,625
Interest on the Total Pension Liability	29,971		29,971
Changes of Assumptions	(1,830)		(1,830)
Difference between Expected and Actual Experience	1,245		1,245
Plan to Plan Resource Movement		(1)	1
Contributions from Employer		10,600	(10,600)
Contributions from Employees		2,487	(2,487)
Net Investment Income		25,372	(25,372)
Benefit Payments, including Refunds of Employee Contributions	(23,587)	(23,587)	
Administrative Expenses		(472)	472
Other miscellaneous income (Expense) ⁽¹⁾		(897)	897
Net Changes during 2017-2018	12,424	13,502	(1,078)
Balance at 6/30/2018 (MD)	\$ 440,672	\$ 316,459	\$ 124,213

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/ (Asset) (c) = (a) - (b)
Combined Total:			
Balance at June 30, 2017 (VD)	\$ 2,575,175	\$ 1,797,430	\$ 777,745
Changes recognized for the Measurement Period:			
Service Cost	47,518		47,518
Interest on the Total Pension Liability	180,044		180,044
Changes of Assumptions	(12,500)		(12,500)
Difference between Expected and Actual Experience	(4,544)		(4,544)
Plan to Plan Resource Movement		(4)	4
Contribution from the Employer		66,765	(66,765)
Contributions from Employees		17,341	(17,341)
Net Investment Income		151,256	(151,256)
Benefit Payments, including Refunds of Employee Contributions	(127,547)	(127,547)	
Administrative Expenses		(2,801)	2,801
Other miscellaneous income (Expense) ⁽¹⁾		(5,320)	5,320
Net Changes during 2017-2018	82,971	99,690	(16,719)
Balance at 6/30/2018 (MD)	\$ 2,658,146	\$ 1,897,120	\$ 761,026

⁽¹⁾ CalPERS employees participate in various State of California agent pension plans and during Fiscal Year 2017-18, CalPERS recorded a correction to previously reported financial statements to properly reflect its proportionate share of activity related to pensions in accordance with GASB Statement No. 68, Accounting and Financial Reporting for Pension (GASB 68).

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

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

Plans' Net Pension Liability	Discount Rate - 1% (6.15%)	Discount Rate (7.15%)	Discount Rate + 1% (8.15%)
Miscellaneous	\$ 600,359	\$ 413,322	\$ 258,661
Police Safety	331,237	223,491	134,900
Fire Safety	181,389	124,213	76,972
Combine total	\$ 1,112,985	\$ 761,026	\$ 470,533

Pension Plan Fiduciary Net Position

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

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

Pension expense is the change in net pension liability from the previous fiscal year to the current fiscal year less adjustments. For the fiscal year ended June 30, 2019, the City recognized pension expense of \$106,456. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 75,598	
Changes of Assumptions	60,536	\$ 9,129
Difference between Expected and Actual Experiences	5,914	6,613
Net difference between projected and actual earnings on plan investments	5,572	
Change in proportions	4,221	4,221
Total	<u>\$ 151,841</u>	<u>\$ 19,963</u>

The \$75,598 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the measurement year ended June 30, 2019. Amount reported in deferred inflows of resources related to pensions will be recognized as a component in pension expense as follows:

Measurement Period Ended 6/30		
2019	\$	63,389
2020		15,933
2021		(17,985)
2022		(5,057)
Total	\$	<u>56,280</u>

Payable to the Pension Plans

At June 30, 2019, the City reported a payable of \$950 for the outstanding amount of contributions to the pension plan required for the fiscal year ended June 30, 2019.

NOTE 12 - Other Postemployment Benefits

Plan Description

The City provides other postemployment benefits (OPEB) to eligible regular full-time employees who retired from city services in a single-employer defined benefit healthcare plan (Plan). The Plan participates in the California Employers' Retiree Benefit Trust (CERBT) to pre-fund OPEB liabilities. The CERBT is an agent multiple employer plan consisting of an aggregation of single-employer plans, with pooled administrative and investment functions that are administered by CalPERS. A copy of the aggregated CERBT annual financial report may be obtained @www.calpers.ca.gov.

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

<u>Employee Group</u>	<u>Date of Hire</u>	<u>Eligibility Requirement</u>	<u>City Contribution Formulas¹</u>
Management, Council - Unrepresented Anaheim Municipal Employee Associations (AMEA)	Before 1/1/1996	Age 50 with 10 years of continuous full time City services; must have been awarded a retirement from PERS as the reason for separation from City service	1.5 multiplied by Miscellaneous 2% @ 60 PERS retirement schedule based on employee's age at retirement & City service accrued through 12/31/2005
Police Safety	Before 7/6/2001	Age 50 with 10 years of continuous full time City services; must have been awarded a retirement from PERS as the reason for separation from City service	1.2 multiplied by 2% @ 50 Safety PERS based on the employee's age and years of City service at the time of retirement
Fire Safety	Before 11/9/2001	Age 50 with 10 years of continuous full time City services; must have been awarded a retirement from PERS as the reason for separation from City service	1.2 multiplied by 2% @ 50 Safety PERS based on the employee's age and years of City service at the time of retirement

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

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

Benefits provided

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

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

Employees Covered

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

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

Contributions

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

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

For the fiscal year ended June 30, 2019, the City contributed the full amount of the ADC totaled \$16,049 of which included insurance premiums of \$19,566, implicit subsidy of \$2,974, and cash reimbursement from CERBT of \$580 offsetting by retiree contributions of \$5,911.

Net OPEB Liability

The City's OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

Actuarial assumptions.

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

Valuation Date (VD)	June 30, 2017
Measurement Date (MD)	June 30, 2018
Measurement Period	July 1, 2017 to June 30, 2018
Reporting Date (RD)	June 30, 2019
Actuarial Cost Method	Entry Age Normal Cost, level percent of pay
Asset Valuation Method	Market Value of Assets
Actuarial Assumptions:	
Long Term Return on Assets	7.28%
Discount Rate	7.28%
General Inflation Rate	2.75%
Salary Increase	3.25% per year, used only to allocate the cost of benefits between service years
Assumed Wage Inflation	3.0% per year, used to determine amortization payments if developed on a level percent of pay basis
Participants Valued	Only current active employees and retired participants and covered dependents are valued. No future entrants are considered in this valuation.
Participation Rates	Active employees expected to qualify for explicit City benefits in retirement: 90% of future retirees are assumed to elect coverage through the City in retirement; Active employees not eligible for explicit City benefits in retirement: 22.5% are assumed to continue their current medical plan elections in retirement; Current retirees: All currently participating retirees are assumed to continue their existing medical and dental plan elections for the remainder of their lifetime. 50% of retirees eligible for benefits but currently waiving coverage are assumed to rejoin the plan.
Demographic	Based on the 2014 experience study of the CalPERS using data from 1997 to 2011, except for a different basis used to project future mortality improvements. The representative mortality rates were those published by CalPERS, adjusted to back out 20 years of Scale to central year2008
Mortality Improvement	Macleod Watts Scale 2017 applied generationally
Healthcare Trend	8.0% for year 2018, decreasing 0.5% per year to an ultimate rate of 5.0% for year 2025 & later

Discount Rate

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return ¹
Global Equity	59%	5,71%
Fixed Income	25%	2,40%
Treasury Inflation-Protected Securities	5%	2,25%
Real Estate Investment Trusts	8%	7,88%
Commodities	3%	4,95%
Cash	-	

¹Geometric representation; inflation 3%

Recognition of Plan Changes and Gains and Losses

Under GASB 75, gains and losses related to changes in Total OPEB Liability and Fiduciary Net Position are recognized in OPEB expense systematically over time.

Timing of recognition: Changes in the Total OPEB Liability relating to changes in plan benefits are recognized immediately (fully expensed) in the year in which the change occurs. Gains and Losses are amortized, with the applicable period based on the type of gain or loss. The first

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

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

Changes in the OPEB Liability

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

	Increase (Decrease)		
	Total OPEB Liabilities	Plan Fiduciary Net Position	Net OPEB Liability
	(a)	(b)	(a) - (b)
Balance at 06/30/2017	\$ 270,321	\$ 83,669	\$ 186,652
Changes for the year:			
Service cost	1,840		1,840
Interest on Total OPEB Liability	19,229		19,229
Expected investment income		6,097	(6,097)
Changes of Assumptions			
Differences between Expected and Actual Experience			
Contributions - Employer		16,367	(16,367)
Investment experience		561	(561)
Benefit payments	(16,061)	(16,061)	
Trust administrative expense		(44)	44
Other expense		(111)	111
Net Change	5,008	6,809	(1,801)
Balance at: 06/30/2018	\$ 275,329	\$ 90,478	\$ 184,851

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

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

	1% Decrease 6.28%	Discount Rate 7.28%	1% Increase 8.28%
Net OPEB Liability	\$ 218,741	\$ 184,851	\$ 156,758

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

The following presents the net OPEB liability of the City if it were calculated using health care cost trend rates that are 1 percentage-point lower or 1 percentage point higher than the current rate, for measurement period ended June 30, 2018:

	1% Decrease 7.0%	Health Cost Trend Rate 8.0%	1% Increase 9.0%
Net OPEB Liability	\$ 149,114	\$ 184,851	\$ 229,405

OPEB Plan fiduciary net position

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

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

For the year ended June 30, 2019, the City recognized OPEB expense of \$12,788. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	\$ 16,049	
Changes of Assumptions	2,984	
Difference between Expected and Actual Experiences		\$ 9,292
Net difference between projected and actual earnings on plan investments		1,950
Change in proportion	1,499	1,499
Total	<u>\$ 20,532</u>	<u>\$ 12,741</u>

\$16,049 reported as deferred outflows of resources related to contribution subsequent to measurement date will be recognized as a reduction in net OPEB liability in the measurement year ended June 30, 2019. Other amount reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Measurement Period Ended June 30	
2019	\$ (2,340)
2020	(2,340)
2021	(2,340)
2022	(1,238)
Total	<u>\$ (8,258)</u>

NOTE 13 – JOINT VENTURES AND JOINTLY-OWNED PROPERTIES

Authority for Orange County - City Hazardous Materials Emergency Response

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

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

On December 20, 2018, the City of Garden Grove provided its notice of intent to withdraw as a subscribing agency from the JPA effective the end of the current fiscal year ending June 30, 2019.

Public entities in Orange County may receive hazardous materials response services from the Hazmat by executing an agreement and paying a fair share contribution. Audited financial information for the joint powers authority as of and for the year ended June 30, 2019, was as follows:

Total assets	\$	305
Total liability		2
Members' equity		303
Total revenues		85
Total expenses		72
Change in net position		13

Hazmat does not have any debt outstanding at June 30, 2019.

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

Metro Cities Fire Authority

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

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

On December 20, 2018, the City of Garden Grove provided its notice of intent to withdraw from the JPA as a member agency effective the end of the current fiscal year ending June 30, 2019.

Public entities in Orange County may receive services from the Fire Authority by executing an agreement and paying a fair share contribution. Audited financial information for the Fire Authority as of and for the year ended June 30, 2019, was as follows:

Total assets	\$	3,784
Total liability		1,870
Members' equity		1,914
Total revenues		7,148
Total expenses		6,617
Change in net position		531

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

North Net Joint Training Authority

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

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

On December 20, 2018, the City of Garden Grove provided its notice of intent to withdraw from the JPA as a member agency effective the end of the current fiscal year ending June 30, 2019.

Public entities in Orange County may receive training services from the Authority by executing a "subscription agreement" and by paying the annual fee and other costs. Audited financial information for the Authority as of and for the year ended June 30, 2019, was as follows:

Total assets	\$	2,867
Total liability		212
Members' equity		2,655
Total revenues		2,090
Total expenses		964
Change in net position		1,126

SONGS

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

until the federal government takes possession. The Decommissioning Trust Fund will continue to pay for spent fuel storage charges.

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

San Juan Generating Station

On July 31, 2015, the Electric Utility and the other Parties involved with the San Juan Generating Plants, agreed to a plan for the closure of two of the four units. As co-owner of one of the units that is not being closed, on December 31, 2017, the Electric Utility relinquished its 10.04% ownership interest in the existing coal-fired SJ, Unit 4, located near Waterflow, New Mexico to the parties that will continue in the Plant. Other participants include Public Service of New Mexico, 45.485%; the City of Farmington, 8.475%; the County of Los Alamos, 7.200%; and M-S-R Public Power Agency, 28.800%. The Electric Utility's original purchase cost and cumulative share of ongoing construction costs included in utility plant at December 31, 2017 amounted to \$84,616. All capital assets related to the San Juan unit were fully depreciated and retired as of June 30, 2018. There are no separate financial statements for this venture, as each participant's interest is reflected in its respective financial statements. Refer to note 1 on page 62 Provision for decommissioning costs related to the decommissioning trust fund set-aside for the future decommissioning of the Plant.

NOTE 14 – COMMITMENTS AND CONTINGENCIES:

Intermountain Power Agency

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

	<u>Entitlement</u>	<u>Expiration</u>
Generation:		
Intermountain Power Project	13.23%	2027

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

Southern California Public Power Authority

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

	<u>Entitlement</u>	<u>Expiration</u>
Transmission:		
Souther Transmission System (STS)	17.6%	2027
Mead-Adelanto Project (MAP)	13.5	2030
Mead-Phoenix Project (MPP)	24.2	2030
Generation:		
Magnolia Generating Station (Magnolia)	39.7	2037
Canyon Power Project (Canyon)	100.0	2040
Natural Gas Reserve Projects (Natural Gas)		
SCPPA Natural Gas Project-Pinedale, Wyoming	35.7%	2033
SCPPA Natural Gas Project-Barnett, Texas	45.5	2033

Take or pay commitments

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

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

Fiscal Year Ending 6/30	IPA	STS	MAP	MPP	Magnolia	Natural gas	Canyon	Total
2020	\$ 30,496	\$ 11,893	\$ 2,859	\$ 1,538	\$ 5,955	\$ 4,895	\$ 16,668	\$ 74,304
2021	31,192	13,470	2,136	1,142	48,193	4,514	16,638	117,285
2022	12,351	16,266			5,098	4,169	16,629	54,513
2023	10,415	12,298			4,464	3,854	16,618	47,649
2024	(222)	12,370			4,179	3,563	16,606	36,496
2025-2029	(222)	22,616			21,233	14,249	82,185	140,061
2030-2034					21,902	8,061	103,431	133,394
2035-2039					23,678		102,428	126,106
2040-2043							40,632	40,632
	<u>\$ 84,010</u>	<u>\$ 88,913</u>	<u>\$ 4,995</u>	<u>\$ 2,680</u>	<u>\$ 134,702</u>	<u>\$ 43,305</u>	<u>\$ 411,835</u>	<u>\$ 770,440</u>

The fiscal year 2019 expenses for fuel, O&M, A&G and other costs at these projects were as follows:

Fiscal Year Ending 6/30	IPA	STS	MAP	MPP	Magnolia	Natural gas	Canyon	Total
2019	\$ 50,216	\$ 8,366	\$ 3,254	\$ 307	\$ 31,821	\$ 673	\$ 10,271	\$ 104,908

Cap-and-Trade Program

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

The Cap-and-Trade program (Program) was implemented beginning January 1, 2013. This Program requires Electric Utilities to have GHG allowances on an annual basis to offset GHG emissions associated with generating electricity. CARB will provide a free allocation of GHG allowance to each electric utility to mitigate retail rate impacts. This free allocation of GHG allowance is expected to be sufficient to meet Electric Utility's GHG compliance obligations for retail sales. During this fiscal year, an unused portion of retail allowance was sold for \$11,336 to reduce future renewable energy costs for retail customers. The compliance obligation for the wholesale sales requires allowance to be obtained through the auction or in the secondary market quarterly. At June 30, 2019, the value of prepaid Cap and Trade allowance is \$22,374, and the value of the Cap and Trade obligation is \$9,692.

Operating Leases

In January 2005, the City entered into a long-term noncancelable ground lease with City of Fullerton, for an approximately 1.56 acre site at the Fullerton Municipal Airport for the operation of the Anaheim Police Department Heliport. The term of the lease is 40 years with two 10-year extensions commencing from January 2005 and ending December

2044. The base rent is adjusted every five years by ten percent (10%). The City constructed a building of approximately 30,000 square feet that includes offices, aircraft maintenance and storage facilities and other infrastructure supporting such facilities on the leased premise. Future minimum lease payments to be made from unrestricted revenues of the General Fund are as follows:

Fiscal Year Ending 6/30	
2020	\$ 62
2021	65
2022	65
2023	65
2024	65
2025-2029	355
2030-2034	391
2035-2039	430
2040-2044	473
2045	48
Total minimum future rentals	<u>\$ 2,019</u>

The Honda Center

On January 26, 1999, the City entered into a series of lease transactions for the Honda Center. Subsequently on December 16, 2003, the City and Anaheim Arena Management LLC (AAM) entered into a Facility Management Agreement (FMA) whereby AAM has the exclusive right and license to manage, maintain and operate all aspects of the Honda

Center in accordance with the FMA through June 30, 2023, with an option to extend the term for an additional period not to exceed 10 years.

In November 2018, an amendment was signed to extend the term of agreement from June 30, 2023 to June 30, 2048, with five 5-year extension options. Under the amendment, AAM assumed responsibility to provide 3,900 parking spaces for Honda Center, relieving the City of this long-term obligation. Annual distributions to the City, AAM and the County of Orange are required for their respective share of adjusted net revenues, as defined in the FMA. In the event that cash on hand is insufficient to pay operating expenses, debt service, distributions to the City, the County of Orange, or other amounts payable, AAM shall make or cause an affiliate or third-party lending institution to make loans for such purposes, as defined in the FMA. Such funds will be repaid from gross revenues or adjusted net revenues, if any, as defined in and in accordance with disbursement priorities established in the FMA. At June 30, 2019, the outstanding conduit debt on the Honda Center totaled \$16,500. The debt is non-recourse, payable from revenues generated by the facility. Neither the faith and credit nor the taxing power of the City is pledged to the payment of the debt. The debt is not a general or special obligation of the City, nor does it contain any credit enhancements that secondarily pledge existing or future resources of the City (other than revenues generated by the facility), and accordingly it is not reflected in the accompanying basic financial statements.

Angel Stadium of Anaheim

On May 15, 1996, the City and the California Angels, LP (Team), which was then managed by Disney Sports Enterprises, Inc. (subsequently known as Anaheim Sports, Inc.), entered into an agreement to provide for the operation and refurbishment of the Stadium. Pursuant to the agreement, the Team assumed responsibility for the operation of the Stadium on October 1, 1996. The agreement runs for 33 years (subject to a limited Team option to cancel at 20 years and the Team's right to extend the term). In September 2013, the agreement was modified extending the Team's right to terminate the agreement by three years to October 16, 2019. In January 2019, an amendment was signed to extend the Team's right to terminate the agreement by fourteen months to December 31, 2020.

Under the terms of the agreement, the Team assumed full responsibility for all Stadium operations and maintenance, including capital maintenance. The Team books all Stadium and parking lot events (except for ten annual City events), pays all expenses, and retains all revenue (subject to the City's rights to share in certain net revenues) except that the City credits the Team up to \$500 per year adjusted annually for CPI as a capital reserve contribution, calculated on the

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

The Agreement also provided that the City had the right to develop approximately 42 acres of the parking lot development site. In 1998 a land sale of \$1,000 for a 1.25 acre site was approved for the construction of a 1,100-seat theatre called "Tinseltown Studios" (now known as "City National Grove of Anaheim"). In November 2002, the City purchased the facility and the land for \$6,700 from its then owner, SMG. Concurrent with the purchase, the City granted to Nederlander-Grove LLC (Nederlander) a license to operate the facility for three years with the right to extend another five years. In May 2009, the management agreement was amended extending the term to December 31, 2015 with the right to extend another five year period. In June 2015, the option to extend was exercised, which extends the term to December 31, 2020. Additionally, under the amended management agreement, effective January 1, 2009, Nederlander no longer receives a management fee of \$150 and the City's share in the annual net profits and losses from operations increased from 50% to 60%. Nederlander is responsible for 100% of losses in excess of \$400, thereby limiting the City's share of net losses to a maximum of \$240 in any given year. The City may elect to terminate the agreement prior to expiration of the term under certain conditions, and pay the unamortized balance of capital assets purchased during the term to Nederlander. Concurrent with the amendment to the management agreement, the parking license fee agreement was amended, wherein the parking license fees from Nederlander were reduced to \$176 and is subject to adjustment annually based on CPI increases. Nederlander paid the City \$211 for the year ended June 30, 2019, for parking and common area maintenance.

Anaheim Regional Transportation Intermodal Center - ARTIC

In December 2014, the City opened ARTIC, a transit hub in the Platinum Triangle, a growing and dynamic mixed use area, and within walking distance of both the Angel Stadium and the Honda Center. ARTIC serves as a transit hub for Orange County and the entire Southern California region with bus and rail services that include: Amtrak Metrolink, Orange

County Transportation Authority Anaheim Resort Transportation, Tres Estrellas De Oro bus service to Mexico, Greyhound Megabus.com, Flixbus, shuttles, taxis, and outdoor bicycle racks and lockers.

In January 2018, the City and AAM entered into negotiations to secure opportunities to create an entertainment district with the Platinum Triangle, keep the Anaheim Ducks in Anaheim, remove the City's \$2.5 million general fund obligation from operating ARTIC, and create opportunities to create and secure revenues and other economic benefits that could be realized through development of under-utilized city land

On November 20, 2018 the City Council approved the Facility Management Agreement, to be effective on July 1, 2019, for the Anaheim Regional Transportation Intermodal Center (ARTIC), between the City as owner and ATCM, LLC (an affiliate of AAM and controlled by H&S Ventures, LLC) ("ATCM") as manager (the "ARTIC FMA"), as guaranteed by AAM pursuant to a Guaranty of Payment and Performance in favor of the City,

Under the terms of The Facility Management Agreement, ATCM assumes management of ARTIC through June 30, 2048, with the option to extend its management obligations for five five-year extension terms; ATCM will be responsible for all operating losses up to \$2.5 million annually; AAM/ATCM will advance all expenses of a sign "Spectacular" at ARTIC, with all proceeds applied to operating expenses; AAM fully guarantees ATCM performance; and City and ATCM share in net profits, 60% to City and 40% to ATCM.

Muzeo

In October 2007, the City and the former Redevelopment Agency entered into a property operating agreement (Agreement) with the Muzeo Foundation to operate and provide programming for the Muzeo, the downtown museum. The Agreement is for a term of 30 years and provides for a line of credit for the first 3 years from the City to the Muzeo Foundation in an amount not to exceed \$1,000 or 95% of pledges at an annual interest rate of 5%. The Agreement was amended on August 1, 2010, to extend the maturity date to June 30, 2015. It also amended the aggregate amount of the line of credit to \$500 during fiscal year 2011 and \$200 during each fiscal year thereafter with amounts being converted to grants upon achieving fund raising thresholds. On June 30, 2014, the agreement was amended to extend the maturity date to the June 30, 2019 and increased the line of credit amount from \$200 to \$250 annually. At June 30, 2019, the amount due to the City was \$29 for the unmet matched amount.

Participation Agreement – Construction of Regional Animal Care Shelter

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

During fiscal year 2019, the City has paid \$817 with an estimated committed balance of \$5,405.

Litigation

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

Grants

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

Construction and other significant commitments

At June 30, 2019, the City had the following commitments with respect to unfinished capital projects, disposition and development agreements, reimbursement agreements and cooperation agreements:

Capital Projects	Remaining Construction Commitment	Expected Completion Date
Anaheim Resort Electric Line Extension Project	\$ 1,654	2019
Barton Park Improvement	1,404	2020
Cardiac monitors	1,609	2019
Electric Reliability Improvement	1,760	2019
Harbor 69-12KV Substation Design/Build	543	2019
Heating Ventilation and Air Conditioning System	481	2019
Manchester Electric Line Extension and Reliability	6,613	2020
Platinum Triangle Electric Line Extension	8,392	2019
Rehabilitation and Expansion of Lenain Water Treatment Plant	3,556	2020
Serrano Twin Peaks Reservoir	330	2019
Street Improvement-Blue Gum Street, Miraloma Avenue and La Cresta Avenue	702	2019
Street Improvement-Gene Autry Way Widening	2,242	2019
Street Improvement-La Palma Avenue and Magnolia Avenue	1,310	2019
Street Improvement-Residential Project Group 9	2,020	2019
Street Improvement-State College Boulevard and La Palma Avenue Intersection	1,891	2019
Underground District #50 - Euclid Street Project	8,192	2019
Underground District #63 - Lincoln / Rio Vista	780	2019
Underground District #64 - Orangewood	2,203	2019
Vehicle Acquisitions	1,627	2019
Wagner House Voluntary Accessibility	883	2019
Wanda 12KV Circuit Electric Line Extension Project Phase 1	2,744	2019
Total	<u>\$ 50,936</u>	

NOTE 15 – SUBSEQUENT EVENTS:Kraemer Combustion Turbine:

On November 20, 2019, the Electric Utility presented to the Public Utility Board (PU), that the Kraemer Combustion Turbine (CT) Plant will permanently cease to operate effective December 30, 2019.

Angel Stadium Purchase and Sale Agreement:

On December 20, 2019, the City Council adopted a Resolution approving the Purchase and Sale Agreement between the City of Anaheim and SRB Management Company, LLC, an entity controlled by Angels Baseball, for the sale of approximately 153 acres of the city-owned property generally located at 2000 East Gene Autry Way and 2200 East Katella Avenue (upon which exist certain improvements, including Angel Stadium of Anaheim (Stadium), City National Grove of Anaheim (Grove), and their surrounding parking areas and environs) for \$325 million dollars.

The Purchase and Sale Agreement sets forth a multi-step process for the proposed sale. The portion of the property that contains the Stadium and its parking areas (Stadium Site) is currently leased to Angels Baseball LP (Angels Baseball) until December 31, 2029, with Angels Baseball holding a termination right through December 31, 2019.



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Required Supplementary Information



Required Supplementary Information

Schedule of Changes in the Net Pension Liability and Related Ratios

Last Ten Fiscal Years¹

(In thousands)

Measurement Period:	Miscellaneous 2017-2018	Police Safety 2017-2018	Fire Safety 2017-2018	Total 2017-2018	Miscellaneous 2016-2017	Police Safety 2016-2017	Fire Safety 2016-2017	Total 2016-2017
TOTAL PENSION LIABILITY								
Service cost	\$ 24,265	\$ 16,628	\$ 6,625	\$ 47,518	\$ 23,736	\$ 15,914	\$ 6,600	\$ 46,250
Interest on the Total Pension Liability	96,660	53,413	29,971	180,044	93,754	51,464	29,093	174,311
Changes of Assumptions	(7,462)	(3,208)	(1,830)	(12,500)	76,961	43,497	23,564	144,022
Difference Between Expected and Actual Experience	(3,467)	(2,322)	1,245	(4,544)	8,902	225	(3,028)	6,099
Benefit Payments, including Refunds of Employee Contributions	(68,285)	(35,675)	(23,587)	(127,547)	(64,059)	(34,195)	(22,071)	(120,325)
Net Change in Total Pension Liability	41,711	28,836	12,424	82,971	139,294	76,905	34,158	250,357
Total Pension Liability - Beginning	1,384,834	762,093	428,248	2,575,175	1,245,540	685,188	394,090	2,324,818
Total Pension Liability - Ending (a)	\$ 1,426,545	\$ 790,929	\$ 440,672	\$ 2,658,146	\$ 1,384,834	\$ 762,093	\$ 428,248	\$ 2,575,175
PLAN FIDUCIARY NET POSITION								
Contributions - Employer	\$ 35,753	\$ 20,412	\$ 10,600	\$ 66,765	\$ 33,275	\$ 19,615	\$ 10,350	\$ 63,240
Contributions - Employees	9,985	4,869	2,487	17,341	9,744	4,741	2,316	16,801
Net Investment Income ²	80,859	45,025	25,372	151,256	97,855	54,262	31,036	183,153
Benefit Payments, including Refunds of Employee Contributions	(68,285)	(35,675)	(23,587)	(127,547)	(64,059)	(34,195)	(22,071)	(120,325)
Plan to Plan Resource Movement	(2)	(1)	(1)	(4)	2			2
Administration Expense	(1,495)	(834)	(472)	(2,801)	(1,305)	(725)	(416)	(2,446)
Other Miscellaneous Income (Expense) ²	(2,839)	(1,584)	(897)	(5,320)				
Net Change in Fiduciary Net Position	53,976	32,212	13,502	99,690	75,512	43,698	21,215	140,425
Plan Fiduciary Net Position - Beginning³	959,247	535,226	302,957	1,797,430	883,735	491,528	281,742	1,657,005
Plan Fiduciary Net Position - Ending (b)	1,013,223	567,438	316,459	1,897,120	959,247	535,226	302,957	1,797,430
Plan Net Pension Liability (Asset) - Ending (a) - (b)	\$ 413,322	\$ 223,491	\$ 124,213	\$ 761,026	\$ 425,587	\$ 226,867	\$ 125,291	\$ 777,745
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	71.03%	71.74%	71.81%	71.37%	69.27%	70.23%	70.74%	69.80%
Covered Payroll	\$ 124,068	\$ 50,771	\$ 23,214	\$ 198,053	\$ 120,653	\$ 48,294	\$ 22,688	\$ 191,635
Plan Net Pension Liability (Asset) as a Percentage of Covered Payroll	333.14%	440.19%	535.08%	384.25%	352.74%	469.76%	552.23%	405.85%

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

Notes:

² During Fiscal Year 2017-18, as a result of Governmental Accounting Standards Board Statement (GASB) No. 75, Accounting and Financial Reporting for Postemployment Benefit Plans Other than Pensions (GASB 75), CalPERS reported its proportionate share of activity related to postemployment benefits for participants in the State of California's agent OPEB plan. Accordingly, CalPERS recorded a one-time expense as a result of the adoption of GASB 75.

Additionally, CalPERS employees participate in various State of California agent pension plans and during Fiscal Year 2017-18, CalPERS recorded a correction to previously reported financial statements to properly reflect its proportionate share of activity related to pensions in accordance with GASB Statement No. 68, Accounting and Financial Reporting Pension (GASB 68).

³ Includes any beginning of year adjustment

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

(Continued)

Schedule of Changes in the Net Pension Liability and Related Ratios Last Ten Fiscal Years¹

(In thousands) (continued)

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

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

Notes:

Benefit Changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2016 valuation date. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Cred (a.k.a. Golden Handshakes).

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

(Continued)

Schedule of Changes in the Net Pension Liability and Related Ratios Last Ten Fiscal Years¹

(In thousands) (continued)

Measurement Period:	Miscellaneous 2013-2014	Police Safety 2013-2014	Fire Safety 2013-2014	Total 2013-2014
TOTAL PENSION LIABILITY				
Service cost	\$ 21,254	\$ 13,088	\$ 5,961	\$ 40,303
Interest on the Total Pension Liability	85,591	45,898	27,044	158,533
Changes of Assumptions				
Difference Between Expected and Actual Experience				
Benefit Payments, including Refunds of Employee Contributions	(53,552)	(28,845)	(18,657)	(101,054)
Net Change in Total Pension Liability	53,293	30,141	14,348	97,782
Total Pension Liability - Beginning	1,157,361	619,849	366,927	2,144,137
Total Pension Liability - Ending (a)	<u>\$ 1,210,654</u>	<u>\$ 649,990</u>	<u>\$ 381,275</u>	<u>\$ 2,241,919</u>
PLAN FIDUCIARY NET POSITION				
Contributions - Employer	\$ 23,841	\$ 13,505	\$ 7,723	\$ 45,069
Contributions - Employees	8,893	4,064	2,337	15,294
Net Investment Income	135,468	75,115	44,305	254,888
Benefit Payments, including Refunds of Employee Contributions	(53,552)	(28,845)	(18,657)	(101,054)
Plan to Plan Resource Movement				
Administrative Expense				
Net Change in Fiduciary Net Position	114,650	63,839	35,708	214,197
Plan Fiduciary Net Position - Beginning	787,584	436,424	257,916	1,481,924
Plan Fiduciary Net Position - Ending (b)	<u>902,234</u>	<u>500,263</u>	<u>293,624</u>	<u>1,696,121</u>
Plan Net Pension Liability (Asset) - Ending (a) - (b)	<u>\$ 308,420</u>	<u>\$ 149,727</u>	<u>\$ 87,651</u>	<u>\$ 545,798</u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	74.52%	76.96%	77.01%	75.65%
Covered Payroll	\$ 110,815	\$ 43,204	\$ 22,107	\$ 176,126
Plan Net Pension Liability (Asset) as a Percentage of Covered Payroll	278.32%	346.56%	396.49%	309.89%

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

Notes:

Benefit Changes:The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2016 valuation date. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Cred (a.k.a. Golden Handshakes).

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

See accompanied independent auditors' report

Schedule of Pension Plan Contributions Last Ten Fiscal Years¹

(In thousands)

Fiscal Year	Pension Plan	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll ²	Contributions as a Percentage of Covered Payroll ²
2018-2019	Miscellaneous	\$ 40,569	\$ 40,569		\$ 123,230	32.92%
	Police Safety	23,375	23,375		52,751	44.31%
	Fire Safety	11,654	11,654		25,737	45.28%
	Total	\$ 75,598	\$ 75,598		\$ 201,718	37.48%
2017-2018	Miscellaneous	\$ 35,753	\$ 35,753		\$ 124,068	28.82%
	Police Safety	20,412	20,412		50,771	40.20%
	Fire Safety	10,600	10,600		23,214	45.66%
	Total	\$ 66,765	\$ 66,765		\$ 198,053	33.71%
2016-2017	Miscellaneous	\$ 33,275	\$ 33,275		\$ 120,653	27.58%
	Police Safety	19,615	19,615		48,294	40.62%
	Fire Safety	10,350	10,350		22,688	45.62%
	Total	\$ 63,240	\$ 63,240		\$ 191,635	33.00%
2015-2016	Miscellaneous	\$ 31,141	\$ 31,595	\$ (454)	\$ 111,398	28.36%
	Police Safety	17,527	17,527		46,479	37.71%
	Fire Safety	9,483	9,483		21,600	43.90%
	Total	\$ 58,151	\$ 58,605	\$ (454)	\$ 179,477	32.65%
2014-2015	Miscellaneous	\$ 25,375	\$ 25,375		\$ 112,039	22.65%
	Police Safety	14,663	14,663		41,800	35.08%
	Fire Safety	7,622	7,622		20,935	36.41%
	Total	\$ 47,660	\$ 47,660		\$ 174,774	-27.27%
2013-2014	Miscellaneous	\$ 23,841	\$ 23,841		\$ 110,815	21.51%
	Police Safety	13,505	13,505		43,204	31.26%
	Fire Safety	7,723	7,723		22,107	34.93%
	Total	\$ 45,069	\$ 45,069		\$ 176,126	25.59%

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

² Includes one year's payroll growth using 2.75% payroll assumption for fiscal year ended June 30, 2018; 3% payroll assumption for fiscal years ended June 30, 2014-2017.

Notes to Schedule:

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2018-2019 were derived from the June 30, 2016 funding valuation reports.

In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate. In 2017, the discount rate was reduced from 7.65% to 7.15%. In 2016, there was no change. In 2015, amount reported reflect an adjustment of the discount rate from 7.5% (net of administrative expense) to 7.65% (without a reduction for pension plan administrative expense.) In 2014, amounts reported were based on the 7.5% discount rate.

Changes of assumptions:

Actuarial Cost Method

For details, see June 30, 2015 Funding Valuation Report

Amortization Method/Period

Asset Valuation Method

Market Value of Assets

Inflation

2.50%

Salary Increases

Varies by Entry Age and Service

Payroll Growth

3%

Investment Rate of Return

7.15%

Retirement Age

The probabilities of Retirement are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011.

Mortality

The probabilities of mortality are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011. Pre-retirement and Post-retirement mortality rates include 20 years of projected mortality improvement using Scale BB published by the Society of Actuaries.

Schedule of Changes in the Net Other OPEB Liability and Related Ratios Last Ten Fiscal Years¹

(Amounts in Thousands)

Measurement Period:	2017-2018	2016-2017
TOTAL OPEB LIABILITY		
Service cost	\$ 1,840	\$ 2,032
Interest on the Total OPEB Liability	19,229	19,550
Difference Between Expected and Actual Experience		(14,382)
Changes of Assumptions		4,617
Benefit Payments, including Refunds of Employee Contributions	(16,061)	(16,016)
Net Change in Total OPEB Liability	5,008	(4,199)
Total OPEB Liability - Beginning	270,321	274,520
Total OPEB Liability - Ending (a)	275,329	270,321
PLAN FIDUCIARY NET POSITION		
Contributions - Employer	16,367	16,016
Expected investment income	6,097	5,509
Investment income	561	2,501
Benefit payments	(16,061)	(16,016)
Administrative Expense	(44)	(41)
Other Expense	(111)	
Net Change in Fiduciary Net Position	6,809	7,969
Plan Fiduciary Net Position - Beginning	83,669	75,700
Plan Fiduciary Net Position - Ending (b)	90,478	83,669
Plan Net OPEB Liability - Ending (a) - (b)	\$ 184,851	\$ 186,652
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	32.86%	30.95%
Covered-Employee Payroll	\$ 209,435	203,473
Plan Net OPEB Liability as a Percentage of Covered Employee Payroll	88.26%	91.73%

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

Schedule of OPEB Plan Contributions Last Ten Fiscal Years¹

(In thousands)

Measurement Period	2018-2019	2017-2018	2016-2017
Actuarially Determined Contribution (ADC)	\$ 16,049	\$ 16,367	\$ 15,937
Contributions in relation to ADC	\$ 16,049	\$ 16,367	\$ 16,016
Contribution deficiency (excess)			\$ (79)
Covered-Employee Payroll	\$ 209,942	\$ 209,435	\$ 203,473
Contributions as a Percentage of Covered-employee Payroll	7.64%	7.82%	7.87%

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

Notes to Schedule:

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2016-2017 and 2017-2018 were from the July 1, 2015 Actuarial Valuation Report.

Methods and assumptions used to determine contributions:

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



Nonmajor Governmental Funds



Nonmajor Governmental Funds

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

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

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

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

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

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

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

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

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

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

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

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

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

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

TRANSPORTATION IMPROVEMENT PROJECT FUND — Established to account for transportation improvement projects in the City. Financing is provided by Federal, State and local agencies.

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

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

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

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

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

Combining Balance Sheet

Nonmajor Governmental Funds by Fund Type

June 30, 2019 (In thousands)

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 9,950	\$ 283	\$ 10,072	\$ 20,305
Investments	46,278	1,316	46,938	94,532
Accounts receivable, net	1,751			1,751
Accrued interest receivable	302	58	462	822
Due from other funds			8,037	8,037
Due from other governments	7,701		10,412	18,113
Land held for resale	16,003			16,003
Prepaid and other assets			11,503	11,503
Restricted cash and cash equivalents	2,727	27,478	2,705	32,910
Restricted investments		130,063	33,676	163,739
Notes receivable, net	23,495			23,495
Due from Successor Agency	5,228		4,238	9,466
Total assets	<u>\$ 113,435</u>	<u>\$ 159,198</u>	<u>\$ 128,043</u>	<u>\$ 400,676</u>
LIABILITIES				
Accounts payable	\$ 8,976	\$ 7	\$ 4,996	\$ 13,979
Wages payable	182		46	228
Deposits	267		1,194	1,461
Due to other funds			10,187	10,187
Total liabilities	<u>9,425</u>	<u>7</u>	<u>16,423</u>	<u>25,855</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues	397		10,141	10,538
Unavailable resources- long-term notes receivable	23,495			23,495
Unavailable resources - due from Successor Agency	4,344		4,238	8,582
Total deferred inflows of resources	<u>28,236</u>		<u>14,379</u>	<u>42,615</u>
FUND BALANCES				
Nonspendable:				
Prepaid and other assets			11,503	11,503
Restricted:				
Anaheim Resort maintenance and improvement	5,018			5,018
Capital projects			5,967	5,967
Community and economic development projects	19,425			19,425
Debt service		157,592		157,592
Development impact projects			80,757	80,757
Grant purposes	4,624			4,624
Homebuyer assistance program	7,581			7,581
Streets, roads and transportation improvement projects	38,448			38,448
Committed for neighborhood and community projects			3,812	3,812
Assigned:				
Debt service		1,599		1,599
Capital projects			4,370	4,370
Other purposes	727			727
Unassigned	(49)		(9,168)	(9,217)
Total fund balances	<u>75,774</u>	<u>159,191</u>	<u>97,241</u>	<u>332,206</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 113,435</u>	<u>\$ 159,198</u>	<u>\$ 128,043</u>	<u>\$ 400,676</u>

See accompanied independent auditors' report

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds by Fund Type

Year Ended June 30, 2019 (In thousands)

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues:				
Licenses, fees and permits	\$ 55		\$ 2,545	\$ 2,600
Intergovernmental revenues	42,118		9,549	51,667
Charges for services	24,418		268	24,686
Use of money and property	8,767	\$ 486	4,265	13,518
Other	35		13	48
Total revenues	<u>75,393</u>	<u>486</u>	<u>16,640</u>	<u>92,519</u>
Expenditures:				
Current:				
City Administration			250	250
City Attorney	115			115
City Clerk			2	2
Finance		29		29
Police	5,946		11	5,957
Fire & Rescue	286		67	353
Community & Economic Development	16,316		2	16,318
Planning & Building	1,298		52	1,350
Public Works	10,751		920	11,671
Community Services	742		1,717	2,459
Convention, Sports and Entertainment	14,555			14,555
Capital outlay	12,033		23,414	35,447
Debt service:				
Principal retirement	1,525	29,184	1,419	32,128
Interest charges	531	30,033	379	30,943
Bond issuance costs		1,748		1,748
Total expenditures	<u>64,098</u>	<u>60,994</u>	<u>28,233</u>	<u>153,325</u>
Excess (deficiency) of revenues over (under) expenditures	<u>11,295</u>	<u>(60,508)</u>	<u>(11,593)</u>	<u>(60,806)</u>
Other financing sources (uses):				
Transfers in	280	67,868	8,871	77,019
Transfers out	(6,940)		(7,296)	(14,236)
Issuance of refunding bonds		175,565		175,565
Premium of bonds payable		35,279		35,279
Payment to refunded bond escrow agent		(209,065)		(209,065)
Total other financing sources	<u>(6,660)</u>	<u>69,647</u>	<u>1,575</u>	<u>64,562</u>
Net change in fund balances	4,635	9,139	(10,018)	3,756
Fund balances at beginning of year	<u>71,139</u>	<u>150,052</u>	<u>107,259</u>	<u>328,450</u>
Fund balances at end of year	<u>\$ 75,774</u>	<u>\$ 159,191</u>	<u>\$ 97,241</u>	<u>\$ 332,206</u>

Combining Balance Sheet

Nonmajor Special Revenue Funds

June 30, 2019 (In thousands)

	Gas Tax	Workforce Development	Community Development Block Grant	Grants	Anaheim Resort Maintenance District	Anaheim Tourism Improvement District	Narcotic Asset Forfeiture	Long Range Property Management Plan	Total
ASSETS									
Cash and cash equivalents	\$ 3,654	\$ 1	\$ 61	\$ 1,114	\$ 1,043	\$ 3,393	\$ 114	\$ 570	\$ 9,950
Investments	17,026	6	211	5,181	4,859	15,808	533	2,654	46,278
Accounts receivable, net						1,749		2	1,751
Accrued interest receivable	105			49	30	94	5	19	302
Notes receivable, net			2,871	20,624					23,495
Due from other governments	2,748	326	627	4,000					7,701
Land held for resale								16,003	16,003
Restricted cash and cash equivalents							2,727		2,727
Due from Successor Agency			4,344					884	5,228
Total assets	<u>23,533</u>	<u>333</u>	<u>8,114</u>	<u>30,968</u>	<u>5,932</u>	<u>21,044</u>	<u>3,379</u>	<u>20,132</u>	<u>113,435</u>
LIABILITIES									
Accounts payable	3,801	310	515	725	903	2,248	39	435	8,976
Wages payable	78	23	30	33	11	2		5	182
Deposits								267	267
Total liabilities	<u>3,879</u>	<u>333</u>	<u>545</u>	<u>758</u>	<u>914</u>	<u>2,250</u>	<u>39</u>	<u>707</u>	<u>9,425</u>
DEFERRED INFLOWS OF RESOURCES									
Unavailable revenues		49		348					397
Unavailable resources- long-term notes receivable			2,871	20,624					23,495
Unavailable resources - due from Successor Agency			4,344						4,344
Total deferred inflows of resources		<u>49</u>	<u>7,215</u>	<u>20,972</u>					<u>28,236</u>
FUND BALANCES									
Nonspendable:									
Prepaid and other assets									
Restricted:									
Anaheim Resort maintenance and improvement					5,018				5,018
Community and economic development projects								19,425	19,425
Grant purposes			354	930			3,340		4,624
Homebuyer assistance program				7,581					7,581
Streets, roads and transportation improvement projects	19,654					18,794			38,448
Assigned for other purposes				727					727
Unassigned		(49)							(49)
Total fund balances (deficit)	<u>19,654</u>	<u>(49)</u>	<u>354</u>	<u>9,238</u>	<u>5,018</u>	<u>18,794</u>	<u>3,340</u>	<u>19,425</u>	<u>75,774</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 23,533</u>	<u>\$ 333</u>	<u>\$ 8,114</u>	<u>\$ 30,968</u>	<u>\$ 5,932</u>	<u>\$ 21,044</u>	<u>\$ 3,379</u>	<u>\$ 20,132</u>	<u>\$ 113,435</u>

Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficit) Nonmajor Special Revenue Funds Year Ended June 30, 2019 (In thousands)

	Gas Tax	Workforce Development	Community Development Block Grant	Grants	Anaheim Resort Maintenance District	Anaheim Tourism Improvement District	Narcotic Asset Forfeiture	Long Range Property Management Plan	Total
Revenues:									
Licenses, fees and permits	\$ 19			\$ 36					\$ 55
Intergovernmental revenues	20,587	\$ 3,096	\$ 5,096	11,793	\$ 1		\$ 1,545		42,118
Charges for services	128				4,687	\$ 19,603			24,418
Use of money and property	829		912	1,041	248	739	55	\$ 4,943	8,767
Other	2	6		3	20			4	35
Total revenues	<u>21,565</u>	<u>3,102</u>	<u>6,008</u>	<u>12,873</u>	<u>4,956</u>	<u>20,342</u>	<u>1,600</u>	<u>4,947</u>	<u>75,393</u>
Expenditures:									
Current:									
City Attorney			115						115
Police				4,340			1,606		5,946
Fire & Rescue				286					286
Community & Economic Development		3,124	1,536	2,846				8,810	16,316
Planning & Building			1,298						1,298
Public Works	5,805				4,847	99			10,751
Community Services			666	76					742
Convention, Sports & Entertainment						14,555			14,555
Capital outlay	10,493		511	237	577	111	90	14	12,033
Debt service:									
Principal retirement	250		1,099				176		1,525
Interest charges			501				30		531
Total expenditures	<u>16,548</u>	<u>3,124</u>	<u>5,726</u>	<u>7,785</u>	<u>5,424</u>	<u>14,765</u>	<u>1,902</u>	<u>8,824</u>	<u>64,098</u>
Excess (deficiency) of revenues over (under) expenditures	<u>5,017</u>	<u>(22)</u>	<u>282</u>	<u>5,088</u>	<u>(468)</u>	<u>5,577</u>	<u>(302)</u>	<u>(3,877)</u>	<u>11,295</u>
Other financing sources (uses):									
Transfers in	80				200				280
Transfers out	(3,702)			(3,042)		(196)			(6,940)
Total other financing sources (uses)	<u>(3,622)</u>			<u>(3,042)</u>	<u>200</u>	<u>(196)</u>			<u>(6,660)</u>
Net change in fund balances	1,395	(22)	282	2,046	(268)	5,381	(302)	(3,877)	4,635
Fund balances at beginning of year	18,259	(27)	72	7,192	5,286	13,413	3,642	23,302	71,139
Fund balances at end of year	<u>\$ 19,654</u>	<u>\$ (49)</u>	<u>\$ 354</u>	<u>\$ 9,238</u>	<u>\$ 5,018</u>	<u>\$ 18,794</u>	<u>\$ 3,340</u>	<u>\$ 19,425</u>	<u>\$ 75,774</u>

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual – All Nonmajor Special Revenue Funds
Year Ended June 30, 2019 (In thousands)

	Gas Tax			Workforce Development		
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:						
Licenses, fees and permits	\$ 23	\$ 19	\$ (4)			
Intergovernmental revenues	21,606	20,587	(1,019)	\$ 3,271	\$ 3,096	\$ (175)
Charges for services	165	128	(37)			
Use of money and property		829	829	40		(40)
Other	8	2	(6)		6	6
Total revenues	<u>21,802</u>	<u>21,565</u>	<u>(237)</u>	<u>3,311</u>	<u>3,102</u>	<u>(209)</u>
Expenditures:						
City Attorney						
Police						
Fire & Rescue						
Community & Economic Development				3,324	3,124	(200)
Planning & Building						
Public Works	36,308	16,548	(19,760)			
Community Services						
Convention, Sports & Entertainment						
Total expenditures	<u>36,308</u>	<u>16,548</u>	<u>(19,760)</u>	<u>3,324</u>	<u>3,124</u>	<u>(200)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(14,506)</u>	<u>5,017</u>	<u>19,523</u>	<u>(13)</u>	<u>(22)</u>	<u>(9)</u>
Other financing sources (uses):						
Transfers in	66	80	14			
Transfers out	(3,500)	(3,702)	(202)			
Total other financing sources (uses)	<u>(3,434)</u>	<u>(3,622)</u>	<u>(188)</u>			
Net change in fund balances	<u>(17,940)</u>	<u>1,395</u>	<u>19,335</u>	<u>(13)</u>	<u>(22)</u>	<u>(9)</u>
Fund balances at beginning of year	<u>18,259</u>	<u>18,259</u>		<u>(27)</u>	<u>(27)</u>	
Fund balance at end of year	<u>\$ 319</u>	<u>\$ 19,654</u>	<u>\$ 19,335</u>	<u>\$ (40)</u>	<u>\$ (49)</u>	<u>\$ (9)</u>

(continued)

Schedule of Revenues, Expenditures and Changes in Fund Balances Budget and Actual – All Nonmajor Special Revenue Funds Year Ended June 30, 2019 (In thousands)

	Community Development Block Grant			Grants		
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:						
Licenses, fees and permits				\$ 30	\$ 36	\$ 6
Intergovernmental revenues	\$ 8,279	\$ 5,096	\$ (3,183)	25,924	11,793	(14,131)
Charges for services						
Use of money and property	696	912	216	759	1,041	282
Other					3	3
Total revenues	8,975	6,008	(2,967)	26,713	12,873	(13,840)
Expenditures:						
City Attorney	115	115				
Police				14,533	4,340	(10,193)
Fire & Rescue	16		(16)	1,408	523	(885)
Community & Economic Development	5,936	3,647	(2,289)	13,472	2,846	(10,626)
Planning & Building	1,298	1,298				
Public Works						
Community Services	1,579	666	(913)	299	76	(223)
Convention, Sports & Entertainment						
Total expenditures	8,944	5,726	(3,218)	29,712	7,785	(21,927)
Excess (deficiency) of revenues over (under) expenditures	31	282	251	(2,999)	5,088	8,087
Other financing sources (uses):						
Transfers in						
Transfers out				(700)	(3,042)	(2,342)
Total other financing sources (uses)				(700)	(3,042)	(2,342)
Net change in fund balances	31	282	251	(3,699)	2,046	5,745
Fund balances at beginning of year	72	72		7,192	7,192	
Fund balances at end of year	\$ 103	\$ 354	\$ 251	\$ 3,493	\$ 9,238	\$ 5,745

(continued)

Schedule of Revenues, Expenditures and Changes in Fund Balances Budget and Actual – All Nonmajor Special Revenue Funds Year Ended June 30, 2019 (In thousands)

	Anaheim Resort Maintenance District			Anaheim Tourism Improvement District		
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:						
Licenses, fees and permits						
Intergovernmental revenues		\$ 1	\$ 1			
Charges for services	\$ 4,747	4,687	(60)	\$ 19,404	\$ 19,603	\$ 199
Use of money and property	53	248	195	100	739	639
Other	14	20	6			
Total revenues	<u>4,814</u>	<u>4,956</u>	<u>142</u>	<u>19,504</u>	<u>20,342</u>	<u>838</u>
Expenditures:						
Public Works	5,574	5,424	(150)	13,409	210	(13,199)
Convention, Sports & Entertainment				14,555	14,555	
Total expenditures	<u>5,574</u>	<u>5,424</u>	<u>(150)</u>	<u>27,964</u>	<u>14,765</u>	<u>(13,199)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(760)</u>	<u>(468)</u>	<u>292</u>	<u>(8,460)</u>	<u>5,577</u>	<u>14,037</u>
Other financing sources (uses):						
Transfers in		200	200			
Transfers out				(194)	(196)	(2)
Total other financing sources (uses)		<u>200</u>	<u>200</u>	<u>(194)</u>	<u>(196)</u>	<u>(2)</u>
Net change in fund balances	(760)	(268)	492	(8,654)	5,381	14,035
Fund balances at beginning of year	5,286	5,286		13,413	13,413	
Fund balances at end of year	<u>\$ 4,526</u>	<u>\$ 5,018</u>	<u>\$ 492</u>	<u>\$ 4,759</u>	<u>\$ 18,794</u>	<u>\$ 14,035</u>

(Continued)

Schedule of Revenues, Expenditures and Changes in Fund Balances Budget and Budgetary Actual – All Nonmajor Special Revenue Funds Year Ended June 30, 2019 (In thousands)

	Narcotic Asset Forfeiture			Long Range Property Management Plan		
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:						
Licenses, fees and permits						
Intergovernmental revenues	\$ 1,678	\$ 1,545	\$ (133)			
Use of money and property	22	55	33	\$ 18,513	\$ 6,356	\$ (12,157)
Other					4	4
Total revenues	<u>1,700</u>	<u>1,600</u>	<u>(100)</u>	<u>18,513</u>	<u>6,360</u>	<u>(12,153)</u>
Expenditures:						
City Attorney						
Police	2,549	1,902	(647)			
Fire & Rescue						
Community & Economic Development				6,036	3,258	(2,778)
Planning & Building						
Public Works						
Community Services						
Convention, Sports & Entertainment						
Total expenditures	<u>2,549</u>	<u>1,902</u>	<u>(647)</u>	<u>6,036</u>	<u>3,258</u>	<u>(2,778)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(849)</u>	<u>(302)</u>	<u>547</u>	<u>12,477</u>	<u>3,102</u>	<u>(9,375)</u>
Other financing sources (uses):						
Transfers in						
Transfers out						
Total other financing sources (uses)						
Net change in fund balance (deficits)	(849)	(302)	547	12,477	3,102	(9,375)
Fund balances (deficits) at beginning of year	3,642	3,642		23,302	23,302	
Fund balances at end of year	<u>\$ 2,793</u>	<u>\$ 3,340</u>	<u>\$ 547</u>	<u>\$ 35,779</u>	<u>26,404</u>	<u>\$ (9,375)</u>
Adjustment to reconcile to GAAP:						
Decline in value of land held for resale					(5,566)	
Cost of sale of land held for resale					(1,413)	
Ending fund balance - GAAP basis					<u>\$ 19,425</u>	

Combining Balance Sheet
Nonmajor Debt Service Funds
June 30, 2019 (In thousands)

	Municipal Facilities	Anaheim Resort Improvements	Total
ASSETS			
Cash and cash equivalents	\$ 283		\$ 283
Investments	1,316		1,316
Accrued interest receivable	15	\$ 43	58
Restricted cash and cash equivalents	599	26,879	27,478
Restricted investments	692	129,371	130,063
Total assets	<u>\$ 2,905</u>	<u>\$ 156,293</u>	<u>\$ 159,198</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable		\$ 7	\$ 7
Total liabilities		<u>7</u>	<u>7</u>
Fund balances:			
Restricted for debt service	\$ 1,306	156,286	157,592
Assigned for debt service	1,599		1,599
Total fund balances	<u>2,905</u>	<u>156,286</u>	<u>159,191</u>
Total liabilities and fund balances	<u>\$ 2,905</u>	<u>\$ 156,293</u>	<u>\$ 159,198</u>

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Debt Service Funds
Year Ended June 30, 2019 (In thousands)

	Municipal Facilities	Anaheim Resort Improvements	Total
Revenues:			
Use of money and property	\$ 133	\$ 353	\$ 486
Total revenues	<u>\$ 133</u>	<u>\$ 353</u>	<u>\$ 486</u>
Expenditures:			
Current:			
Finance	1	28	29
Debt service:			
Principal retirement	519	28,665	29,184
Interest charges	1,128	28,905	30,033
Bond issuance costs		1,748	1,748
Total expenditures	<u>1,648</u>	<u>59,346</u>	<u>60,994</u>
Deficiency of revenues under expenditures	<u>(1,515)</u>	<u>(58,993)</u>	<u>(60,508)</u>
Other financing sources:			
Transfers in	1,638	66,230	67,868
Transfers out			
Issuance of refunding bonds		175,565	175,565
Premium of bonds payable		35,279	35,279
Payment to refunded bond escrow agent		(209,065)	(209,065)
Total other financing sources	<u>1,638</u>	<u>68,009</u>	<u>69,647</u>
Net change in fund balances	123	9,016	9,139
Fund balances at beginning of year	2,782	147,270	150,052
Fund balances at end of year	<u>\$ 2,905</u>	<u>\$ 156,286</u>	<u>\$ 159,191</u>

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - All Debt Service Funds
Year Ended June 30, 2019 (In thousands)

	Municipal Facilities			Anaheim Resort Improvements		
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:						
Use of money and property		\$ 133	\$ 133	\$ 50	\$ 353	\$ 303
Total revenues		133	133	50	353	303
Expenditures:						
Finance	\$ 1,088	1,088		59,381	59,346	(35)
Public Works	560	560				
Total expenditures	1,648	1,648		59,381	59,346	(35)
Excess (deficiency) of revenues over (under) expenditures	(1,648)	(1,515)	133	(59,331)	(58,993)	338
Other financing sources:						
Transfers in	1,088	1,638	550	63,949	66,230	2,281
Transfers out						
Issuance of reunding bonds				175,565	175,565	
Premium of bonds payable				35,279	35,279	
Payment to refunded bond escrow agent				(209,065)	(209,065)	
Total other financing sources	1,088	1,638	550	65,728	68,009	2,281
Net change in fund balances	(560)	123	683	6,397	9,016	2,619
Fund balances at beginning of year	2,782	2,782		147,270	147,270	
Fund balances at end of year	\$ 2,222	\$ 2,905	\$ 683	\$ 153,667	\$ 156,286	\$ 2,619

Combining Balance Sheet

Nonmajor Capital Projects Funds

June 30, 2019 (In thousands)

	Streets Construction	Transportation Improvement Projects	Development Impact Projects	Community Services Facilities	Storm Drain Construction	Other Capital Improvements	Mello-Roos Projects	Total
ASSETS								
Cash and cash equivalents	\$ 2	\$	\$ 4,094	\$ 1,956	\$ 498	\$ 2,156	\$ 1,366	\$ 10,072
Investments	11		19,071	9,123	2,318	10,048	6,367	46,938
Accrued interest receivable			121	54	17	37	233	462
Due from other funds			7,796			241		8,037
Due from other governments	9,444	263	690				15	10,412
Prepaid and other assets	7,631					3	3,869	11,503
Restricted cash and cash equivalents						2,622	83	2,705
Restricted investment							33,676	33,676
Due from the Successor Agency						4,238		4,238
Total assets	<u>\$ 17,088</u>	<u>\$ 263</u>	<u>\$ 31,772</u>	<u>\$ 11,133</u>	<u>\$ 2,833</u>	<u>\$ 19,345</u>	<u>\$ 45,609</u>	<u>\$ 128,043</u>
LIABILITIES								
Accounts payable	\$ 1,311	\$ 67	\$ 571	\$ 142	\$ 380	\$ 1,155	\$ 1,370	\$ 4,996
Wages payable	19	3	3	2	1	7	11	46
Deposits					1,194			1,194
Due to other funds	<u>7,796</u>	<u>241</u>	<u></u>	<u>2,150</u>	<u></u>	<u></u>	<u></u>	<u>10,187</u>
Total liabilities	<u>9,126</u>	<u>311</u>	<u>574</u>	<u>2,294</u>	<u>1,575</u>	<u>1,162</u>	<u>1,381</u>	<u>16,423</u>
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenues	9,258	193	690					10,141
Unavailable resources- due from Successor Agency						4,238		4,238
Total deferred inflows of resources	<u>9,258</u>	<u>193</u>	<u>690</u>	<u></u>	<u></u>	<u>4,238</u>	<u></u>	<u>14,379</u>
FUND BALANCES								
Nonspendable:								
Prepaid and other assets	7,631					3	3,869	11,503
Restricted:								
Capital projects						5,967		5,967
Development impact projects			30,508	8,632	1,258		40,359	80,757
Committed for neighborhood and community projects						3,812		3,812
Assigned for Capital projects				207		4,163		4,370
Unassigned	<u>(8,927)</u>	<u>(241)</u>	<u></u>	<u></u>	<u></u>	<u></u>	<u></u>	<u>(9,168)</u>
Total fund balances (deficits)	<u>(1,296)</u>	<u>(241)</u>	<u>30,508</u>	<u>8,839</u>	<u>1,258</u>	<u>13,945</u>	<u>44,228</u>	<u>97,241</u>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 17,088</u>	<u>\$ 263</u>	<u>\$ 31,772</u>	<u>\$ 11,133</u>	<u>\$ 2,833</u>	<u>\$ 19,345</u>	<u>\$ 45,609</u>	<u>\$ 128,043</u>

Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits)

Nonmajor Capital Projects Funds

Year Ended June 30, 2019 (In thousands)

	Streets Construction	Transportation Improvement Projects	Development Impact Projects	Community Services Facilities	Storm Drain Construction	Other Capital Improvements	Mello-Roos Projects	Total
Revenues:								
Licenses, fees and permits			\$ 2,039	\$ 506				\$ 2,545
Intergovernmental revenues	\$ 7,078	\$ 360	1,044	264		\$ 803		9,549
Charges for services	198					70		268
Use of money and property	(36)	(1)	1,389	171	\$ 71	1,311	\$ 1,360	4,265
Other			5	8				13
Total revenues	<u>7,240</u>	<u>359</u>	<u>4,477</u>	<u>949</u>	<u>71</u>	<u>2,184</u>	<u>1,360</u>	<u>16,640</u>
Expenditures:								
Current:								
City Administration						250		250
City clerk						2		2
Finance								
Police						11		11
Fire & Rescue			3			64		67
Community & Economic Development						2		2
Planning & Building						52		52
Public Works	283	80	13		231	49	264	920
Community Services			345	126		1,246		1,717
Capital outlay	5,835	423	4,890	1,048	199	2,870	8,149	23,414
Debt service:								
Principal retirement						1,419		1,419
Interest charges						379		379
Total expenditures	<u>6,118</u>	<u>503</u>	<u>5,251</u>	<u>1,174</u>	<u>430</u>	<u>6,344</u>	<u>8,413</u>	<u>28,233</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,122</u>	<u>(144)</u>	<u>(774)</u>	<u>(225)</u>	<u>(359)</u>	<u>(4,160)</u>	<u>(7,053)</u>	<u>(11,593)</u>
Other financing sources (uses):								
Transfers in	1,237			6,263		1,371		8,871
Transfers out			(6,263)				(1,033)	(7,296)
Total other financing sources (uses)	<u>1,237</u>		<u>(6,263)</u>	<u>6,263</u>		<u>1,371</u>	<u>(1,033)</u>	<u>1,575</u>
Net change in fund balances	2,359	(144)	(7,037)	6,038	(359)	(2,789)	(8,086)	(10,018)
Fund balances at beginning of year	(3,655)	(97)	37,545	2,801	1,617	16,734	52,314	107,259
Fund balances (deficit) at end of year	<u>\$ (1,296)</u>	<u>\$ (241)</u>	<u>\$ 30,508</u>	<u>\$ 8,839</u>	<u>\$ 1,258</u>	<u>\$ 13,945</u>	<u>\$ 44,228</u>	<u>\$ 97,241</u>

Schedule of Revenues, Expenditures and Changes in Fund Balances (Deficits)
Budget and Actual - All Capital Projects Funds
Year Ended June 30, 2019 (In thousands)

	Streets Construction			Transportation Improvement Projects		
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:						
Licenses, fees and permits						
Intergovernmental revenues	\$ 39,234	\$ 7,078	\$ (32,156)	\$ 3,893	\$ 360	\$ (3,533)
Charges for services		198	198			
Use of money and property		(36)	(36)		(1)	(1)
Other						
Total revenues	<u>39,234</u>	<u>7,240</u>	<u>(31,994)</u>	<u>3,893</u>	<u>359</u>	<u>(3,534)</u>
Expenditures:						
City clerk						
Finance						
Police						
Fire & Rescue						
Community & Economic Development						
Planning & Building						
Public Works	29,616	6,118	(23,498)	3,871	503	(3,368)
Community Services						
Total expenditures	<u>29,616</u>	<u>6,118</u>	<u>(23,498)</u>	<u>3,871</u>	<u>503</u>	<u>(3,368)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>9,618</u>	<u>1,122</u>	<u>(8,496)</u>	<u>22</u>	<u>(144)</u>	<u>(166)</u>
Other financing sources (uses):						
Transfers in		1,237	1,237			
Transfers out						
Total other financing sources		<u>1,237</u>	<u>1,237</u>			
Net change in fund balances	9,618	2,359	(7,259)	22	(144)	(166)
Fund balances at beginning of year	<u>(3,655)</u>	<u>(3,655)</u>		<u>(97)</u>	<u>(97)</u>	
Fund balances at end of year	<u>\$ 5,963</u>	<u>\$ (1,296)</u>	<u>\$ (7,259)</u>	<u>\$ (75)</u>	<u>\$ (241)</u>	<u>\$ (166)</u>

(continued)

Schedule of Revenues, Expenditures and Changes in Fund Balances (Deficits)
Budget and Actual - All Capital Projects Funds
Year Ended June 30, 2019 (In thousands)

	Development Impact Projects			Community Services Facilities		
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:						
Licenses, fees and permits	\$ 4,797	\$ 2,039	\$ (2,758)	\$ 1,960	\$ 506	\$ (1,454)
Intergovernmental revenues	1,734	1,044	(690)	812	264	(548)
Charges for services						
Use of money and property	115	1,389	1,274	43	171	128
Other		5	5		8	8
Total revenues	<u>6,646</u>	<u>4,477</u>	<u>(2,169)</u>	<u>2,815</u>	<u>949</u>	<u>(1,866)</u>
Expenditures:						
City clerk						
Finance						
Police	487		(487)			
Fire & Rescue	3,722	3	(3,719)			
Community & Economic Development						
Planning & Building						
Public Works	3,961	888	(3,073)			
Community Services	11,488	4,360	(7,128)	6,224	1,174	(5,050)
Total expenditures	<u>19,658</u>	<u>5,251</u>	<u>(14,407)</u>	<u>6,224</u>	<u>1,174</u>	<u>(5,050)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(13,012)</u>	<u>(774)</u>	<u>12,238</u>	<u>(3,409)</u>	<u>(225)</u>	<u>3,184</u>
Other financing sources (uses):						
Transfers in					6,263	6,263
Transfers out		(6,263)	(6,263)			
Total other financing sources (uses)		<u>(6,263)</u>	<u>(6,263)</u>		<u>6,263</u>	<u>6,263</u>
Net change in fund balances	(13,012)	(7,037)	5,975	(3,409)	6,038	9,447
Fund balances at beginning of year	37,545	37,545		2,801	2,801	
Fund balances at end of year	<u>\$ 24,533</u>	<u>\$ 30,508</u>	<u>\$ 5,975</u>	<u>\$ (608)</u>	<u>8,839</u>	<u>\$ 9,447</u>

(continued)

Schedule of Revenues, Expenditures and Changes in Fund Balances (Deficits)
Budget and Actual - All Capital Projects Funds
Year Ended June 30, 2019 (In thousands)

	Storm Drain Construction			Other Capital Improvements		
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:						
Licenses, fees and permits	\$ 30		\$ (30)			
Intergovernmental revenues					\$ 803	\$ 803
Charges for services					70	70
Use of money and property		\$ 71	71	\$ 996	1,311	315
Other						
Total revenues	30	71	41	996	2,184	1,188
Expenditures:						
City Administration				250	250	
City clerk				2	2	
Finance						
Police				536	528	(8)
Fire & rescue				5,134	465	(4,669)
Community & Economic Development				3,144	998	(2,146)
Planning & Building				78	78	
Public Works	430	430		3,241	2,563	(678)
Community Services				1,819	1,460	(359)
Total expenditures	430	430		14,204	6,344	(7,860)
Excess (deficiency) of revenues over (under) expenditures	(400)	(359)	41	(13,208)	(4,160)	9,048
Other financing sources (uses):						
Transfers in				1,053	1,371	318
Transfers out						
Total other financing sources (uses)				1,053	1,371	318
Net change in fund balances	(400)	(359)	41	(12,155)	(2,789)	9,366
Fund balances at beginning of year	1,617	1,617		16,734	16,734	
Fund balances at end of year	\$ 1,217	\$ 1,258	\$ 41	\$ 4,579	\$ 13,945	\$ 9,366

(continued)

Schedule of Revenues, Expenditures and Changes in Fund Balances (Deficits)
Budget and Actual - All Capital Projects Funds
Year Ended June 30, 2019 (In thousands)

	Mello-Roos Projects		
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:			
Licenses, fees and permits			
Intergovernmental revenues			
Charges for services			
Use of money and property		\$ 1,360	\$ 1,360
Other			
Total revenues		<u>1,360</u>	<u>1,360</u>
Expenditures:			
City clerk			
Finance			
Police			
Fire & Rescue			
Community & Economic Development			
Planning & Building			
Public Works	\$ 46,697	8,413	(38,284)
Community Services			
Total expenditures	<u>46,697</u>	<u>8,413</u>	<u>(38,284)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(46,697)</u>	<u>(7,053)</u>	<u>39,644</u>
Other financing sources (uses):			
Transfers in			
Transfers out		(1,033)	(1,033)
Total other financing sources (uses)		<u>(1,033)</u>	<u>(1,033)</u>
Net change in fund balances	(46,697)	(8,086)	38,611
Fund balances at beginning of year	52,314	52,314	
Fund balances at end of year	<u>\$ 5,617</u>	<u>\$ 44,228</u>	<u>\$ 38,611</u>



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Internal Service Funds



Internal Service Funds

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

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

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

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

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

Combining Statement of Net Position

Internal Service Funds

June 30, 2019 (In thousands)

	General Benefits and Insurance	Motorized Equipment	Information and Communication Services	Municipal Facilities Maintenance	Total
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 15,838	\$ 875	\$ 883	\$ 1	\$ 17,597
Investments	73,792	4,074	4,112		81,978
Restricted cash and cash equivalent			230		230
Accounts receivable, net	2,599	308			2,907
Accrued interest receivable	394	15	35		444
Interfund receivable	10	224			234
Inventories		1,018			1,018
Prepaid and other assets	95	1,340	993		2,428
Total current assets	<u>92,728</u>	<u>7,854</u>	<u>6,253</u>	<u>1</u>	<u>106,836</u>
Noncurrent assets:					
Accounts receivable, less current portion	1,683				1,683
Interfund receivable, less current portion	53				53
Capital assets:					
Buildings, structures and improvements		3,230		6,405	9,635
Machinery and equipment	93	47,466	26,658	4,321	78,538
Construction in progress			2,881	1,155	4,036
Less accumulated depreciation	(80)	(33,513)	(21,823)	(5,639)	(61,055)
Capital assets, net	<u>13</u>	<u>17,183</u>	<u>7,716</u>	<u>6,242</u>	<u>31,154</u>
Total noncurrent assets	<u>1,749</u>	<u>17,183</u>	<u>7,716</u>	<u>6,242</u>	<u>32,890</u>
Total assets	<u>94,477</u>	<u>25,037</u>	<u>13,969</u>	<u>6,243</u>	<u>139,726</u>
DEFERRED OUTFLOW OF RESOURCES					
Deferred OPEB related items	246	326	225	474	1,271
Deferred pension related items	1,513	1,313	2,935	1,827	7,588
Total deferred outflow of resources	<u>1,759</u>	<u>1,639</u>	<u>3,160</u>	<u>2,301</u>	<u>8,859</u>
LIABILITIES					
Current liabilities:					
Accounts payable	1,727	556	1,807	2,583	6,673
Wages payable	4,430	64	49	74	4,617
Interest payable			40		40
Due to other Funds				402	402
Compensated absences	14,328				14,328
Self-insurance liability	12,501				12,501
Capital lease payable			1,008		1,008
Long-term debts		11	1,037		1,048
Unearned revenues	2,409				2,409
Total current liabilities	<u>35,395</u>	<u>631</u>	<u>3,941</u>	<u>3,059</u>	<u>43,026</u>
Noncurrent liabilities:					
Due to other Funds, less current portion			980		980
Capital lease payable, less current portion					6,889
Compensated absences, less current portion	6,889				40,746
Self-insurance liability, less current portion	40,746				1,137
Long-term debts, less current portion		74	1,063		10,267
Net OPEB liability	2,495	3,091	1,860	2,821	30,952
Net pension liability	8,411	7,702	7,162	7,677	11,065
Total noncurrent liabilities	<u>58,541</u>	<u>10,867</u>	<u>11,065</u>	<u>10,498</u>	<u>90,971</u>
Total liabilities	<u>93,936</u>	<u>11,498</u>	<u>15,006</u>	<u>13,557</u>	<u>133,997</u>
DEFERRED INFLOW OF RESOURCES					
Deferred OPEB related items	256	372	113	172	913
Deferred pension related items	158	660	130	140	1,088
Total deferred inflow of resources	<u>414</u>	<u>1,032</u>	<u>243</u>	<u>312</u>	<u>2,001</u>
NET POSITION					
Net investment in capital assets	13	17,098	3,858	6,242	27,211
Unrestricted	1,873	(2,952)	(1,978)	(11,567)	(14,624)
Total net position	<u>\$ 1,886</u>	<u>\$ 14,146</u>	<u>\$ 1,880</u>	<u>\$ (5,325)</u>	<u>\$ 12,587</u>

See accompanied independent auditors' report

Combining Statement of Revenues, Expenses and Changes in Net Position
Internal Service Funds
Year Ended June 30, 2019 (In thousands)

	General Benefits and Insurance	Motorized Equipment	Information and Communication Services	Municipal Facilities Maintenance	Total
Operating revenues:					
Charges for services	\$ 97,080	\$ 14,328	\$ 23,828	\$ 15,226	\$ 150,462
Other	18	419		24	461
Total operating revenues	<u>97,098</u>	<u>14,747</u>	<u>23,828</u>	<u>15,250</u>	<u>150,923</u>
Operating expenses:					
Salaries and wages	5,070	4,568	5,276	5,073	19,987
Maintenance and operations	2,652	6,237	16,804	9,952	35,645
Insurance premiums and claims	16,342				16,342
Compensated absences and other benefits	71,378				71,378
Depreciation	2	2,479	3,081	419	5,981
Total operating expenses	<u>95,444</u>	<u>13,284</u>	<u>25,161</u>	<u>15,444</u>	<u>149,333</u>
Operating income (loss)	<u>1,654</u>	<u>1,463</u>	<u>(1,333)</u>	<u>(194)</u>	<u>1,590</u>
Nonoperating income (expenses):					
Intergovernmental revenues		256			256
Investment income	3,249	197	231	(25)	3,652
Interest expense		(2)	(113)		(115)
Gain from disposal of capital assets		133			133
Total nonoperating income (loss)	<u>3,249</u>	<u>584</u>	<u>118</u>	<u>(25)</u>	<u>3,926</u>
Income (Loss)	<u>4,903</u>	<u>2,047</u>	<u>(1,215)</u>	<u>(219)</u>	<u>5,516</u>
Transfer in					
Transfers out					
Change in net position	<u>4,903</u>	<u>2,047</u>	<u>(1,215)</u>	<u>(219)</u>	<u>5,516</u>
Net position at beginning of year	<u>(3,017)</u>	<u>12,099</u>	<u>3,095</u>	<u>(5,106)</u>	<u>7,071</u>
Net position at end of year	<u>\$ 1,886</u>	<u>\$ 14,146</u>	<u>\$ 1,880</u>	<u>\$ (5,325)</u>	<u>\$ 12,587</u>

Combining Statement of Cash Flows

Internal Service Funds

Year Ended June 30, 2019 (In thousands)

	General Benefits and Insurance	Motorized Equipment	Information and Communication Services	Municipal Facilities Maintenance	Total
Cash flows from operating activities:					
Receipts from interfund services provided	\$ 97,080	\$ 14,328	\$ 23,828	\$ 15,226	\$ 150,462
Payments to suppliers	(743)	(5,710)	(14,575)	(7,406)	(28,434)
Payments for salaries and wages to employees	(4,394)	(4,328)	(3,314)	(4,510)	(16,546)
Payments for interfund services used	(1,850)	(743)	(1,142)	(1,213)	(4,948)
Payments for insurance premiums and claims	(16,790)				(16,790)
Payments for compensated absences and other benefits	(71,042)				(71,042)
Other receipts	31	424		24	479
Net cash provided by operating activities	<u>2,292</u>	<u>3,971</u>	<u>4,797</u>	<u>2,121</u>	<u>13,181</u>
Cash flows from noncapital financing activities:					
Receipt of interfund balances	9	189		224	422
Payment of interfund balances	(10)	(224)		(189)	(423)
Net cash provided by (used for) noncapital financing activities	<u>(1)</u>	<u>(35)</u>		<u>35</u>	<u>(1)</u>
Cash flows from capital and related financing activities:					
Proceeds from sale of capital assets		92			92
Capital purchases		(3,552)	(1,315)	(2,475)	(7,342)
Principal payments on long-term debt		(10)	(2,369)		(2,379)
Interest payments		(2)	(138)		(140)
Interfund payment for capital purpose				(46)	(46)
Net cash used for capital and related financing activities		<u>(3,472)</u>	<u>(3,822)</u>	<u>(2,521)</u>	<u>(9,815)</u>
Cash flows from investing activities:					
Purchase of investment securities	(36,522)	(2,016)	(2,035)		(40,573)
Proceeds from sale and maturity of investment securities	30,366	1,391	58	305	32,120
Interest received	1,074	86	105		1,265
Interest paid				(25)	(25)
Net cash provided by (used for) investing activities	<u>(5,082)</u>	<u>(539)</u>	<u>(1,872)</u>	<u>280</u>	<u>(7,213)</u>
Increase (decrease) in cash and cash equivalents	(2,791)	(75)	(897)	(85)	(3,848)
Cash and cash equivalents at beginning of the year	<u>18,629</u>	<u>950</u>	<u>2,010</u>	<u>86</u>	<u>21,675</u>
Cash and cash equivalents at end of the year	<u>\$ 15,838</u>	<u>\$ 875</u>	<u>\$ 1,113</u>	<u>\$ 1</u>	<u>\$ 17,827</u>

(continued)

Combining Statement of Cash Flows Internal Service Funds Year Ended June 30, 2019 (In thousands) (continued)

	General Benefits and Insurance	Motorized Equipment	Information and Communication Services	Municipal Facilities Maintenance	Total
Reconciliation of operating income to net cash provided by operating activities:					
Operating income (loss)	\$ 1,654	\$ 1,463	\$ (1,333)	\$ (194)	\$ 1,590
Adjustment to reconcile operating income to net cash provided by operating activities:					
Depreciation	2	2,479	3,081	419	5,981
Changes in assets, deferred outflows of resources, liabilities and deferred inflows of resources:					
Accounts receivable	224	5			229
Inventories		(24)			(24)
Prepaid and other assets	(37)		903		866
Accounts payable	309	(192)	184	1,333	1,634
Wages and benefit payable	608	240	1,962	563	3,373
Unearned revenues	(146)				(146)
Compensated absences	743				743
Self-insurance liability	(1,065)				(1,065)
Total adjustments	638	2,508	6,130	2,315	11,591
Net cash provided by operating activities	<u>\$ 2,292</u>	<u>\$ 3,971</u>	<u>\$ 4,797</u>	<u>\$ 2,121</u>	<u>\$ 13,181</u>
Schedule of noncash financing and investing activities:					
Capital assets financed through capital leases			\$ 1,548		\$ 1,548
Increase in fair value of investments	\$ 2,023	\$ 107	92		2,222
Reconciliation of cash and cash equivalents:					
Cash and cash equivalents	\$ 15,838	\$ 875	\$ 883	\$ 1	\$ 17,597
Restricted cash and cash equivalents, current portion			230		230
Total cash and cash equivalents	<u>\$ 15,838</u>	<u>\$ 875</u>	<u>\$ 1,113</u>	<u>\$ 1</u>	<u>\$ 17,827</u>



Fiduciary Funds



Statement of Changes in Fiduciary Assets and Liabilities
Agency Fund - Mello-Roos
Year Ended June 30, 2019 (In thousands)

	Beginning Balance	Additions	Deductions	Ending Balance
ASSETS				
Restricted cash and cash equivalents	\$ 2,659	\$ 3,683	\$ (3,301)	\$ 3,041
Restricted investment	4,600		(6)	4,594
Due from other governments	28	3,522	(3,545)	5
Total assets	<u>\$ 7,287</u>	<u>\$ 7,205</u>	<u>\$ (6,852)</u>	<u>\$ 7,640</u>
LIABILITIES				
Due to bond holders	<u>\$ 7,287</u>	<u>\$ 3,660</u>	<u>\$ (3,307)</u>	<u>\$ 7,640</u>



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Statistical Section



Statistical Section

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

STATISTICAL INFORMATION

(Unaudited)

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

	Page
Contents	
Financial trends	
These schedules contain information to help the reader understand how the City's financial performance and well-being have changed over time.	148
Net Position by Component - Last Ten Fiscal Years	148
Changes in Net Position - Last Ten Fiscal Years	149
Governmental Activities Tax Revenues by Source - Last Ten Fiscal Years	151
Fund Balances of Governmental Funds - Last Ten Fiscal Years	152
Changes in Fund Balances of Governmental Funds - Last Ten Fiscal Years	153
Revenue capacity	
These schedules contain information to help the reader assess the City's most significant local revenue sources.	154
General Government Tax Revenues by Source - Last Ten Fiscal Years	154
Assessed Value and Estimated Actual Value of Taxable Property - Last Ten Fiscal Years	155
Property Tax Rates - Direct and Overlapping Governments - Last Ten Fiscal Years	156
Principal Property Tax Payers - Current Year and Nine Years Ago	157
Property Tax Levies and Collections - Last Ten Fiscal Years	158
Debt capacity	
These schedules contain information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the	159
Ratios of Outstanding Debt by Type - Last Ten Fiscal Years	159
Ratios of Net General Bonded Debt Outstanding - Last Ten Fiscal Years	160
Direct and Overlapping Governmental Activities Debt - As of June 30, 2019	161
Legal Debt Margin - Last Ten Fiscal Years	163
Pledged-Revenue Coverage - Last Ten Fiscal Years	164
Demographic and economic information	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	166
Demographic and Economic Statistics - Last Ten Fiscal Years	166
Principal Employers - Current Year and Nine Years Ago	167
Operating information	
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and	168
Full-Time Equivalent City government Employees by Function / Program - Last Ten Fiscal Years	168
Operating Indicators by Function - Last Ten Fiscal Years	169
Capital Assets Statistics by Function - Last Ten Fiscal Years	171

Net Position by Component

Last Ten Fiscal Years (In thousands)

(Accrual basis of accounting)

	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Governmental Activities										
Net investment in capital assets	\$ 1,040,595	\$ 1,008,489	\$ 974,071	\$ 968,473	\$ 894,651	\$ 1,016,259	\$ 894,625	\$ 831,430	\$ 832,951	\$ 794,164
Restricted	266,447	266,983	274,830	211,338	210,934	205,998	196,853	190,868	182,011	150,750
Unrestricted	(554,529)	(551,607) ²	(557,245)	(417,976)	(447,817) ¹	(455,863)	30,341	16,760	(124,422)	(121,283)
Total Governmental Activities	<u>752,513</u>	<u>723,865</u>	<u>691,656</u>	<u>761,835</u>	<u>657,768</u>	<u>766,394</u>	<u>1,121,819</u>	<u>1,039,058</u>	<u>890,540</u>	<u>823,631</u>
Business-type Activities										
Net investment in capital assets	1,058,213	1,009,302	1,016,113	997,292	993,075	823,505	787,459	780,093	779,224	756,020
Restricted	88,734	86,863	83,811	76,749	83,448	77,311	71,131	61,235	54,626	49,325
Unrestricted	24,704	15,661 ²	(26,767)	36,644	(1,725) ¹	(37,696)	121,083	112,159	115,445	130,812
Total Business-type Activities	<u>1,171,651</u>	<u>1,111,826</u>	<u>1,073,157</u>	<u>1,110,685</u>	<u>1,074,798</u>	<u>863,120</u>	<u>979,673</u>	<u>953,487</u>	<u>949,295</u>	<u>936,157</u>
Total Government										
Net investment in capital assets	2,098,808	2,017,791	1,990,184	1,965,765	1,887,726	1,839,764	1,682,084	1,611,523	1,612,175	1,550,184
Restricted	355,181	353,846	358,641	288,087	294,382	283,309	267,984	252,103	236,637	200,075
Unrestricted	(529,825)	(535,946)	(584,012)	(381,332)	(449,542)	(493,559)	151,424	128,919	(8,977)	9,529
Total Government	<u>\$ 1,924,164</u>	<u>\$ 1,835,691</u>	<u>\$ 1,764,813</u>	<u>\$ 1,872,520</u>	<u>\$ 1,732,566</u>	<u>\$ 1,629,514</u>	<u>\$ 2,101,492</u>	<u>\$ 1,992,545</u>	<u>\$ 1,839,835</u>	<u>\$ 1,759,788</u>

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

² The City implemented Governmental Accounting Standards Board (GASB) Statement No. 75 Accounting and Financial Reporting for Other Postemployment benefits Other Than Pension for the fiscal year ended June 30, 2018. Implementation of this Statements requires the City to restate prior period net positions and are reflected in the fiscal year 2017 Unrestricted net position. Information prior to the implementation of these Statements is not available.

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

Source: Finance Department, City of Anaheim

Changes in Net Position

Last Ten Fiscal Years (In thousands)

(Accrual basis of accounting)

	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Program Revenues										
Governmental activities:										
Charges for services										
General government	\$ 1,742	\$ 1,749	\$ 1,903	\$ 2,034	\$ 2,398	\$ 1,779	\$ 2,001	\$ 1,872	\$ 1,872	\$ 1,708
Police	15,901	15,361	15,441	11,775	10,001	9,927	9,859	10,122	10,435	10,127
Fire & Rescue	10,949	11,621	10,582	9,814	9,024	10,166	9,912	9,431	9,518	9,369
Community & Economic Development	7,531	7,421	19,046	10,210	14,023	17,305	9,151	7,281	8,143	7,306
Planning & Building	11,715	16,573	11,357	11,515	9,800	7,746	6,404	5,327	6,263	6,453
Public Works	21,075	17,378	16,140	15,817	13,309	13,037	14,012	11,401	9,837	7,619
Community Services	3,174	3,227	11,190	3,430	3,408	3,479	3,556	3,386	4,024	4,561
Convention, Sports & Entertainment	14,802	14,231	13,672	12,528	11,124	10,236	9,574	9,142	4,356	202
Total charges for services	86,889	87,561	99,331	77,123	73,087	73,675	64,469	57,962	54,448	47,345
Operating grants and contributions	130,335	115,520	109,989	108,131	109,968	114,584	112,507	108,620	124,358	121,731
Capital grants and contributions	21,335	39,340	65,937	85,782	67,014	110,295	71,472	44,184	70,080	31,828
Governmental activities program revenues	238,559	242,421	275,257	271,036	250,069	298,554	248,448	210,766	248,886	200,904
Business-type activities:										
Charges for services										
Electric Utility	459,182	443,755	433,561	430,485	453,697	426,051	451,958	397,931	381,496	377,387
Water Utility	79,649	79,074	70,777	60,509	63,495	65,946	60,785	57,748	55,598	56,368
Sanitation Utility	68,036	65,138	63,893	61,006	60,076	57,843	57,230	56,630	56,359	56,023
Golf Courses	4,306	4,273	4,062	4,114	4,435	4,667	4,759	4,802	4,711	5,168
Convention, Sports & Entertainment	51,072	44,984	37,015	35,363	34,742	32,084	29,656	29,389	27,981	30,797
ARTIC Management	1,030	1,343	1,050	878	448					
Total charges for services	663,275	638,567	610,358	592,355	616,893	586,591	604,388	546,500	526,145	525,743
Operating grants and contributions	231	88	425	776	287	452	952	1,101	746	1,990
Capital grants and contributions	28,408	8,353	4,381	11,743	8,734	8,441	6,698	8,954	12,667	5,622
Business-type activities program revenues	691,914	647,008	615,164	604,874	625,914	595,484	612,038	556,555	539,558	533,355
Total government program revenues	930,473	889,429	890,421	875,910	875,983	894,038	860,486	767,321	788,444	734,259
Expenses										
Governmental activities:										
General government	22,005	15,645	11,825	10,331	12,370	15,790	13,275	11,617	10,911	10,917
Police	175,409	173,921	151,559	132,889	135,161	127,037	124,556	117,840	119,504	125,121
Fire & Rescue	82,948	81,528	70,365	62,520	61,794	59,510	58,508	58,027	56,393	58,229
Community & Economic Development	98,818	96,067	100,720	110,618	80,976	80,043	82,769	95,683	105,937	117,621
Planning & Building	26,248	25,376	21,944	19,862	18,303	17,030	16,917	15,648	15,627	16,822
Public Works	53,742	55,981	61,806	48,719	66,023	60,262	44,740	41,228	44,109	39,017
Community Services	43,218	39,020	34,799	34,212	31,587	34,130	28,925	28,282	30,958	35,372
Public Utilities	2,476	2,346	2,530	2,687	2,599	2,514	2,405	2,315	2,218	1,952
Convention, Sports & Entertainment	27,663	19,930	19,238	18,503	17,026	15,586	13,935	13,584	13,633	9,931
Interest on long-term debt	35,149	34,938	34,876	35,185	35,340	35,514	35,880	42,824	47,985	47,610
Governmental Activities Expenses	567,676	544,752	509,662	475,526	461,179	447,416	421,910	427,048	447,275	462,592

(Continued)

Changes in Net Position

Last Ten Fiscal Years (In thousands)

(Accrual basis of accounting) (continued)

	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Expenses										
Business-type Activities:										
Electric Utility	425,072	394,574	412,424	390,732	401,243	411,246	417,008	386,358	372,129	375,173
Water Utility	76,484	75,755	72,715	61,620	68,011	62,996	57,056	58,319	56,608	55,478
Sanitation Utility	64,659	61,145	58,218	56,564	55,979	53,508	52,813	55,939	49,845	50,521
Golf Courses	4,954	4,898	4,465	4,405	4,418	4,399	4,473	4,114	4,256	4,436
Convention, Sports & Entertainment Venues	68,187	66,058	47,321	44,285	56,715	46,385	45,001	45,278	44,662	45,954
ARTIC Management	6,548	6,218	6,374	6,235	5,075					
Business-type activities expense	645,904	608,648	601,517	563,841	591,441	578,534	576,351	550,008	527,500	531,562
Total government expenses	1,213,580	1,153,400	1,111,179	1,039,367	1,052,620	1,025,950	998,261	977,056	974,775	994,154
Net (Expense)/Revenue										
Governmental activities	(329,117)	(302,331)	(234,405)	(204,490)	(211,110)	(148,862)	(173,462)	(216,282)	(198,389)	(261,688)
Business-type activities	46,010	38,360	13,647	41,033	34,473	16,950	35,687	6,547	12,058	1,793
Total government, net (expense) revenue	(283,107)	(263,971)	(220,758)	(163,457)	(176,637)	(131,912)	(137,775)	(209,735)	(186,331)	(259,895)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes:										
Property taxes	80,822	76,547	72,909	70,646	68,405	66,282	64,311	58,896	59,053	59,689
Property tax increments								28,678	47,040	47,731
Sales tax and use tax	84,982	80,732	77,732	76,975	72,356	67,505	65,445	59,654	54,711	51,214
Transient occupancy taxes	161,948	154,925	149,566	137,570	119,744	110,134	102,936	90,376	82,605	77,139
Motor vehicle license fees									1,783	1,026
Other taxes	8,893	9,076	8,946	8,731	8,318	7,780	7,756	7,272	7,288	7,288
Gain on sale on capital assets		6,258								
Unrestricted investment earnings	15,654	2,783	2,116	3,692	2,725	2,930	1,094	3,598	3,667	7,012
Other	98	105	106	87	55	49	1,857	873	614	1,175
Transfers	5,368	4,114	7,701	10,856	(169,119)	7,288	12,824	12,571	8,537	19,602
Special item			(8,218)							
Extraordinary gain								102,882		
Governmental activities	357,765	334,540	310,858	308,557	102,484	261,968	256,223	364,800	265,298	271,876
Business-type activities:										
Unrestricted investment earnings	19,183	4,423	4,001	5,710	8,086	6,986	3,323	10,216	9,617	15,825
Transfers	(5,368)	(4,114)	(7,701)	(10,856)	169,119	(7,288)	(12,824)	(12,571)	(8,537)	(19,602)
Business-type activities	13,815	309	(3,700)	(5,146)	177,205	(302)	(9,501)	(2,355)	1,080	(3,777)
Total government	371,580	334,849	307,158	303,411	279,689	261,666	246,722	362,445	266,378	268,099
Change in Net Position										
Governmental activities	28,648	32,209	76,453	104,067	(108,626)	113,106	82,761	148,518	66,909	10,188
Business-type activities	59,825	38,669	9,947	35,887	211,678	16,648	26,186	4,192	13,138	(1,984)
Total government change in net position	\$ 88,473	\$ 70,878	\$ 86,400	\$ 139,954	\$ 103,052	\$ 129,754	\$ 108,947	\$ 152,710	\$ 80,047	\$ 8,204

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

Source: Finance Department, City of Anaheim

See accompanied independent auditors' report

Governmental Activities Tax Revenues By Source

Last Ten Fiscal Years (In thousands)

(Accrual basis of accounting)

Fiscal Year	Amounts						Total
	Property Taxes	Property Tax Increments	Sales and Use Taxes	Transient Occupancy Taxes	Motor Vehicle License Fees ⁽¹⁾	Other Taxes	
2019	\$ 80,822		\$ 84,982	\$ 161,948		\$ 8,893	\$ 336,645
2018	76,547		80,732	154,925		9,076	321,280
2017	72,909		77,732	149,566		8,946	309,153
2016	70,646		76,975	137,570		8,731	293,922
2015	68,405		72,356	119,744		8,318	268,823
2014	66,282		67,505	110,134		7,780	251,701
2013	64,311		65,445	102,936		7,756	240,448
2012	58,896	\$ 28,678 ¹	59,654	90,376		7,272	244,876
2011	59,053	47,040	54,711	82,605	\$ 1,783	7,288	252,480
2010	59,689	47,731	51,214	77,139	1,026	7,288	244,087

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

² Motor Vehicle License Fees allocation was eliminated per the fiscal year 2012 State Budget.

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

Source: Finance Department, City of Anaheim

Fund Balances of Governmental Funds

Last Ten Fiscal Years (In thousands)

(Modified accrual basis of accounting)

	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
General Fund										
Nonspendable	\$ 756	\$ 519	\$ 819	\$ 958	\$ 1,538	\$ 2,099	\$ 2,531	\$ 3,082	\$ 3,626	
Restricted	4,627	5,194	6,238	7,730	6,124	6,449	1,766	982	582	
Committed							788			
Assigned	15,221	11,008	2,056	7,442	513	4,073	6,879	320	141	
Unassigned	43,455	41,556	42,336	39,850	39,615	30,394	26,920	22,636	22,139	
Reserved										\$ 4,092
Unreserved- designated										
Unreserved- undesignated										29,490
Total General fund	<u>64,059</u>	<u>58,277</u>	<u>51,449</u>	<u>55,980</u>	<u>47,790</u>	<u>43,015</u>	<u>38,884</u>	<u>27,020</u>	<u>26,488</u>	<u>33,582</u>
Housing Authority Fund										
Nonspendable	36	34		2	4	7	38		42	
Restricted	61,641	60,180	62,338	48,974	43,703	41,134	32,234	29,935	7,778	
Assigned	28,434	26,574	22,904	16,129	14,283	11,664	11,823	11,237	9,922	
Unassigned										
Reserved										1,373
Unreserved- undesignated										11,603
Total Housing Authority Fund	<u>90,111</u>	<u>86,788</u>	<u>85,242</u>	<u>65,105</u>	<u>57,990</u>	<u>52,805</u>	<u>44,095</u>	<u>41,172</u>	<u>17,742</u>	<u>12,976</u>
Nonmajor Governmental Funds										
Nonspendable	11,503	9,091	8,713	6,000	6,270	3,542	4,619	1	631	
Restricted	319,412	320,034	303,036	237,930	197,360	170,950	164,870	158,933	241,674	
Committed	3,812	4,063								
Assigned	6,696	6,797	9,612	5,875	3,040	3,291	8,055	7,400	7,761	
Unassigned	(9,217)	(11,535)	(12,202)	(17,991)	(20,071)	(19,005)	(11,231)	(32,448)	(34,293)	
Reserved										130,313
Unreserved- designated, reported in:										
Special revenue funds										7,349
Debt service funds										156
Capital projects funds										31,899
Unreserved - undesignated, reported in:										
Special revenue funds										14,350
Capital projects funds										(3,376)
Total nonmajor governmental funds	<u>332,206</u>	<u>328,450</u>	<u>309,159</u>	<u>231,814</u>	<u>186,599</u>	<u>158,778</u>	<u>166,313</u>	<u>133,886</u>	<u>215,773</u>	<u>180,691</u>
Total governmental funds ⁽¹⁾	<u>\$ 486,376</u>	<u>\$ 473,515</u>	<u>\$ 445,850</u>	<u>\$ 352,899</u>	<u>\$ 292,379</u>	<u>\$ 254,598</u>	<u>\$ 249,292</u>	<u>\$ 202,078</u>	<u>\$ 260,003</u>	<u>\$ 227,249</u>

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

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

Source: Finance Department, City of Anaheim

Changes in Fund Balances of Governmental Funds

Last Ten Fiscal Years (In thousands)

(Modified accrual basis of accounting)

	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Revenues										
Property taxes	\$ 80,822	\$ 76,547	72,909	\$ 70,646	\$ 68,405	\$ 66,282	\$ 64,311	\$ 58,896	\$ 59,053	\$ 59,689
Property tax increments								28,678	47,040	47,731
Sales and use taxes	84,792	81,680	80,500	81,844	71,977	68,581	62,793	58,589	55,034	48,210
Transient occupancy taxes	161,948	154,925	149,566	137,570	119,744	110,134	102,936	90,376	82,605	77,139
Other taxes	8,175	8,311	8,287	8,024	7,478	7,012	7,078	6,401	6,486	6,303
Licenses, fees, and permits	30,743	45,047	36,504	30,653	28,573	21,353	22,305	17,067	18,772	21,580
Intergovernmental revenues	139,776	124,696	123,797	121,055	155,314	215,755	186,018	143,348	150,394	141,418
Charges for services	44,962	43,982	42,047	36,147	33,295	32,569	30,883	29,672	24,408	18,351
Fines, forfeits, and penalties	2,937	2,988	2,756	2,875	2,823	2,656	2,907	3,515	3,304	3,255
Use of money and property	37,459	26,801	47,505	67,204 ²	20,068	22,427	12,141	10,582	12,423	12,647
Contribution from property owners			36,864 ⁴						41,007 ¹	
Others	1,086	1,178	2,127	1,368	9,738	809	4,843	3,692	374	1,598
Total revenues	592,700	566,155	602,862	557,386	517,415	547,578	496,215	450,816	500,900	437,921
Expenditures										
General government	26,936	21,358	19,447	18,679	19,052	21,070	18,270	16,502	16,055	15,822
Police	160,355	156,338	148,801	139,775	127,226	120,962	117,702	112,656	114,678	115,379
Fire & Rescue	76,604	74,888	70,164	66,399	61,483	57,529	56,127	55,886	55,802	55,713
Community & Economic Development	104,074	93,855	92,089	107,544 ³	89,446	83,658	86,282	95,352	110,138	126,590
Planning & Building	24,196	23,649	21,997	19,935	17,667	16,086	15,785	14,408	14,560	15,173
Public Works	32,329	34,331	30,886	30,388	29,814	29,737	25,387	22,861	27,087	19,957
Community Services	36,339	34,042	32,258	31,980	28,394	30,602	25,268	24,618	27,813	31,311
Public Utilities	2,448	2,341	2,496	2,727	2,622	2,510	2,398	2,313	2,220	1,939
Convention, Sports & Entertainment	15,575	14,639	14,023	13,089	11,608	10,714	10,002	9,725	9,917	6,369
Capital outlay	43,191	46,366	44,532	32,589	79,710	136,597	98,601	55,505	70,918	62,422
Debt service:										
Principal	32,128	14,749	26,123	28,448	25,289	24,220	18,948	16,294	12,219	12,777
Interest charges	30,943	28,412	15,571	16,930	18,085	18,797	19,808	26,927	33,032	33,509
Debt issuance costs	1,748				127				227	
Total expenditures	586,866	544,968	518,387	508,483	510,523	552,482	494,578	453,047	494,666	496,961
Revenues over (under) expenditures	5,834	21,187	84,475	48,903	6,892	(4,904)	1,637	(2,231)	6,234	(59,040)
Other Financing Sources (Uses)										
Transfers in	107,804	97,513	103,797	95,920	85,818	84,813	73,470	131,093	99,571	83,498
Transfers out	(102,556)	(93,285)	(101,446)	(85,403)	(79,373)	(75,953)	(59,393)	(119,552)	(86,621)	(59,970)
Issuance of refunding bonds	175,565				6,200					
Payments to refunded bond escrow agent	(209,065)				(6,200)					
Premium on long term debt	35,279				1,790					
Issuance of long-term debt		2,250	6,125	1,100	22,654	1,350	31,500		13,570	8,000
Claims settlement proceeds										750
Extraordinary loss								(67,235)		
Total other financing sources	7,027	6,478	8,476	11,617	30,889	10,210	45,577	(55,694)	26,520	32,278
Net change in fund balances	\$ 12,861	\$ 27,665	\$ 92,951	\$ 60,520	\$ 37,781	\$ 5,306	\$ 47,214	\$ (57,925)	\$ 32,754	\$ (26,762)
Debt service as a percentage of non-capital expenditures	11.92%	8.66%	8.80%	9.54%	10.07%	10.34%	9.79%	10.87%	10.68%	10.65%

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

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

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

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

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

Source: Finance Department, City of Anaheim

General Government Tax Revenues By Source

Last Ten Fiscal Years (In thousands)

(Modified accrual basis of accounting)

Amounts in Dollars												
Fiscal Year	Property Taxes				Property Tax Increments			Property Taxes in-lieu of VLF ³	Sales and Use Taxes	Transient Occupancy Taxes	Other Taxes	Total
	Secured Property Taxes	Unsecured Property Taxes	Supplemental Property Taxes	Residual	Secured Property Taxes	Unsecured Property Taxes	Supplemental Property Taxes					
2019	\$ 41,529	\$ 1,263	\$ 1,173	\$ 3,322				\$ 33,535	\$ 84,792	\$ 161,948	\$ 8,175	\$ 335,737
2018	39,396	1,265	1,259	2,892				31,735	81,680	154,925	8,311	321,463
2017	37,771	1,214	1,108	2,484				30,332	80,500	149,566	8,287	311,262
2016	37,000	1,256	991	2,203				29,196	81,844 ²	137,570	8,024	298,084
2015	35,624	1,358	1,001	2,262				28,160	71,977	119,744	7,478	267,604
2014	33,976	1,243	832	2,873				27,358	68,581	110,134	7,012	252,009
2013	33,114	1,194	806	2,834				26,363	62,793	102,936	7,078	237,118
2012	31,770	1,289	207		21,576 ¹	6,884 ¹	218 ¹	25,630	58,589	90,376	6,401	242,940
2011	31,848	1,300	373		36,824	8,859	1,357	25,532	55,034	82,605	6,486	250,218
2010	32,267	1,341	385		38,809	8,221	701	25,696	48,210	77,139	6,303	239,072

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

² Increase in sales and use taxes in fiscal year 2016 was due to the sales tax triple flip final distribution.

³ Collection of property taxes in-lieu of VLF starting in fiscal year 2005 is due to the shifting of revenue from motor vehicle license fees category to the property tax category. This was part of the State of California 2004 Budget Act.

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

Source: Finance Department, City of Anaheim

Assessed Value and Estimated Actual Value of Taxable Property

Last Ten Fiscal Years (In thousands)

(Modified Accrual Basis of Accounting)

	Fiscal Year				
	2019	2018	2017	2016	2015
City of Anaheim					
Secured property	\$ 38,098,867	\$ 36,199,163	\$ 34,732,460	\$ 33,338,748	\$ 32,023,757
Unsecured property	<u>1,302,121</u>	<u>1,175,627</u>	<u>1,172,650</u>	<u>1,243,307</u>	<u>1,515,905</u>
Total City of Anaheim	<u>39,400,988</u>	<u>37,374,790</u>	<u>35,905,110</u>	<u>34,582,055</u>	<u>33,539,662</u>
Redevelopment Agency Project Areas					
Secured property	5,593,018	5,182,683	4,773,715	4,479,386	4,102,931
Unsecured property	<u>737,385</u>	<u>720,305</u>	<u>684,544</u>	<u>753,736</u>	<u>759,729</u>
Total Anaheim Redevelopment Agency	<u>6,330,403</u>	<u>5,902,988</u>	<u>5,458,259</u>	<u>5,233,122</u>	<u>4,862,660</u>
Total Taxable Assessed Value	<u>\$ 45,731,391</u>	<u>\$ 43,277,778</u>	<u>\$ 41,363,369</u>	<u>\$ 39,815,177</u>	<u>\$ 38,402,322</u>
Total Direct Tax Rate	0.10851%	0.10851%	0.10851%	0.11024%	0.11049%
	Fiscal Year				
	2014	2013	2012	2011	2010
City of Anaheim					
Secured property	\$ 30,548,214	\$ 29,608,967	\$ 28,808,849	\$ 28,600,152	\$ 28,775,989
Unsecured property	<u>1,266,403</u>	<u>1,265,519</u>	<u>1,232,825</u>	<u>1,278,062</u>	<u>1,283,263</u>
Total City of Anaheim	<u>31,814,617</u>	<u>30,874,486</u>	<u>30,041,674</u>	<u>29,878,214</u>	<u>30,059,252</u>
Redevelopment Agency Project Areas					
Secured property	3,916,169	4,338,935	3,977,843	3,751,227	3,762,168
Unsecured property	<u>654,982</u>	<u>683,237</u>	<u>656,505</u>	<u>743,403</u>	<u>762,903</u>
Total Anaheim Redevelopment Agency	<u>4,571,151</u>	<u>5,022,172</u>	<u>4,634,348</u>	<u>4,494,630</u>	<u>4,525,071</u>
Total Taxable Assessed Value	<u>\$ 36,385,768</u>	<u>\$ 35,896,658</u>	<u>\$ 34,676,022</u>	<u>\$ 34,372,844</u>	<u>\$ 34,584,323</u>
Total Direct Tax Rate	0.11062%	0.11078%	0.11075%	0.11075%	0.11031%

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

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

Property Tax Rates Direct and Overlapping Governments

Last Ten Fiscal Years (Rate per \$100 assessed value)

	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
City Direct Rate ¹										
City Basic Rate ²	0.10851	0.10851	0.10851	0.10851	0.10851	0.10851	0.10851	0.10851	0.10851	0.10816
Anaheim General Obligation Bond Fund				0.00173	0.00198	0.00211	0.00227	0.00224	0.00224	0.00215
	0.10851	0.10851	0.10851	0.11024	0.11049	0.11062	0.11078	0.11075	0.11075	0.11031
Overlapping Rates:										
Anaheim Elementary General Fund	0.29873	0.29873	0.29873	0.29873	0.29873	0.29873	0.29873	0.29873	0.29873	0.29778
Anaheim High General Fund	0.19043	0.19043	0.19043	0.19043	0.19043	0.19043	0.19043	0.19043	0.19043	0.18982
Educational Revenue Augmentation Fund	0.15592	0.15592	0.15592	0.15592	0.15592	0.15592	0.15592	0.15592	0.15592	0.15543
North Orange Co. Community College General Fund	0.07755	0.07755	0.07755	0.07755	0.07755	0.07755	0.07755	0.07755	0.07755	0.07730
Orange County Cemetery District	0.00057	0.00057	0.00057	0.00057	0.00057	0.00057	0.00057	0.00057	0.00057	0.00057
Orange County Department Of Education	0.01579	0.01579	0.01579	0.01579	0.01579	0.01579	0.01579	0.01579	0.01579	0.01574
Orange County Flood Control District General	0.02197	0.02197	0.02197	0.02197	0.02197	0.02197	0.02197	0.02197	0.02197	0.02190
Orange County General Fund	0.06849	0.06849	0.06849	0.06849	0.06849	0.06849	0.06849	0.06849	0.06849	0.06827
Orange County Harbors Beaches & Parks CSA	0.01698	0.01698	0.01698	0.01698	0.01698	0.01698	0.01698	0.01698	0.01698	0.01693
Orange County Sanitation District #2 Operating	0.03227	0.03227	0.03227	0.03227	0.03227	0.03227	0.03227	0.03227	0.03227	0.03469
Orange County Transportation Authority	0.00312	0.00312	0.00312	0.00312	0.00312	0.00312	0.00312	0.00312	0.00312	0.00311
Orange County Vector Control	0.00124	0.00124	0.00124	0.00124	0.00124	0.00124	0.00124	0.00124	0.00124	0.00124
Orange County Water District	0.00831	0.00831	0.00831	0.00831	0.00831	0.00831	0.00831	0.00831	0.00831	0.00893
Orange County Water District Water Reserve	0.00012	0.00012	0.00012	0.00012	0.00012	0.00012	0.00012	0.00012	0.00012	0.00013
Anaheim Elementary School Districts	0.05059	0.04502	0.04461	0.04227	0.02867	0.05848	0.05382	0.05371	0.03363	0.03193
Anaheim High School Districts	0.04244	0.02211	0.04259	0.04948	0.02412	0.02620	0.02858	0.02678	0.02745	0.02617
North Orange County Community College	0.02829	0.02927	0.02885	0.03043	0.01704	0.01704	0.01902	0.01742	0.01758	0.01662
Water District Rate	0.00350	0.00350	0.00350	0.00350	0.00350	0.00350	0.00350	0.00370	0.00370	0.00430
Total Direct and Overlapping Rate	1.12482	1.09990	1.11955	1.12741	1.07531	1.10733	1.10719	1.10385	1.08460	1.08117

¹ Excludes rates associated with mello-roos districts.

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

Source: Auditor Controller, Orange County

Principal Property Tax Payers

Current Year and Nine Years Ago (In thousands)

Tax Payer	Fiscal year					
	2019			2010		
	Rank	Percentage of Total Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Assessed Value	Taxable Assessed Value
Walt Disney World Company	1	10.43%	\$ 4,556,044	1	11.52%	\$ 3,747,381
HHC HA Investment II Inc.	2	0.48%	211,739			
Anaheim Concourse ILP LLC	3	0.44%	191,932			
US REIF MG Madison Park CA LLC	4	0.29%	128,864			
Irvine Company LLC	5	0.27%	118,898			
Teachers Insurance & Annuity Association	6	0.25%	108,894			
Prologis California I LLC	7	0.23%	100,725			
Gateway Apartments II LLC	8	0.22%	96,338			
Angeli LLC	9	0.22%	95,825	7	0.26%	84,668
OTR	10	0.22%	95,243			
Lennar Platinum Trialble				2	0.66%	213,460
Maker Anaheim LLC				3	0.58%	190,006
Anaheim GW II LLC				4	0.36%	116,740
PPC Anaheim Apartments				5	0.33%	108,243
Maguire Properties Syadium Gateway				6	0.26%	84,897
Worldmark Club				8	0.25%	81,600
Anaheim Memorial Hospital				9	0.25%	80,879
John MTR Schlund				10	0.24%	78,384
Total		<u>13.05%</u>	<u>\$ 5,704,502</u>		<u>14.71%</u>	<u>\$ 4,786,258</u>

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

Property Tax Levies and Collections

Last Ten Fiscal Years (In thousands)

Fiscal Year	Total Taxes Levy	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date		Total Tax Increments Levy ²	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount ¹	Percentage of Levy		Amount	Percentage of Levy		Amount ²	Percentage of Levy		Amount	Percentage of Levy
2019	\$ 49,288	\$ 48,315	98.03%	\$ 157	\$ 48,472	98.34%						
2018	42,432	41,578	97.99%	336	41,740	98.37%						
2017	40,787	39,710	97.36%	342	40,052	98.20%						
2016	40,026	38,832	97.02%	382	39,214	97.97%						
2015	38,365	37,456	97.63%	414	37,870	98.71%						
2014	36,293	35,558	97.97%	460	36,018	99.24%						
2013	34,813	34,116	98.00%	384	34,500	99.10%						
2012	33,598	32,560	96.91%	512	33,072	98.43%	\$ 49,004	\$ 28,327	57.81%		\$ 28,327	57.81%
2011	33,512	32,517	97.03%	558	33,075	98.70%	49,294	45,906	93.13%	\$ 282	46,188	93.70%
2010	33,627	32,490	96.62%	796	33,286	98.99%	49,119	46,584	94.84%	524	47,108	95.91%

¹ Excludes property taxes in-lieu of vehicle license fees

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

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

Source: Auditor-Controller, County of Orange

Ratios of Outstanding Debt by Type Last Ten Fiscal Years

(In thousands, except per capita amount)

	Fiscal Year				
	2019	2018	2017	2016	2015
Governmental Activities					
Bonds	\$ 600,444	\$ 621,675	\$ 627,589	\$ 632,321	\$ 640,891
Notes and loans	23,796	28,008	29,577	20,820	21,372
Capital leases	1,988	1,550	1,738	2,088	2,346
Total governmental activities	626,228	651,233	658,904	655,229	664,609
Business-Type Activities					
Bonds	1,172,354	1,214,339	1,235,400	1,124,159	1,116,443
Notes and loans	13,418	16,972	20,523	36,200	57,399
Total business-type activities	1,185,772	1,231,311	1,255,923	1,160,359	1,173,842
Total Government	\$ 1,812,000	\$ 1,882,544	\$ 1,914,827	\$ 1,815,588	\$ 1,838,451
Percentage of Personal Income	17.00%	19.87%	20.12%	20.18%	21.26%
Per Capita	\$ 5,043	\$ 5,272	\$ 5,341	\$ 5,070	\$ 5,231
	Fiscal Year				
	2014	2013	2012	2011	2010
Governmental Activities					
Bonds	\$ 614,757	\$ 616,086	\$ 616,444	\$ 821,587	\$ 810,504
Certificates of participation	8,880	10,020	11,085	12,070	12,990
Notes and loans	50,757	54,877	25,546	34,566	29,094
Capital leases	1,325	1,369	1,694	2,341	2,605
Total governmental activities	675,719	682,352	654,769	870,564	855,193
Business-Type Activities					
Bonds	780,553	863,987	889,581	908,683	805,925
Certificates of participation	38,000	38,000	38,000	38,000	38,000
Notes and loans	48,271	62,722	24,652	30,519	11,379
Total business-type activities	866,824	964,709	952,233	977,202	855,304
Total Government	\$ 1,542,543	\$ 1,647,061	\$ 1,607,002	\$ 1,847,766	\$ 1,710,497
Percentage of Personal Income	17.22%	19.74%	20.95%	24.57%	23.32%
Per Capita	\$ 4,429	\$ 4,758	\$ 4,674	\$ 5,418	\$ 5,088

Note: Per capita amounts are estimates

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

Sources: California State Department of Finance and Finance Department, City of Anaheim

US Census Yearly American Community Survey

Ratios of Net General Bonded Debt Outstanding Last Ten Fiscal Years

(In thousands, except per capita amount)

	Fiscal Year				
	2019	2018	2017	2016	2015
Bonds					
General Obligation				\$ 700	\$ 1,360
Lease Revenue	\$ 600,444	\$ 621,675	\$ 627,589	631,621	639,531
	600,444	621,675	627,589	632,321	640,891
Less amounts available in debt service fund	159,191	150,052	127,581	108,482	88,174
Total net obligation bonds outstanding	\$ 441,253	\$ 471,623	\$ 500,008	\$ 523,839	\$ 552,717
Percentage of Assessed Value of Property	0.96%	1.09%	1.21%	1.32%	1.44%
Per capita	\$ 1,228	\$ 1,321	\$ 1,395	\$ 1,463	\$ 1,573
	Fiscal Year				
	2014	2013	2012	2011	2010
Bonds					
General Obligation	\$ 1,995	\$ 2,605	\$ 3,185	\$ 3,735	\$ 4,255
Lease Revenue	612,762	613,481	616,444	609,683	605,252
Tax Allocation				208,169	200,997
	614,757	616,086	619,629	821,587	810,504
Less amounts available in debt service fund	73,500	61,625	53,398	67,363	69,043
Total net obligation bonds outstanding	\$ 541,257	\$ 554,461	\$ 566,231	\$ 754,224	\$ 741,461
Percentage of Assessed Value of Property	1.51%	1.54%	1.63%	2.19%	2.14%
Per capita	\$ 1,554	\$ 1,602	\$ 1,647	\$ 2,212	\$ 2,205

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

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

Source: Finance Department, City of Anaheim

Direct and Overlapping Governmental Activities Debt

As of June 30, 2019 (In thousands)

2018-19 Assessed Valuation		\$ 45,731,391		
			<u>Outstanding</u>	
			\$ -	
<u>DIRECT TAX AND ASSESSMENT DEBT:</u>				
City of Anaheim				
			624,240	
<u>DIRECT GENERAL FUND DEBT:</u>				
City of Anaheim General Fund Obligations			624,240	
TOTAL GROSS DIRECT DEBT			600,444	
Less: City of Anaheim Public Financing Authority (100% self-supporting)			23,796	
City of Anaheim various revenue funds (100% self-supporting)			-	
TOTAL NET DIRECT DEBT			\$ -	
			<u>City's Share</u>	
			<u>of Debt</u>	
			<u>6/30/2019</u>	
		<u>Total Debt</u>	<u>% Applicable¹</u>	<u>City's Share</u>
		<u>6/30/2019</u>		<u>of Debt</u>
				<u>6/30/2019</u>
<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>				
Metropolitan Water District	\$ 48,050	1.566%	\$ 752	
North Orange Joint Community College District	320,459	27.541	88,258	
Rancho Santiago Community College District	234,052	12.249	28,669	
Rancho Santiago Community College District School Facilities Improvement District No 1	115,390	0.374	432	
Anaheim Union High School District	194,564	67.605	131,535	
Fullerton Joint Union High School District	183,465	0.252	462	
Garden Grove Unified School District	396,190	0.565	2,238	
Orange Unified School District	188,000	25.751	48,412	
Placentia - Yorba Linda Unified School District	228,033	19.305	44,022	
Anaheim School District	253,886	99.047	251,467	
Magnolia School District	21,323	67.346	14,360	
Other School Districts	142,827	Various	23,375	
City of Anaheim Community Facilities Districts	66,280	100	66,281	
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT	<u>2,392,519</u>		<u>700,263</u>	
<u>OVERLAPPING GENERAL FUND DEBT:</u>				
Orange County General Fund Obligations	388,720	7.725%	30,029	
Orange County Pension Obligation Bonds	407,629	7.725	31,489	
Orange County Board of Education Certificates of Participation	13,490	7.725	1,042	
North Orange County Regional Occupation Program Certificates of Participation	9,290	28.372	2,636	
Orange Unified School District Certificates of Participation	76,765	25.751	19,768	
Orange Unified School District Benefit Obligations	28,483	25.751	7,335	
Placentia-Yorba Linda Unified School District Certificates of Participation	92,535	19.305	17,864	
Anaheim Union High School District Certificates of Participation	33,060	67.605	22,350	
Fullerton Joint Union High School District Certificates of Participation	18,650	0.252	47	
Fullerton School District Certificates of Participation	4,445	0.176	8	
Magnoliad School District Certificates of Participation	14,831	67.346	9,988	
TOTAL GROSS OVERLAPPING GENERAL FUND OBLIGATION DEBT	<u>1,087,898</u>		<u>142,556</u>	
<u>OVERLAPPING TAX INCREMENT DEBT (Successor Agency):</u>				
City of Anaheim Tax Allocation Bonds	155,550	0.086-100.0%	149,235	
TOTAL OVERLAPPING TAX INCREMENT DEBT			<u>149,235</u>	
TOTAL GROSS OVERLAPPING DEBT			992,054	
TOTAL NET OVERLAPPING DEBT			<u>992,054</u>	
GROSS COMBINED TOTAL DEBT			\$ 1,616,294 ²	
NET COMBINED TOTAL DEBT			\$ 992,054	

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

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

Direct and Overlapping Governmental Activities Debt

As of June 30, 2019 (In thousands) (continued)

Ratios to 2018-19 Assessed Valuation:

Direct Debt (\$0)	0.00%
Total Overlapping Tax and Assessment Debt	1.53%

Ratios to Adjusted Assessed Valuation:

Gross Combined Direct Debt (\$626,228)	1.37%
Net Combined Direct Debt(\$0)	0.00%
Gross Combined Total Debt	3.53%
Net Combined Total Debt	2.17%

Ratios to Redevelopment Increment Valuation (\$6,334,074)

Total Overlapping Tax Increment Debt	2.36%
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Source:California Municipal Statistics, Inc.

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

Legal Debt Margin

Last Ten Fiscal Years (In thousands)

	Fiscal Year				
	2019	2018	2017	2016	2015
Debt limit	\$ 1,714,927	\$ 1,622,917	\$ 1,551,126	\$ 1,493,069	\$ 1,440,087
Total net debt applicable to limit				(700)	(1,360)
Legal debt margin	\$ 1,714,927	\$ 1,622,917	\$ 1,551,126	\$ 1,492,369	\$ 1,438,727
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.05%	0.09%
<u>Legal Debt Margin</u>					
Assessed value	\$ 45,731,391	\$ 43,277,778	\$ 41,363,369	\$ 39,815,177	\$ 38,402,322
Debt limit (3.75% of total assessed value) ¹	\$ 1,714,927	\$ 1,622,917	\$ 1,551,126	\$ 1,493,069	\$ 1,440,087
	Fiscal Year				
	2014	2013	2012	2011	2010
Debt limit	\$ 1,364,466	\$ 1,346,125	\$ 1,300,351	\$ 1,288,982	\$ 1,296,912
Total net debt applicable to limit	(1,995)	(2,605)	(3,185)	(3,735)	(4,255)
Legal debt margin	\$ 1,362,471	\$ 1,343,520	\$ 1,297,166	\$ 1,285,247	\$ 1,292,657
Total net debt applicable to the limit as a percentage of debt limit	0.15%	0.19%	0.24%	0.29%	0.33%
<u>Legal Debt Margin</u>					
Assessed value	\$ 36,385,768	\$ 35,896,658	\$ 34,676,022	\$ 34,372,844	\$ 34,584,323
Debt limit (3.75% of total assessed value) ¹	\$ 1,364,466	\$ 1,346,125	\$ 1,300,351	\$ 1,288,982	\$ 1,296,912

Note:

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

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

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

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

Pledged-Revenue Coverage

Last Ten Fiscal Years (In thousands)

Electric Utility Revenue Bonds										
Fiscal Year	Electric Revenue	Less Operating Expenses ¹	Net Available Revenue	Debt Service			Coverage			
				Principal	Interest	Total				
2019	\$ 469,076	\$ 365,983	\$ 103,093	\$ 20,975	\$ 30,386	\$ 51,361	2.0072			
2018	446,156	330,376	115,780	21,305	30,613	51,918	2.2301			
2017	435,805	338,888	96,917	18,950	28,948	47,898	2.0234			
2016	433,744	319,169	114,575	14,040	27,995	42,035	2.7257			
2015	458,211	341,206	117,005	12,950	27,878	40,828	2.8658			
2014	430,782	347,290	83,492	11,590	30,039	41,629	2.0056			
2013	453,949	349,835	104,114	18,995	33,335	52,330	1.9896			
2012	407,787	314,231	93,556	18,175	34,104	52,279	1.7896			
2011	391,218	309,274	81,944	17,825	30,825	48,650	1.6844			
2010	390,364	309,112	81,252	15,995	31,788	47,783	1.7004			

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

Pledged-Revenue Coverage

Last Ten Fiscal Years (In thousands) (continued)

Water Utility Revenue Bonds							
Fiscal Year	Water Revenue	Less Operating Expenses ¹	Net Available Revenue	Debt Service			Coverage
				Principal	Interest	Total	
2019	\$83,079	\$59,273	\$23,806	\$3,490	\$7,519	\$11,009	2.1624
2018	80,131	59,975	20,156	3,370	7,638	11,008	1.8310
2017	71,790	56,487	15,303	3,380	6,815	10,195	1.5010
2016	61,721	46,383	15,338	5,885	1,775	7,660	2.0023
2015	65,518	52,883	12,635	960	4,178	5,138	2.4591
2014	66,979	50,046	16,933	920	4,217	5,137	3.2963
2013	61,849	44,838	17,011	950	4,255	5,205	3.2682
2012	59,330	44,615	14,715	915	4,292	5,207	2.8260
2011	56,935	45,293	11,642	880	3,275	4,155	2.8019
2010	57,787	45,231	12,556	1,490	2,544	4,034	3.1125

¹ Operating expenses include transfer for right of way and excludes amortization and depreciation.

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

Source: Finance Department, City of Anaheim

Sanitation Revenue Bonds							
Fiscal Year	Wastewater Revenue ²	Less Operating Expenses ³	Net Available Revenue	Debt Service			Coverage
				Principal	Interest	Total	
2019	\$16,740	\$7,767	\$8,973	\$1,080	\$2,323	\$3,403	2.6368
2018	13,963	6,779	7,184	1,095	1,902	2,997	2.3971
2017	13,771	6,252	7,519	1,045	1,954	2,999	2.5072
2016	13,291	5,733	7,558	1,005	1,994	2,999	2.5202
2015	13,373	6,103	7,270	955	2,042	2,997	2.4258
2014	12,572	5,594	6,978	920	2,079	2,999	2.3268
2013	12,106	5,477	6,629	880	2,118	2,998	2.2111
2012	11,933	4,832	7,101	835	2,161	2,996	2.3702
2011	11,813	4,030	7,783	805	2,193	2,998	2.5961
2010	11,773	5,452	6,321	775	2,224	2,999	2.1077

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

³ Operating expenses excludes amortization and depreciation.

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

Source: Finance Department, City of Anaheim

Demographic and Economic Statistics Last Ten Fiscal Years

Fiscal Year	Population	Personal Income (thousands of dollars)	Per Capita Personal Income ¹	Median Age	Education Level in Years of Schooling	School Enrollment	Orange County Unemployment Rate
2019	359,339	\$10,656,201	29,655	34.0	12.2	62,269	3.00%
2018	357,084	9,476,295	29,188	33.7	12.2	63,727	3.30%
2017	358,546	9,515,094	26,538	33.6	12.2	64,870	3.80%
2016	358,136	8,998,883	25,127	33.6	12.2	65,692	4.40%
2015	351,433	8,649,469	24,612	33.6	12.2	66,439	4.10%
2014	348,305	8,955,966	25,713	33.8	12.2	66,982	6.20%
2013	346,161	8,344,211	24,105	32.8	12.2	67,014	6.10%
2012	343,793	7,669,678	22,309	32.4	12.2	67,760	7.90%
2011	341,034	7,519,459	22,049	32.1	12.2	67,884	9.20%
2010	336,208	7,333,705	21,813	32.1	12.2	68,331	9.50%

¹ Per capital peronsonal income for year 2019 is estimated. Data not readily available

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

Principal Employers Current Year and Nine Years Ago

Employer	Fiscal Year					
	2019			2010		
	Rank	Employees	Percentage of Total City Employment	Rank	Employees	Percentage of Total City Employment
Disneyland Resort	1	32,000	12.40%	1	22,660	14.6%
Kaiser Permanente	2	3,057	1.19%	2	3,660	2.4%
L-3 Communications	3	2,113	0.82%			
Anaheim Regional Medical Center	4	1,201	0.47%	4	1,185	0.8%
Hilton Anaheim	5	1,200	0.47%	7	920	0.6%
Northgate Gonzalez Supermarkets	6	1,150	0.45%	3	1,900	1.2%
Advantage-Crown Sales & Marketing LLC	7	1,100	0.43%			
Angels Baseball	8	1,000	0.39%			
Go-Staff Inc	9	981	0.38%			
Marka Vip, Inc	10	825	0.32%			
Anaheim Marriott Hotel				9	730	0.5%
West Anaheim Medical Center				8	774	0.5%
Honda Center				6	1,000	0.6%
AT & T				5	1,000	0.6%
Alstyle Apparel				10	700	0.5%
Total		<u>44,627</u>	<u>17.30%</u>		<u>34,529</u>	<u>22.3%</u>

Source: Inside Prospects Database; InfoGroup, Inc

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

Function/Program	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
City Council	9	9	9	6	7	7	7	7	7	7
City Administration	19	19	19	19	20	20	20	21	21	24
City Attorney	33	33	33	33	33	31	30	30	30	35
City Clerk	8	8	8	8	7	7	7	6	6	7
Human Resources	40	40	40	39	37	37	38	36	36	40
Finance	55	55	55	54 ¹	44	44	44	46	47	52
Police	590	590	576	569	561	549	536	530	554	610
Fire & Rescue	276	276	276	274	267	262	262	275	277	289
Community & Economic Development	73	73	73	73	71	68	78	102	105	106
Planning & Building	76	76	76	76	75	71	69	73	75	93
Public Works	236	236	236	235	237	236	234	235	252	252
Community Services	93	93	92	92	91	87	87	115	123	180
Public Utilities	352	352	352	352	354	353	352	355	377	377
Convention, Sports & Entertainment	85	85	85	85	85	84	83	91	91	91
Total	<u>1,945</u>	<u>1,945</u>	<u>1,930</u>	<u>1,915</u>	<u>1,889</u>	<u>1,856</u>	<u>1,847</u>	<u>1,922</u>	<u>2,001</u>	<u>2,163</u>

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

Source: City of Anaheim

Operating Indicators by Function

Last Ten Fiscal Years

Function/Program	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Police Department										
Number of calls for service	192,422	200,934	200,695	208,710	195,305	186,042	186,461	189,751	195,587	185,934
Number of 911 calls received	163,445	146,770	150,555	155,371	158,447	145,813	182,856	179,313	165,698	140,529
Number of Part I Crimes per 100,000 population	2,731	2,925	2,917	3,279	2,950	2,883	3,326	3,057	2,886	2,857
Number of Arrest	12,575	11,865	11,010	11,604	11,405	11,846	11,617	11,494	13,345	17,650
Number of Field Reports processed by Records Bureau	39,373	45,402	41,208	41,655	39,191	38,362	39,066	33,050	35,807	35,256
Number of traffic collisions	4,378	4,757	4,817	5,179	4,833	4,686	4,414	4,044	4,046	4,027
Number of Hours of Volunteer service	18,380	19,270	21,132	21,647	22,885	24,124	23,470	25,309	20,335	18,038
Fire Department										
Fire responses	1,025	1,057	1,035	1,082	952	885	902	923	983	1,275
False alarm responses	2,038	1,803	1,903	1,848	3,910	1,735	1,424	1,390	1,487	1,467
Mutual aid responses	3,906	4,069	5,450	5,506	4,322	3,001	2,860	2,744	2,707	2,560
Medical responses	29,232	29,385	28,437	28,858	27,158	24,912	24,735	23,061	22,202	24,045
Hazardous condition responses	204	190	222	211	213	211	207	201	199	207
Public Works										
Centerline miles of arterial highway pavement improved	9.15	1.29	1.22	4.7	3.55	7.13	5.9	8.7	5.8	9.0
Square feet of deteriorated pavement replaced	3,389,786	2,960,600	4,017,828	2,487,188	2,101,231	4,345,480	4,029,806	2,977,482	4,274,463	820,000
Square feet of deteriorated pavement slurry sealed	3,003,023	4,704,400	5,519,982	1,941,187	7,253,633	4,422,148	2,850,939	4,208,194	4,167,569	1,975,000
Number of traffic intersections maintained	376	360	335	333	321	327	318	318	319	318
Number of traffic control hubs maintained	18	18	18	18	18	19	18	18	18	18
Square feet of deteriorated sidewalk replaced	194,674	162,774	102,305	232,922	153,531	96,399	77,590	74,780	62,940	60,000
Linear feet of damaged curb/gutter replaced	78,147	65,569	6,797	33,373	30,152	29,996	25,187	27,661	24,755	11,500
Square feet of medians/parkways maintained	6,297,655	6,101,098	6,063,299	6,063,299	5,721,764	5,644,799	5,644,818	5,511,065	5,460,655	5,400,000
Square feet of landscape maintained in the Anaheim Resort	1,656,500	1,605,958	1,554,886	1,554,886	1,542,442	1,542,442	1,430,486	1,430,486	1,430,486	1,430,486
Square feet of hardscape maintained in the Anaheim Resort	991,360	991,350	991,360	991,360	991,370	991,360	858,828	858,828	1,001,743	858,828
Number of vehicles maintained	1,059	1,050	1,036	1,025	1,097	1,144	1,106	1,152	1,162	1,331
Number of vehicles per mechanic	46	52	49	49	57	58	58	50	47	50
Square feet of interior space maintained	2,408,734	2,399,337	2,379,100	2,379,100	2,379,100	2,700,000	2,362,992	2,176,265	2,176,265	2,176,265
Square feet of exterior space maintained	37,746,100	37,698,184	37,662,184	37,662,184	37,662,184	37,655,278	37,645,278	39,138,187	39,138,187	39,138,187
Number of facility square feet (interior) per worker	120,437	126,281	125,215	1,459,000	1,459,000	150,000	139,000	120,904	114,540	103,631
Number of construction projects	590	180	80	120	100	165	120	100	136	130
Number of permit inspections	1,691	900	650	510	429	486	380	404	355	800
Parks										
Number of park acres maintained per full-time equivalent employee	77	77	77	77	76	75	75	75	75.00	12.00
Number of sports fields prepared	66	66	66	66	66	66	66	66	66	66
Cost per acre of parks maintained.	\$ 9,325	\$ 9,497	\$ 9,221	\$ 8,952	\$ 8,691	\$ 8,438	\$ 8,192	\$ 8,031	\$ 8,333	\$ 9,651
Cost per sports field maintained.	\$ 5,082	\$ 4,934	\$ 4,791	\$ 4,655	\$ 4,519	\$ 4,387	\$ 4,260	\$ 4,133	\$ 4,261	\$ 5,134
Golf Courses										
Cost per acre of golf course maintained	\$ 10,906	\$ 11,147	\$ 10,434	\$ 10,076	\$ 9,455	\$ 9,931	\$ 9,595	\$ 9,010	\$ 9,569	\$ 11,327
Number of rounds played	105,952	102,498	102,542	102,234	110,855	117,652	118,879	120,675	116,287	124,404
Number of acres maintained	200	200	200	200	200	200	200	200	200	200

Operating Indicators by Function

Last Ten Fiscal Years

(Continued)

Function/Program	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
City Libraries										
Hours open	16,965	17,065	16,023	15,461	16,929	16,820	16,243	15,530	15,364	18,944
Total circulation of materials, includingeBooks	1,006,276	1,026,997	1,117,096	1,169,829	1,257,127	1,397,239	1,520,841	1,635,627	1,700,104	1,655,922
Patron assistance (reference, information, computer)	191,269	207,724	226,429	185,436	207,305	240,287	291,960	347,085	397,287	530,364
Patron visits	1,382,433	1,460,551	981,637	1,098,146	1,221,982	1,264,972	1,317,689	1,321,309	1,403,995	1,572,138
Library cardholders	297,256	233,312	230,951	217,661	201,194	186,891	158,396	157,278	156,444	149,501
Programs offered	4,449	4,770	4,507	3,900	3,800	3,397	3,097	3,235	3,927	3,991
Program attendance	141,504	144,660	142,098	125,609	117,226	111,380	102,728	101,696	124,401	146,357
Hours of public internet usage	136,671	151,709	144,364	150,712	184,851	209,953	237,340	220,930	209,673	246,676
Community Services Programs										
Number of youth program participants	165,264	197,228	181,697	183,967	177,746	126,429	136,345	129,215	110,013	134,611
Number of youth program participants in recreation classes	8,291	7,957	8,500	13,026	10,136	13,897	10,906	9,213	10,231	10,125
Number of adult program sports teams	537	588	679	725	750	791	841	845	908	885
Number of park ranger contacts	781,176	641,320	382,310	278,599	327,893	263,765	233,308	275,014	232,132	187,000
Public Utilities Department										
Electric Utility:										
Number of meters	120,400	119,564	118,248	117,593	115,682	115,474	115,418	115,113	114,662	113,434
Megawatt-hours - sales	3,109,157	3,217,353	3,298,340	3,229,569	3,725,386	4,065,552	3,312,018	2,966,119	2,976,014	3,344,188
Megawatt-hours - purchased power	3,120,824	2,985,962	2,990,931	3,050,657	3,417,459	3,751,220	3,029,766	2,707,466	2,737,174	3,085,358
Megawatt-hours - owned generation	60,890	231,391	398,068	318,921	371,657	467,348	410,601	430,323	431,027	410,784
Water Utility:										
Number of meters	64,188	64,001	63,489	63,775	63,145	63,002	62,917	62,793	62,717	62,607
Millions of gallons sold	17,760	19,308	17,422	16,607	19,804	20,743	20,464	19,672	19,526	20,492
Millions of gallons purchased from Metropolitan Water District	3,581	8,767	4,170	4,373	4,717	5,286	6,878	7,023	7,398	8,054
Millions of gallons pumped from water system wells	14,603	10,742	14,217	13,213	15,180	16,749	14,659	14,100	13,399	14,669
Anaheim Convention Center										
Number of events serviced	168	171	179	181	197	221	263	222	200	232
Number of attendees	1,083,000	960,000	925,000	954,000	986,000	1,020,000	1,070,000	1,059,000	935,000	944,000
Percentage of occupancy	55.00%	68.00%	72.00%	59.0%	63.0%	63.0%	58.0%	62.0%	56.0%	68.0%
ARTIC Management¹										
Hours Open	7,118	7,118	7,118							
Daily Ridership ²										
Non-event day		4,364								
Event day		5,199								

¹ The ARTIC management started operation on December 6, 2014.² Ridership survey is performed every two years; as such, current years data is unavailable.

Sources: Various City departments

Capital Assets Statistics by Function Last Ten Fiscal Years

Function/Program	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Police Department										
Police Facilities	10	10	10	10	10	10	10	10	10	10
Motorized Equipment	256	256	260	260	250	247	247	242	242	250
Police Helicopters	3	3	3	2	2	2	3	3	3	4
Shooting Range	1	1	1	1	1	1	1	1	1	1
Communication/Radio Tower	1	1	1	1	1	1	1	1	1	1
Fixed Wing	1	1	1	1	1	1	1	1		
Fire Department										
Fire stations	11	11	11	11	11	11	11	11	11	11
Training center	1	1	1	1	1	1	1	1	1	1
Fire trucks, engines, and other vehicles	79	76	75	75	74	74	79	74	69	74
Public Works										
Streets (center lane miles)	584	584	585	584	584	578	578	578	578	588
Traffic signals	376	360	335	321	321	321	318	318	318	306
Sewers (miles)	578.43	578.43	578.17	578.13	577.60	575.52	575.52	573.63	570.44	569.60
Storm Drains (miles)	151.82	151.82	151.82	151.30	151.30	151.30	151.30	151.24	151.24	151.24
Parks										
Community parks	11	11	11	11	11	11	11	11	11	11
Mini parks	15	15	15	15	9	7	7	7	7	7
Neighborhood parks	23	23	23	23	21	21	21	21	21	21
Special use parks	10	9	8	8	7	7	7	7	7	6
Golf Courses										
	2	2	2	2	2	2	2	2	2	2
City Libraries										
Branch libraries	8	8	8	8	8	7	7	7	7	7
Book mobiles	1	1	1	1	1	1	1	1	1	2
Museums/Historic properties	5	5	5	5	5	5	5	5	5	5

Capital Assets Statistics by Function Last Ten Fiscal Years

(continued)

Function/Program	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Public Utilities Department										
Electric Utility:										
Transmission, 69 kV, circuit miles	88	90	90	88	87	86	87	86	90	80
Distribution, 12 kV and lower, circuit miles										
Overhead	394	401	402	408	414	420	426	428	440	446
Underground	738	709	708	693	680	666	662	656	658	617
Water Utility:										
Active Wells	17	15	18	17	18	17	18	18	18	18
Reservoirs	13	13	14	14	14	14	14	14	14	13
Water Mains (miles)	754	754	753	753	753	753	753	753	752	753
Fire Hydrants	7,840	7,835	7,842	7,832	7,840	7,832	7,816	7,812	7,802	7,805
Anaheim Convention Center										
Square footage available	1,370,000	1,370,000	1,130,000	1,130,000	1,130,000	1,130,000	1,130,000	1,130,000	1,130,000	1,130,000
Number of exhibit halls	7	7	5	5	5	5	5	5	5	5
ARTIC Management ¹										
Terminal square footage	67,000	67,000	67,000							
Parking stalls	1,059	1,059	1,059							
Bus bays	15	18	18							
Bike lockers	24	24	24							

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

Source: Various City Departments



Other Information



Summary of Pension Obligation Funding Progress

(in thousands)

June 30, 2018 Actuarial Valuation Date	Market Value of Assets (MVA)	Accrued Liability	Unfunded Liability	Funded Ratio	Annual Covered Payroll	UL as a % of Payroll
Miscellaneous	\$ 1,014,034	\$ 1,455,035	\$ 441,001	69.7%	\$ 120,194	366.9%
Police Safety	567,890	809,188	241,298	70.2%	51,086	472.3%
Fire Safety	316,715	451,623	134,908	70.1%	22,758	592.8%
Total	<u>\$ 1,898,639</u>	<u>\$ 2,715,846</u>	<u>\$ 817,207</u>	69.9%	<u>\$ 194,038</u>	421.2%

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

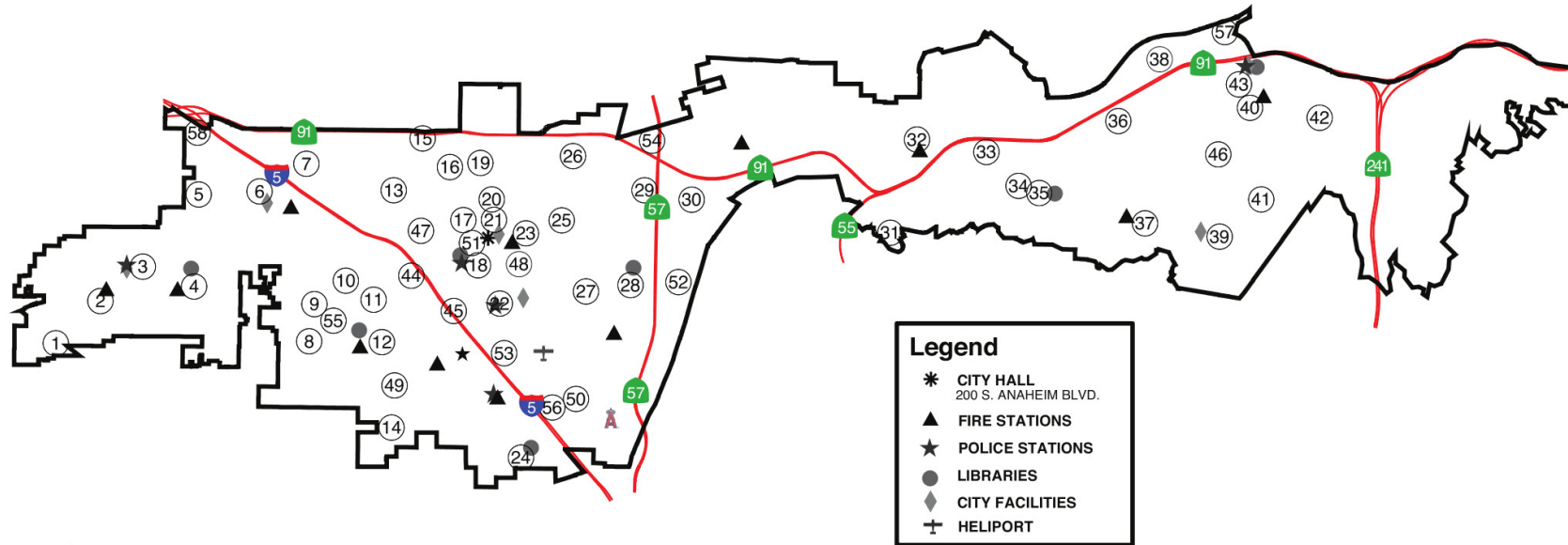
June 30, 2016 Actuarial Valuation Date	Market Value of Assets (MVA)	Accrued Liability	Unfunded Liability	Funded Ratio	Annual Covered Payroll	UL as a % of Payroll
Miscellaneous	\$ 881,703	\$ 1,295,862	\$ 414,159	68.0%	\$ 117,138	353.6%
Police Safety	490,402	708,804	218,402	69.2%	46,888	465.8%
Fire Safety	281,087	403,743	122,656	69.6%	22,027	556.8%
Total	<u>\$ 1,653,192</u>	<u>\$ 2,408,409</u>	<u>\$ 755,217</u>	68.6%	<u>\$ 186,053</u>	405.9%

Schedule of Funding Progress for Other Post-Employment Benefits

(Amounts in Thousands)

Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Accrued Liability	Unfunded Liability - AVA	Funded Ratios - AVA	Annual Covered Employee Payroll	UL as a % of Covered Employee Payroll
July 1, 2017	\$ 89,953	\$ 273,950	\$ 183,997	32.8%	\$ 203,473	90.4%
July 1, 2015	79,787	271,243	191,456	29.4%	178,721	107.1%
July 1, 2013	74,013	237,202	163,189	31.2%	167,871	97.2%

CITY OF ANAHEIM



PARKS

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

Date: 10/9/2018
4744



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ANAHEIM



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