



CITY OF YORBA LINDA, CALIFORNIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

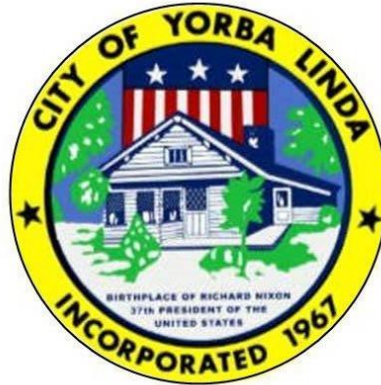


FOR THE FISCAL YEAR ENDED JUNE 30, 2019



The image on the front cover this year is a view of the City from the hills on its northern edge.

**CITY OF YORBA LINDA, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**



City Council

**Tara Campbell
Mayor**

**Dr. Beth Haney
Mayor Pro Tem**

**Peggy Huang
Council Member**

**Gene Hernandez
Council Member**

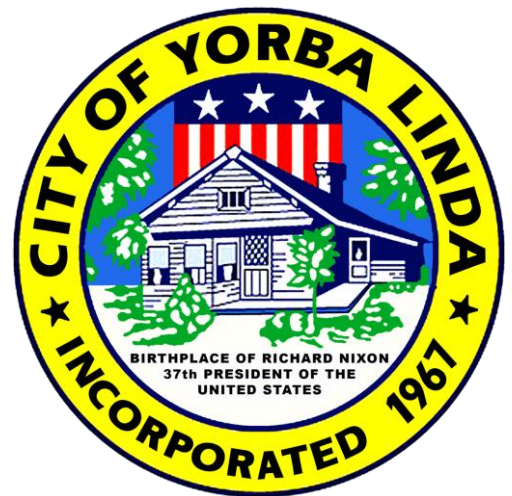
**Carlos Rodriguez
Council Member**

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

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

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INTRODUCTORY SECTION



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CITY OF YORBA LINDA

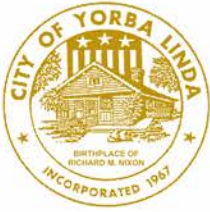
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CITY OF YORBA LINDA

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CITY OF YORBA LINDA

4845 CASA LOMA AVENUE
YORBA LINDA, CALIFORNIA 92886

(714) 961-7140
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FINANCE DEPARTMENT

December 26, 2019

HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL

It is our pleasure to submit the Comprehensive Annual Financial Report (CAFR) of the City of Yorba Linda (the City) for the fiscal year ended June 30, 2019.

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

The City's financial statements have been audited by Macias Gini & O'Connell LLP, a firm of certified public accountants. The independent auditor concluded, based on the audit, that there was a reasonable basis for rendering an unmodified opinion on the City's basic financial statements for the fiscal year ended June 30, 2019. The independent auditor's report is presented as the first component of the financial section of this report.

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

City of Yorba Linda Profile

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

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

The City provides a wide range of municipal services to its residents either directly or by contract with private vendors or other government agencies. These services including construction and maintenance of streets and other infrastructure, planning and zoning, recreational activities, golf course, library services, and general administrative and support services provided through a staff of approximately 223 full- and part-time employees. The City contracts with the Orange County Sheriff's Department to provide Police Services, and Fire Protection Services are provided by the Orange County Fire Authority. In addition to general City activities, the City Council is financially accountable for the Yorba Linda Municipal Financing Authority and the Yorba Linda Housing Authority. These entities are therefore included as an integral part of the City's financial statements. Additional information regarding these legally separate entities can be found in Note 1 in the notes to the basic financial statements.

The annual budget serves as the foundation for the City's financial planning and control. The City Council holds a public hearing and adopts an annual budget for all funds. The City Council may modify appropriations with majority approval. The budgets are adopted and presented on a basis consistent with US GAAP. The legal level of expenditures is controlled at the department level within each fund, with budget transfers between departments or funds requiring approval by the City Council. However, individual departments within a fund are permitted to exceed their budget, provided that the fund has not exceeded its total budget. Supplemental budget appropriations in an amount greater than \$25,000 requiring approval by the City Council, while smaller changes to the budget may be approved by the City Manager and are reported quarterly to the City Council. Appropriations lapse at the end of each fiscal year unless they are encumbered for purchases in process, related to capital projects, or specifically approved by the City Council for re-appropriation in the following fiscal year. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted.

Local Economic Outlook

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

Long-Term Financial Policies and Planning

A portion of fund balance in the General Fund is set aside and committed for future emergencies, economic contingencies, and known long-term needs pursuant to a City Council-approved Budget Reserves Policy (the Policy). The Policy requires operating reserves to be maintained at a level of at least 50% of budgeted General Fund expenditures (excluding transfers) and other reserves for long-term needs to be established and funded in a prudent manner. As of June 30, 2019, the City's General Fund had budget reserves of approximately \$23.3 million. Of this amount, \$18.5 million is committed to operating reserves for emergencies and economic contingencies and \$4.7 million is committed to special reserves for facilities, road maintenance, self-insurance, and other long-term needs. Assigned fund balance amounts to approximately \$2.1 million assigned to capital projects, budget carryovers, and encumbrances. Nonspendable fund balance of approximately \$24.2 million consists primarily of outstanding loans to the

City's Successor Agency and the Black Gold Golf Course enterprise fund. The remainder of fund balance, amounting to approximately \$5.0 million, is unassigned and available for any purpose at the direction of the City Council.

Major Initiatives

Annually, the City updates a seven-year Capital Improvement Program (CIP). Planned capital expenditures during fiscal year 2019/20 are budgeted at approximately \$12.5 million. Funding comes from multiple sources, including existing funds, user fees, impact fees, and regional, state and federal funds. The remainder of the CIP consists primarily of transportation-related projects, landscaping improvements, and parks & recreation facilities.

Acknowledgements

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

Respectfully submitted,



Mark A. Pulone
City Manager



Scott Catlett
Finance Director / City Treasurer

LEGISLATIVE OFFICIALS

Tara Campbell..... Mayor
 Dr. Beth Haney..... Mayor Pro Tem
 Gene Hernandez..... Council Member
 Peggy Huang Council Member
 Carlos Rodriguez Council Member

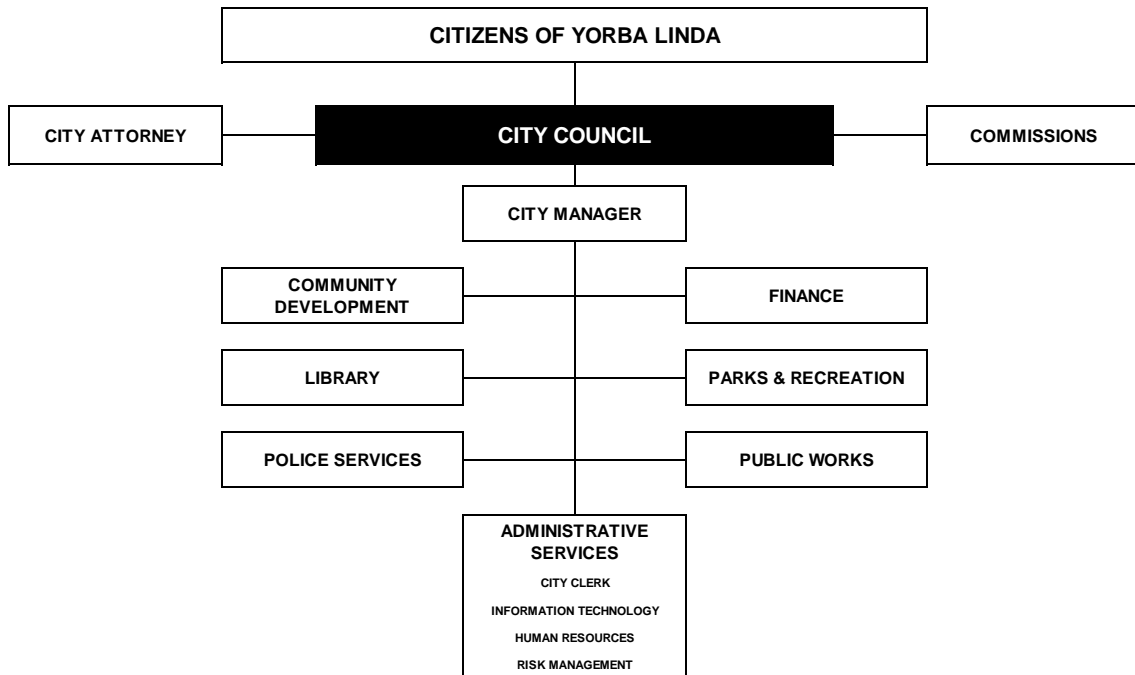
APPOINTED CITY OFFICIALS

Mark Pulone City Manager
 Todd Litfin City Attorney

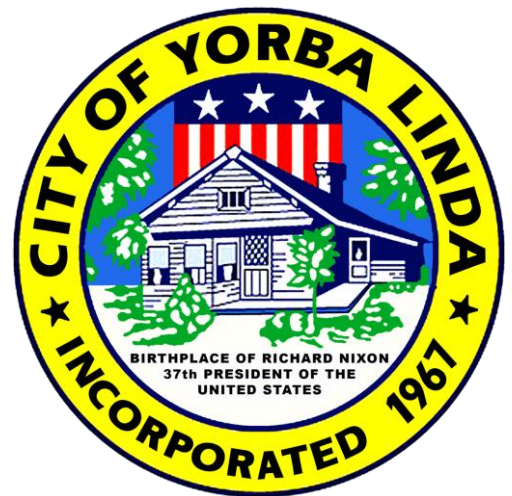
CITY OFFICIALS

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

ORGANIZATIONAL CHART



FINANCIAL SECTION



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Independent Auditor's Report

To the Honorable Mayor and Members of the City Council
City of Yorba Linda, California

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Yorba Linda, California (City), as of and for the year ended June 30, 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 accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

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

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The Budgetary Comparison Schedule – Capital Improvements Capital Projects Fund and the combining and individual fund financial statements and schedules and the introductory and statistical 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 Budgetary Comparison Schedule – Capital Improvements Capital Projects Fund and the combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Budgetary Comparison Schedule – Capital Improvements Capital Projects Fund and the combining and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Macias Gini & O'Connell LLP

Newport Beach, California
December 26, 2019

CITY OF YORBA LINDA

Management's Discussion and Analysis (Required Supplemental Information-Unaudited) For the Fiscal Year Ended June 30, 2019

The management of the City of Yorba Linda (City) offers readers of the City's basic financial statements this narrative overview and analysis of the City's financial activities for the fiscal year ended June 30, 2019. We encourage readers to consider the information presented here in conjunction with additional information that is provided in our letter of transmittal. The presentation of the City's financial data in this analysis and statements will differ from the City's budget, in that the analysis and statements are required to follow Governmental Accounting Standards Board (GASB) Statement No. 34 and other GASB Statements to allocate costs associated with capital related items, long-term debt transactions, accrued interest, compensated absences, and depreciation to the various functions of the City; whereas, the City's budget is an operational financial plan for the upcoming fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis provide an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements.

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

The statement of net position presents information on all of the City's assets and deferred outflows of resources, and liabilities and deferred inflows of resources, with the difference between the two being reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

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

The government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, community development, parks and recreation, library, and public works. The business activities of the City include the Black Gold Golf Course and the catering operation at the Yorba Linda Community Center.

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

CITY OF YORBA LINDA

Management's Discussion and Analysis (Required Supplemental Information-Unaudited) For the Fiscal Year Ended June 30, 2019

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

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

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

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

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

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

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

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

Fiduciary Funds. Fiduciary funds are used to account for situations where the City's role is purely custodial. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

CITY OF YORBA LINDA

Management's Discussion and Analysis (Required Supplemental Information-Unaudited)
For the Fiscal Year Ended June 30, 2019

Notes to the basic financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Required Supplementary Information. The Required Supplementary Information provides additional information that is useful to users of the financial statements, including budgetary comparison schedules for the Governmental Funds, information regarding reporting of infrastructure asset values, and certain additional information regarding the City's pension and other postemployment benefits liabilities.

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

The table below summarizes the City's assets, liabilities, deferred inflows and outflows of resources, and net position as of June 30, 2019, and the end of the prior fiscal year. As noted earlier, a government's net position may serve over time as a useful indicator of its financial position.

| | Governmental Activities | | Business-Type Activities | | Total | |
|----------------------------------|-------------------------|---------------|--------------------------|--------------|---------------|---------------|
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| Current and other assets | \$170,518,032 | \$145,959,630 | | | \$148,248,539 | \$123,899,162 |
| Capital assets, net | 396,814,143 | 393,042,394 | 23,846,232 | 24,442,477 | 420,660,375 | 417,484,871 |
| Total assets | \$567,332,175 | \$539,002,024 | 1,576,739 | 2,382,009 | 568,908,914 | 541,384,033 |
| Deferred outflows of resources | 5,816,394 | 6,111,017 | - | - | 5,816,394 | 6,111,017 |
| Current liabilities | 5,403,141 | 5,123,590 | 725,768 | 858,299 | 6,128,909 | 5,981,889 |
| Noncurrent liabilities | | | | | | |
| Long-term liabilities | 2,177,788 | 2,154,814 | - | - | 2,177,788 | 2,154,814 |
| Revenue Bonds | 15,857,373 | - | - | - | 15,857,373 | - |
| Net OPEB obligation | 22,404,790 | 27,087,094 | - | - | 22,404,790 | 27,087,094 |
| Net pension liability | 21,179,193 | 21,790,493 | - | - | 21,179,193 | 21,790,493 |
| Total liabilities | 67,022,285 | 56,155,991 | 725,768 | 858,299 | 67,748,053 | 57,014,290 |
| Deferred inflows of resources | 7,191,590 | 3,603,012 | - | - | 7,191,590 | 3,603,012 |
| Net position: | | | | | | |
| Net investment in capital assets | 380,956,770 | 393,042,394 | 23,846,232 | 24,442,477 | 404,803,002 | 417,484,871 |
| Restricted | 108,594,404 | 89,319,318 | - | - | 108,594,404 | 89,319,318 |
| Unrestricted | 9,383,520 | 2,992,326 | (22,995,261) | (22,918,767) | (13,611,741) | (19,926,441) |
| Total net position | \$498,934,694 | \$485,354,038 | \$ 850,971 | \$ 1,523,710 | \$499,785,665 | \$486,877,748 |

The City's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$499.8 million at June 30, 2019, an increase of \$12.9 million from June 30, 2018.

CITY OF YORBA LINDA

Management's Discussion and Analysis (Required Supplemental Information-Unaudited) For the Fiscal Year Ended June 30, 2019

The largest portion of the City's net position reflects its investment in capital assets (e.g. land, buildings, machinery, equipment, and infrastructure), net of accumulated depreciation and any related debt that is still outstanding used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. The portion of net position invested in capital assets decreased by \$12.7 million versus the prior year, which was primarily due to the issuance of revenue bonds for the construction of the City's new Public Library facility, partially offset by an increase due to assets placed into service during the fiscal year.

An additional portion of the City's net position represents resources that are subject to external restrictions on how they may be used. Restricted net position increased by \$19.3 million versus the prior year, which was primarily due to an increase in the cash balances of the Public Library and Landscape Maintenance Assessment District Funds. The Public Library Fund has generated an operating surplus of approximately \$2 million per year in recent years, which has been placed into cash reserves for future building projects. Additionally, the Public Library Fund issued Lease Revenue Bonds during the fiscal year ended June 30, 2019, for the construction of a new facility, and as of June 30, 2019, \$11.9 million of bond proceeds remained on hand with the City's fiscal agent pending expenditure on future construction costs for the new facility. The Landscape Maintenance Assessment District Fund has recently increased assessments for certain local landscaping zones, with a portion of the additional revenue to be set aside for landscaping projects that will be completed in future years.

Unrestricted net position may be used to meet the government's ongoing obligations to citizens and creditors. Unrestricted net position had a deficit balance of \$13.6 million at June 30, 2019. The entirety of this deficit balance was attributable to the \$23.0 million unrestricted net deficit of the City's business-type activities, which reflects the advances due from the Black Gold Golf Course Fund to the General Fund. The City's governmental activities had a positive unrestricted net position of \$9.4 million as of June 30, 2019. Unrestricted net position for the City's governmental activities at June 30, 2018, was \$3.0 million. A decrease of \$0.6 million to the City's net pension liability and a decrease of \$4.7 million to the City's net OPEB obligation contributed to the current year increase of \$6.4 million in unrestricted net position. Business-type activities decreased the City's unrestricted net position by \$0.1 million, primarily due to increased interest costs for the outstanding loans related to the construction of the Black Gold Golf Course. In total, the unrestricted net deficit decreased by \$6.3 million as of June 30, 2019, as compared to the prior fiscal year.

CITY OF YORBA LINDA
Management's Discussion and Analysis (Required Supplemental Information-Unaudited)
For the Fiscal Year Ended June 30, 2019

A condensed summary of activities for the period ended June 30, 2019, and the prior fiscal year is illustrated in the table below.

| | Governmental Activities | | Business-Type Activities | | Total | |
|-------------------------------------------------|-------------------------|----------------|--------------------------|--------------|---------------|----------------|
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| Revenues | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$3,829,460 | \$3,783,290 | \$6,237,409 | \$6,034,313 | \$10,066,869 | \$9,817,603 |
| Operating contributions and grants | 3,923,715 | 3,938,022 | - | - | 3,923,715 | 3,938,022 |
| Capital contributions and grants | 12,158,579 | 3,011,719 | - | - | 12,158,579 | 3,011,719 |
| General revenues: | | | | | | |
| Taxes: | | | | | | |
| Property taxes | 26,867,450 | 24,724,246 | - | - | 26,867,450 | 24,724,246 |
| Sales taxes | 7,461,391 | 7,426,486 | - | - | 7,461,391 | 7,426,486 |
| Franchise taxes | 2,093,989 | 2,101,241 | - | - | 2,093,989 | 2,101,241 |
| Transient occupancy taxes | 498,253 | 487,217 | - | - | 498,253 | 487,217 |
| Business license taxes | 416,275 | 385,676 | - | - | 416,275 | 385,676 |
| Other taxes | 7,601,071 | 8,392,701 | - | - | 7,601,071 | 8,392,701 |
| Motor vehicle in lieu - unrestricted | 33,178 | 35,736 | - | - | 33,178 | 35,736 |
| Use of money and property | 3,414,409 | 5,448,994 | - | - | 3,414,409 | 5,448,994 |
| Other | 522,306 | 894,799 | - | 4,065 | 522,306 | 898,864 |
| Total revenues | \$68,820,076 | \$60,630,127 | 6,237,409 | 6,038,378 | \$75,057,485 | 66,668,505 |
| Expenses | | | | | | |
| General government | 7,182,245 | 8,042,790 | - | - | 7,182,245 | 8,042,790 |
| Public safety | 11,839,819 | 11,691,912 | - | - | 11,839,819 | 11,691,912 |
| Community development | 2,864,767 | 9,363,144 | - | - | 2,864,767 | 9,363,144 |
| Parks and recreation | 7,431,280 | 7,535,284 | - | - | 7,431,280 | 7,535,284 |
| Library | 4,746,418 | 3,592,713 | - | - | 4,746,418 | 3,592,713 |
| Public works | 21,174,891 | 11,202,747 | - | - | 21,174,891 | 11,202,747 |
| Golf | - | - | 6,709,630 | 6,092,497 | 6,709,630 | 6,092,497 |
| Community center catering | - | - | 200,518 | 220,618 | 200,518 | 220,618 |
| Total expenses | 55,239,420 | 51,428,590 | 6,910,148 | 6,313,115 | 62,149,568 | 57,741,705 |
| Change in net position | 13,580,656 | 9,201,537 | (672,739) | (274,737) | \$12,907,917 | 8,926,800 |
| Net position, beginning, as previously reported | 485,354,038 | 495,885,375 | 1,523,710 | 1,798,447 | 486,877,748 | 497,683,822 |
| Restatements | - | (19,732,874) | - | - | - | (19,732,874) |
| Net position, beginning, as restated | 485,354,038 | 476,152,501 | 1,523,710 | 1,798,447 | 486,877,748 | 477,950,948 |
| Net position, ending | \$ 498,934,694 | \$ 485,354,038 | \$ 850,971 | \$ 1,523,710 | \$499,785,665 | \$ 486,877,748 |

Governmental Activities. Governmental activities increased the City's net position by \$13.6 million (2.8%) compared to a net increase of \$9.2 million (1.9%) in the prior year. Key elements of this year's activity in relation to the prior year are as follows:

Revenues – While variances between years exist for the various revenue categories, the total net increase was \$8.2 million. Of note, property tax revenues increased by \$2.1 million due to continued growth in assessed valuation and residential development in the City and use of money and property revenue decreased by \$2.0 million due to the prior year accrual of interest of \$4.9 million for various affordable housing owner participation agreements, partially offset by increased interest earnings on the City's investment portfolio.

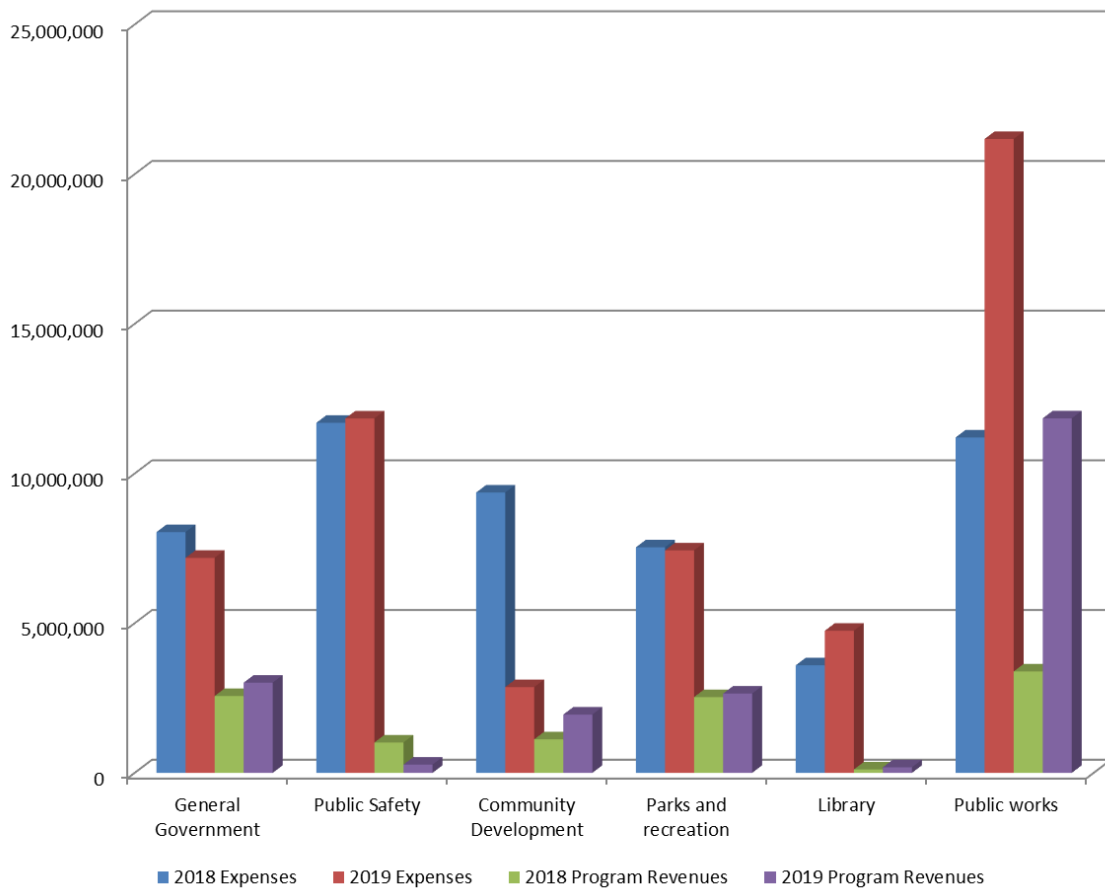
CITY OF YORBA LINDA

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Expenses – While variances between years exist for the various expense functions, the total net increase was \$3.8 million, which reflects the net impact of several increases and decreases to various expense categories. Of note, community development expenses decreased by \$6.5 million in the current year, which is primarily due to the prior year write-off of certain affordable housing owner participation agreement receivables that were determined to not be collectible due to forgiveness clauses in the agreements. There was also an increase in public works expenses of \$10.0 million, which is primarily attributable to increased road maintenance activity during the current year. The City follows the modified approach to managing its infrastructure assets under GASB Statement No. 34, with routine road maintenance expensed rather than capitalized.

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

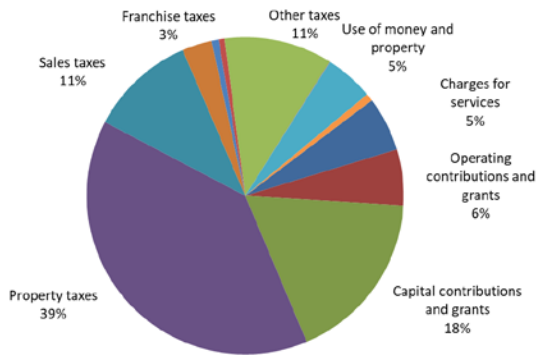
Expenses and Program Revenues – Governmental Activities



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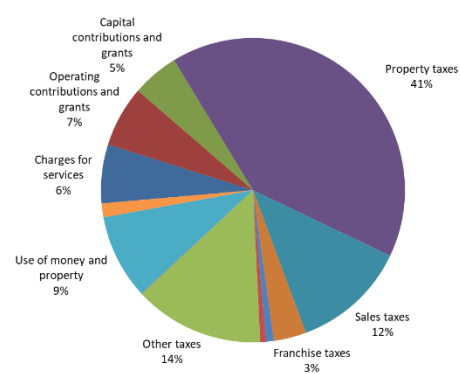
The charts below compare the governmental fund revenues by source in fiscal years 2018 and 2019.

2019 Governmental Revenues



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

2018 Governmental Revenues



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

Business-Type Activities. Business-type activities decreased the City's net position by \$0.7 million (44.2%) compared to a net decrease of \$0.3 million (15.3%) in the prior year. Key elements of this year's activity in relation to the prior year are as follows:

Revenues – Revenues increased by \$0.2 million, primarily due to an increase in fees at the Black Gold Golf Course. These fee increases were designed to offset increasing operating costs for the facility.

Expenses – Expenses increased by \$0.6 million, primarily due to the aforementioned higher operating costs for the Black Gold Golf Course. The State's increase to the minimum wage and an increase in interest costs for the outstanding construction loans for the golf course were the primary contributing factors to the increase.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

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

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The balance sheet for the City's General fund and Other Governmental Funds in the aggregate for the period ended June 30, 2019, and the prior fiscal year is illustrated in the table below.

| | General Fund | | Other Governmental Funds | | Total | |
|-------------------------------------------------------|---------------|---------------|--------------------------|---------------|----------------|----------------|
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| Total assets | \$ 58,861,904 | \$ 54,766,651 | \$ 111,981,850 | \$ 92,141,823 | \$ 170,843,754 | \$ 146,908,474 |
| Total liabilities | 2,898,478 | 2,947,969 | 2,725,783 | 3,124,465 | 5,624,261 | 6,072,434 |
| Deferred inflows of resources | | | | | | |
| Unavailable revenues | 1,458,859 | 993,773 | 806,466 | 471,495 | 2,265,325 | 1,465,268 |
| Fund balances: | | | | | | |
| Nonspendable | 24,183,522 | 25,134,611 | 34,219 | 20,567 | 24,217,741 | 25,155,178 |
| Restricted | - | - | 108,594,404 | 89,319,318 | 108,594,404 | 89,319,318 |
| Committed: | | | | | | |
| Operating reserves | 18,521,815 | 17,407,531 | - | - | 18,521,815 | 17,407,531 |
| Special reserves | 4,730,335 | 1,147,048 | - | - | 4,730,335 | 1,147,048 |
| Assigned | 2,115,847 | 3,198,889 | - | - | 2,115,847 | 3,198,889 |
| Unassigned | 4,953,048 | 3,936,830 | (179,022) | (794,022) | 4,774,026 | 3,142,808 |
| Total fund balance | 54,504,567 | 50,824,909 | 108,449,601 | 88,545,863 | 162,954,168 | 139,370,772 |
| Total liabilities, deferred inflows and fund balances | \$ 58,861,904 | \$ 54,766,651 | \$ 111,981,850 | \$ 92,141,823 | \$ 170,843,754 | \$ 146,908,474 |

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balance of \$163.0 million, an increase of \$23.6 million (16.9%) from the prior fiscal year's balance. This increase was primarily attributable to the addition of received, but as yet unspent, bond proceeds for the City's new Public Library facility that were on hand in the Public Library Fund as of June 30, 2019, and increased cash balances in the Public Library and Landscape Maintenance Assessment District Funds.

The components of the combined fund balance are as follows:

- 66.6% of fund balance (\$108.6 million) is *restricted*, which represents the portion of fund balance that is subject to externally enforceable limitations by law, enabling legislation, or limitations imposed by creditors or grantors. Restricted fund balance increased by \$19.3 million versus the prior year, primarily due to the previously discussed increased resources available in the Public Library and Landscape Maintenance Assessment District Funds.
- 14.9% of fund balance (\$24.2 million) is *nonspendable*, which represents the portion of fund balance that cannot be spent due to form. Specifically, this amount offsets prepaid costs and advances to the Black Gold Golf Course and Successor Agency from the General Fund. Nonspendable fund balance decreased by \$0.9 million, which was primarily the result of the repayment of a portion of certain advances from the General Fund to the Black Gold Golf Course Fund and certain advances from the General Fund to the Successor Agency to the City's former Redevelopment Agency.

14.3% of fund balance (\$23.3 million) is *committed* due to the City Council-approved Budget Reserves Policy, which establishes required minimum balances for operating reserves (50% of the expenditure budget excluding transfers) and special reserves (various amounts set aside for facilities, self-insured retention, and other long-term costs). Committed fund balance increased by \$4.7 million due to an increase in the size of the City's General Fund budget (thus requiring an increase in the 50% reserve balance) and the replenishment of certain special reserve funds that were temporarily utilized for the Town Center project and repaid from revenues received in the current year.

CITY OF YORBA LINDA

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- 1.3% of fund balance (\$2.1 million) is constrained by the City's intent to utilize fund balance for specific purposes, which is reported within the assigned fund balance classification. Assigned fund balance decreased by \$1.1 million, which was primarily the result of a smaller balance of unspent appropriations in the General Fund as of the end of the fiscal year that were carried forward into fiscal year 2020.
- The remaining 2.9% of fund balance (\$4.8 million) is unassigned and available for use at the City Council's discretion. Unassigned fund balance increased by \$1.6 million, which was primarily due to positive operating performance of the City's General Fund.

The City's governmental funds reported combined total assets of \$170.8 million as of June 30, 2019, an increase of \$23.9 million compared to the prior year. Liabilities and deferred inflows of resources amounted to \$7.9 million, an increase of \$0.4 million compared to the prior year. The primary reason for the increase in total assets is the previously discussed increase in General Fund, Public Library Fund, and Landscape Maintenance Assessment District Fund cash, as well as an increase in outstanding notes and loans due to the Affordable Housing Fund. The net increase in liabilities and deferred outflows of resources was primarily the result of an increase in unavailable revenues, partially offset by a decrease in the amount due to the General Fund from the Affordable Housing Fund to offset negative cash at year-end related to pending grant receipts.

The General Fund is the principal operating fund of the City. At the end of the current fiscal year, total fund balance equaled \$54.5 million in comparison to \$50.8 million in the prior year, an increase of \$3.7 million (7.2%). Included in this amount are the operating reserves and special reserves, which totaled \$23.3 million as of June 30, 2019. The increase in fund balance for the General Fund is primarily due to the previously discussed replenishment of special reserve funds that were temporarily used for the Town Center project.

Other governmental funds realized an increase in fund balance of \$19.9 million (22.5%). While variances between years exist for the various other governmental funds, the net increase was primarily attributable to the aforementioned increases in total assets in the Public Library Fund. This increase was the result of continued strong growth in property tax revenues, which are the primary revenue source of the Library Fund, and the previously discussed receipt of bond proceeds for the new Public Library facility. The majority of the available fund balance of the Library Fund is currently earmarked for funding a portion of a new Library and Cultural Arts Center project that is now under construction.

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

Total unrestricted net deficit of the Black Gold Golf Course and Community Center Catering Funds as of June 30, 2019, amounted to \$23.0 million, an increase in the unrestricted net deficit of \$0.1 million as compared to the prior year. The increase in the change of unrestricted net deficit is primarily the result of an increase in interest costs for the outstanding construction loans for the Black Gold Golf Course. The deficit net position is due to these outstanding loans from the General Fund to the Black Gold Golf Course Fund, the proceeds of which were utilized to fund capital projects at the golf course and to repay outstanding bonds issued to construct the course. Additional details can be found in Note 6 to the basic financial statements.

Black Gold Golf Course Fund operating results experienced an increase in sales and service charges of \$0.2 million, which was the result of implementation of a fee increase at the Golf Course to cover higher operating costs. Operating expenses increased by \$0.6 million, which was primarily due to an increase in payroll costs. The Community Center Catering Fund operating results experienced a decrease in sales and

CITY OF YORBA LINDA

Management's Discussion and Analysis (Required Supplemental Information-Unaudited) For the Fiscal Year Ended June 30, 2019

service charges of \$14,553 and a related decrease in operating expenses of \$20,100, which were the result of slightly lower usage of the catering services by users of the Community Center versus the prior year.

GENERAL FUND BUDGETARY HIGHLIGHTS

The table below provides a comparison of the original adopted budget for the City's General Fund versus the final budget and actual amounts expended during fiscal year 2019.

| | Original Budget | Final Budget | Actual Amounts | Variance w/ Final Budget |
|------------------------------------------|----------------------|----------------------|----------------------|-----------------------------|
| Revenues | | | | |
| Taxes | \$ 30,026,145 | \$ 30,749,293 | \$ 30,669,255 | \$ (80,038) |
| Other revenues | 6,310,077 | 6,887,680 | 7,665,772 | 778,092 |
| Total revenues | <u>36,336,222</u> | <u>37,636,973</u> | <u>38,335,027</u> | <u>698,054</u> |
| Expenditures | | | | |
| General government | 7,535,868 | 8,162,805 | 7,535,226 | 627,579 |
| Public safety | 12,172,688 | 12,014,247 | 11,774,157 | 240,090 |
| Community development | 3,202,569 | 3,289,475 | 2,839,186 | 450,289 |
| Parks and recreation | 6,895,973 | 7,193,608 | 6,652,263 | 541,345 |
| Public works | 4,522,153 | 5,076,460 | 4,026,642 | 1,049,818 |
| Capital outlay | 233,223 | 1,287,195 | 739,041 | 548,154 |
| Total expenditures | <u>34,562,474</u> | <u>37,023,790</u> | <u>33,566,515</u> | <u>3,457,275</u> |
| Excess of revenues over expenditures | 1,773,748 | 613,183 | 4,768,512 | 4,155,329 |
| Other financing sources | | | | |
| Transfers in | 196,670 | 374,312 | 4,608,309 | 4,233,997 |
| Transfers out | (1,903,002) | (20,423,599) | (5,697,163) | 14,726,436 |
| Total other financing sources | <u>(1,706,332)</u> | <u>(20,049,287)</u> | <u>(1,088,854)</u> | <u>18,960,433</u> |
| Net change in fund balances | <u>67,416</u> | <u>(19,436,104)</u> | <u>3,679,658</u> | <u>23,115,762</u> |
| Fund balance at beginning of fiscal year | 50,824,909 | 50,824,909 | 50,824,909 | - |
| Fund balance at end of fiscal year | <u>\$ 50,892,325</u> | <u>\$ 31,388,805</u> | <u>\$ 54,504,567</u> | <u>\$ 23,115,762</u> |

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

- The budget for taxes and other revenues was increased to account for mid-year adjustments to projected revenues. There were no material notable increases made to the budget for any one category of revenue other than property tax, which was increased by \$0.3 million versus the adopted budget due to continued strong growth in assessed value in the City.
- The increase in the budget for general government primarily related to an additional payment sent to CalPERS to reduce the City's unfunded pension liability and a deposit into the City's OPEB trust with CalPERS.
- The increase in the capital outlay budget primarily related to mid-year and carryover appropriations for a new financial and human resources system and various capital and equipment purchases.
- The remaining increases in the budget for expenditures were routine in nature and related to 1) carryovers of unspent appropriations from the prior year's budget and 2) mid-year appropriations by the City Council for various items that are primarily of a one-time nature.
- The increase in the budget for transfers out was primarily due to routine carryovers of unspent appropriations from the prior year's budget and mid-year appropriations related to capital projects.

CITY OF YORBA LINDA

Management’s Discussion and Analysis (Required Supplemental Information-Unaudited)
For the Fiscal Year Ended June 30, 2019

Actual revenues were \$0.7 million higher than the final budgeted amount, which is primarily due to better than projected property tax revenue as previously discussed. In comparison to the original budget, the variance is \$2.0 million. The expenditures for the General Fund at fiscal year-end were \$4.2 million less than the final budgeted expenditures, which is primarily due to routine position vacancies and operational and contract savings across all City departments. Some of this amount has been carried forward into fiscal year 2020 that relates to incomplete projects and purchases. The positive variance for transfers out is primarily the result of budgeted transfers related to capital projects that have not yet been made. The related budget has been carried forward into fiscal year 2020.

CAPITAL ASSETS AND LONG-TERM LIABILITIES

Capital Assets. GASB Statement No. 34 allows for governmental agencies to either depreciate their infrastructure assets or to use a modified approach to maintain an inventory of these assets. The City has elected the modified approach for its street pavement infrastructure, which does not require these assets to be depreciated as long as the assets are managed using an asset management system and are being preserved approximately at or above a condition level established and disclosed by the City. There have been no significant changes in the assessed condition of the street pavement infrastructure assets during fiscal year 2019, and the current condition of these assets complies with the condition level established by the City. All other capital assets, including other infrastructure assets, are depreciated. More detail on the City’s capital assets can be found in Note 4 to the basic financial statements of this report and Note 5 in the required supplementary information section of this report.

The table below summarizes the current capital assets held by the City as of June 30, 2019, as compared to the prior fiscal year.

| | Governmental Activities | | Business-Type Activities | | Total | |
|--------------------------------|-------------------------|-----------------------|--------------------------|----------------------|-----------------------|-----------------------|
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| Land | \$ 34,750,068 | \$ 34,385,475 | \$ 12,721,948 | \$ 12,721,948 | \$ 47,472,016 | \$ 47,107,423 |
| Street pavement infrastructure | 200,603,744 | 200,603,744 | - | - | 200,603,744 | 200,603,744 |
| Construction in progress | 15,384,452 | 27,616,711 | - | - | 15,384,452 | 27,616,711 |
| Buildings and improvements | 40,483,283 | 31,175,602 | 10,648,831 | 11,245,385 | 51,132,114 | 42,420,987 |
| Machinery and equipment | 2,665,360 | 2,572,864 | 475,452 | 475,144 | 3,140,812 | 3,048,008 |
| Motor vehicles | 326,372 | 364,131 | - | - | 326,372 | 364,131 |
| Other infrastructure | 102,600,864 | 96,323,867 | - | - | 102,600,864 | 96,323,867 |
| Totals | \$ 396,814,143 | \$ 393,042,394 | \$ 23,846,231 | \$ 24,442,477 | \$ 420,660,374 | \$ 417,484,871 |

At the end of fiscal year 2019, the City had \$420.7 million invested in capital assets, including land, buildings, infrastructure, and equipment. This amount represents a net increase of \$3.2 million in comparison to the prior year, which is primarily due to the construction of routine smaller capital projects such as road widenings and park improvements, partially offset by increased depreciation.

Long-term liabilities. The table below summarizes the current long-term liabilities of the City as of June 30, 2019, as compared to the prior fiscal year.

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Management's Discussion and Analysis (Required Supplemental Information-Unaudited)
For the Fiscal Year Ended June 30, 2019

| | Governmental Activities | | Business-Type Activities | | Total | |
|------------------------------------|-------------------------|----------------------|--------------------------|-------------|----------------------|----------------------|
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| Net pension liability | \$ 21,179,193 | \$ 21,790,493 | \$ - | \$ - | \$ 21,179,193 | \$ 21,790,493 |
| Other post-employment benefits | 22,404,790 | 27,087,094 | - | - | 22,404,790 | 27,087,094 |
| Lease Revenue Bonds ¹ | 15,857,373 | - | - | - | 15,857,373 | - |
| Claims and judgments | 1,004,723 | 1,071,471 | - | - | 1,004,723 | 1,071,471 |
| Compensated absences | 1,173,065 | 1,083,343 | - | - | 1,173,065 | 1,083,343 |
| Total long-term liabilities | \$ 61,619,144 | \$ 51,032,401 | \$ - | \$ - | \$ 61,619,144 | \$ 51,032,401 |

¹ Amount includes an unamortized bond premium of \$1,212,373.

At the end of fiscal year 2019, the City had a total of \$61.6 million in long-term liabilities, which primarily was comprised of a net pension liability of \$21.2 million and a net OPEB obligation related to medical insurance provided to retirees of \$22.4 million. Both of these amounts decreased when compared to the prior fiscal year. In the case of the net pension liability, the decrease was the result of an improvements in the funded position of the City's pension plan. In the case of the net OPEB liability, the decrease was the result of positive actuarial experience relative to the City's second tier of retiree medical benefits, increased deposits in the City's OPEB trust, and a reduction in the discount rate. The second tier of OPEB benefits and the deposits to the OPEB trust were implemented by the City Council in 2017 in order to reduce the City's future exposure to OPEB costs and begin to prefund the net OPEB obligation through trust fund contributions.

The current CalPERS rates charged to the City generally amortize the City's net pension liability over a period of 30 years, while in 2017 the City Council approved a policy to make additional elective contributions to CalPERS in order to mirror a 20-year amortization in years when the funds are available. Contributions have been made in each of the prior three fiscal years. While this change is expected to decrease the City's net pension liability substantially over time, changes to the CalPERS actuarial assumptions that have, among other recent changes, lowered the projection of future investment earnings, have mitigated the degree to which this impact has been realized to date.

Notably, the City has no outstanding General Fund bonds or other external debt. In 2019, the City issued revenue bonds to fund a portion of the construction costs for the City's new Public Library facility. This bond issuance increased the City's long-term liabilities by \$15.9 million versus the prior year. The bonds will be repaid from the restricted property tax revenues of the Public Library Fund. The Successor Agency to the City's former Redevelopment Agency also has tax allocation bonds outstanding, but these debts are not reported in the City's government-wide financial statements because they are contained in a private purpose trust fund.

The City's compensated absences liability relates to accrued but as yet unutilized vacation and sick leave balances of employees, and the claims and judgments liability relates to incurred but as yet unpaid liability and workers' compensation claims. The increase of \$0.1 million in the compensated absences liability is the result of routine changes to accrued leave balances. The decrease of \$0.1 million in the claims and judgments liability primarily is due to a decrease in anticipated future pay-as-you-go payments to the City of Brea for workers compensation claims expenses from claims incurred the period during which the City of Brea provided Police Services to the City, which ended in 2012 when the City contracted with the County of Orange for these services.

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

CITY OF YORBA LINDA

Management's Discussion and Analysis (Required Supplemental Information-Unaudited)
For the Fiscal Year Ended June 30, 2019

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The City has experienced strong growth in property tax and sales tax revenues in recent years, and that trend is expected to continue in the years ahead. A forecast commissioned by the City from Beacon Economics projects growth in the 2-6% range for the City's core revenue sources over the next five years. Consistent with past practice, the City will continue to budget conservatively and utilize any new revenues prudently to address long-term liabilities, unfunded needs, and targeted increases in service levels and program-related spending. The budget for fiscal year 2019/20 remains balanced, with General Fund expenditures and transfers out totaling \$39.4 million with a \$0.5 million budget surplus projected.

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

REQUESTING ADDITIONAL FINANCIAL INFORMATION

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

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BASIC FINANCIAL STATEMENTS



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CITY OF YORBA LINDA
Statement of Net Position
June 30, 2019

| | Primary Government | | Total |
|------------------------------------------------------------|------------------------------------|-------------------------------------|-----------------------|
| | Governmental Activities | Business-Type Activities | |
| Assets: | | | |
| Pooled cash and investments | \$ 82,926,571 | \$ 608,798 | \$ 83,535,369 |
| Receivables: | | | |
| Accounts | 632,982 | 95,435 | 728,417 |
| Taxes | 322,552 | - | 322,552 |
| Notes and loans | 41,038,038 | - | 41,038,038 |
| Accrued interest | 343,717 | - | 343,717 |
| Internal balances | 23,124,275 | (23,124,275) | 0 |
| Advances to Successor Agency of Former RDA | 5,046,422 | - | 5,046,422 |
| Prepaid costs | 161,471 | - | 161,471 |
| Due from other governments | 3,233,791 | - | 3,233,791 |
| Inventories | - | 150,549 | 150,549 |
| Land held for resale | 1,760,330 | - | 1,760,330 |
| Restricted Asset: | | | |
| Cash and investments with fiscal agents | 11,927,883 | - | 11,927,883 |
| Capital assets, not being depreciated | 250,738,264 | 12,721,948 | 263,460,212 |
| Capital assets, net of accumulated depreciation | 146,075,879 | 11,124,284 | 157,200,163 |
| Total assets | 567,332,175 | 1,576,739 | 568,908,914 |
| Deferred Outflows of Resources: | | | |
| Deferred outflows related to pension | 4,973,095 | - | 4,973,095 |
| Deferred outflows related to OPEB | 843,299 | - | 843,299 |
| Total deferred outflows of resources | 5,816,394 | - | 5,816,394 |
| Total assets and deferred outflows of resources | 573,148,569 | 1,576,739 | 574,725,308 |
| Liabilities: | | | |
| Accounts payable | 4,071,441 | 72,099 | 4,143,540 |
| Accrued liabilities | 961,700 | 212,631 | 1,174,331 |
| Unearned revenue | 370,000 | 431,038 | 801,038 |
| Deposits payable | - | 10,000 | 10,000 |
| Noncurrent liabilities: | | | |
| Due within one year | 1,637,655 | - | 1,637,655 |
| Due in more than one year | 59,981,489 | - | 59,981,489 |
| Total liabilities | 67,022,285 | 725,768 | 67,748,053 |
| Deferred Inflows of Resources: | | | |
| Deferred inflows related to pension | 521,749 | - | 521,749 |
| Deferred inflows related to OPEB | 6,669,841 | - | 6,669,841 |
| Total deferred inflows of resources | 7,191,590 | - | 7,191,590 |
| Total liabilities and deferred inflows of resources | 74,213,875 | 725,768 | 74,939,643 |
| Net position: | | | |
| Net investment in capital assets | 380,956,770 | 23,846,232 | 404,803,002 |
| Restricted for: | | | |
| Parks and recreation | 4,631,050 | - | 4,631,050 |
| Public works | 24,236,823 | - | 24,236,823 |
| Library | 33,554,597 | - | 33,554,597 |
| Low and moderate housing | 45,858,113 | - | 45,858,113 |
| PEG | 313,821 | - | 313,821 |
| Unrestricted | 9,383,520 | (22,995,261) | (13,611,741) |
| Total net position | \$ 498,934,694 | \$ 850,971 | \$ 499,785,665 |

See accompanying notes to the basic financial statements.

CITY OF YORBA LINDA
Statement of Activities
For the Fiscal Year Ended June 30, 2019

| Functions/programs | Expenses | Program Revenues | | | Net (Expenses) Revenues and Changes in Net Position | | |
|--------------------------------------------|----------------------|----------------------|------------------------------------|----------------------------------|-----------------------------------------------------|--------------------------|-----------------------|
| | | Charges for Services | Operating Contributions and Grants | Capital Contributions and Grants | Governmental Activities | Business-Type Activities | Total |
| Governmental activities: | | | | | | | |
| General government | \$ 7,182,245 | \$ 1,479,021 | \$ 1,533,613 | \$ - | \$ (4,169,612) | \$ - | \$ (4,169,612) |
| Public safety | 11,839,819 | - | 275,172 | - | (11,564,647) | - | (11,564,647) |
| Community development | 2,864,767 | 55,380 | 1,891,999 | - | (917,388) | - | (917,388) |
| Parks and recreation | 7,431,280 | 1,835,129 | 77,234 | 735,939 | (4,782,978) | - | (4,782,978) |
| Library | 4,746,418 | 130,000 | 56,043 | - | (4,560,375) | - | (4,560,375) |
| Public works | 21,174,891 | 329,930 | 89,654 | 11,422,640 | (9,332,667) | - | (9,332,667) |
| Total governmental activities | 55,239,420 | 3,829,460 | 3,923,715 | 12,158,579 | (35,327,666) | - | (35,327,666) |
| Business-type activities: | | | | | | | |
| Black Gold Golf Course | 6,709,630 | 6,042,347 | - | - | - | (667,283) | (667,283) |
| Community Center Catering | 200,518 | 195,062 | - | - | - | (5,456) | (5,456) |
| Total business-type activities | 6,910,148 | 6,237,409 | - | - | - | (672,739) | (672,739) |
| Total | \$ 62,149,568 | \$ 10,066,869 | \$ 3,923,715 | \$ 12,158,579 | (35,327,666) | (672,739) | (36,000,405) |
| General revenues: | | | | | | | |
| Taxes: | | | | | | | |
| Property taxes, levied for general purpose | | | | | 26,867,450 | - | 26,867,450 |
| Sales taxes | | | | | 7,461,391 | - | 7,461,391 |
| Franchise taxes | | | | | 2,093,989 | - | 2,093,989 |
| Transient occupancy taxes | | | | | 498,253 | - | 498,253 |
| Business licenses taxes | | | | | 416,275 | - | 416,275 |
| Special assessments taxes | | | | | 7,051,129 | - | 7,051,129 |
| Other taxes | | | | | 549,942 | - | 549,942 |
| Motor vehicle in lieu - unrestricted | | | | | 33,178 | - | 33,178 |
| Investment income | | | | | 3,414,409 | - | 3,414,409 |
| Gain on sale of property | | | | | 10,759 | - | 10,759 |
| Other | | | | | 511,547 | - | 511,547 |
| Total general revenues | | | | | 48,908,322 | - | 48,908,322 |
| Change in net position | | | | | 13,580,656 | (672,739) | 12,907,917 |
| Net position at beginning of fiscal year | | | | | 485,354,038 | 1,523,710 | 486,877,748 |
| Net position at end of fiscal year | | | | | \$ 498,934,694 | \$ 850,971 | \$ 499,785,665 |

See accompanying notes to the basic financial statements.

CITY OF YORBA LINDA
 Balance Sheet
 Governmental Funds
 For the Fiscal Year Ended June 30, 2019

| | Special Revenue Funds | | | | Capital Projects Fund | Total Nonmajor Governmental Funds | Total Governmental Funds | |
|--------------------------------------------------------------------------------|-----------------------|-----------------------|-------------------------|----------------------|-------------------------------------------------|--------------------------------------------|--------------------------------|-------------------------|
| | General | Affordable Housing | Miscellaneous Grants | Public Library | Landscape Maintenance Assessment District | | | Capital Improvements |
| Assets: | | | | | | | | |
| Pooled cash and investments | \$ 27,523,124 | \$ 2,792,079 | \$ - | 21,589,430 | \$ 8,268,581 | \$ 1,343,896 | \$ 21,409,461 | \$ 82,926,571 |
| Receivables: | | | | | | | | |
| Accounts | 532,948 | 47,095 | - | 1,400 | 14,943 | - | 36,596 | 632,982 |
| Taxes | 194,844 | - | - | 77,344 | 50,364 | - | - | 322,552 |
| Notes and loans | - | 41,038,038 | - | - | - | - | - | 41,038,038 |
| Accrued interest | 135,008 | 9,893 | - | 90,793 | 26,426 | - | 81,597 | 343,717 |
| Prepaid costs | 127,252 | - | - | 34,219 | - | - | - | 161,471 |
| Due from other governments | 1,744,289 | - | 870,221 | - | - | - | 619,281 | 3,233,791 |
| Due from other funds | 3,120,138 | - | - | - | - | - | - | 3,120,138 |
| Advances to other funds | 20,329,859 | - | - | - | - | - | - | 20,329,859 |
| Advances to Successor Agency of Former RDA | 5,046,422 | - | - | - | - | - | - | 5,046,422 |
| Land held for resale | 108,020 | 1,652,310 | - | - | - | - | - | 1,760,330 |
| Restricted Assets: | | | | | | | | |
| Cash and investments with fiscal agents | - | - | - | 11,927,883 | - | - | - | 11,927,883 |
| Total assets | \$ 58,861,904 | \$ 45,539,415 | \$ 870,221 | \$ 33,721,069 | \$ 8,360,314 | \$ 1,343,896 | \$ 22,146,935 | \$ 170,843,754 |
| Liabilities, deferred inflows of resources, and fund balances: | | | | | | | | |
| Accounts payable | 1,793,047 | 2,540 | \$ - | \$ 35,305 | 896,653 | 1,343,896 | \$ - | \$ 4,071,441 |
| Accrued liabilities | 735,431 | - | - | 96,948 | 24,719 | - | - | 857,098 |
| Unearned revenues | 370,000 | - | - | - | - | - | - | 370,000 |
| Due to other funds | - | - | 242,777 | - | - | - | 82,945 | 325,722 |
| Total liabilities | 2,898,478 | 2,540 | 242,777 | 132,253 | 921,372 | 1,343,896 | 82,945 | 5,624,261 |
| Deferred inflows of resources: | | | | | | | | |
| Unavailable revenues | 1,458,859 | - | 806,466 | - | - | - | - | 2,265,325 |
| Total deferred inflows of resources | 1,458,859 | - | 806,466 | - | - | - | - | 2,265,325 |
| Fund balances: | | | | | | | | |
| Nonspendable: | | | | | | | | |
| Prepaid costs | 127,252 | - | - | 34,219 | - | - | - | 161,471 |
| Advances to other funds | 18,901,828 | - | - | - | - | - | - | 18,901,828 |
| Advances to Successor Agency of Former RDA | 5,046,422 | - | - | - | - | - | - | 5,046,422 |
| Land Held for Resale | 108,020 | - | - | - | - | - | - | 108,020 |
| Restricted for: | | | | | | | | |
| Parks and recreation | - | - | - | - | - | - | 4,631,050 | 4,631,050 |
| Public works | - | - | - | - | 7,438,942 | - | 16,797,881 | 24,236,823 |
| Library | - | - | - | 33,554,597 | - | - | - | 33,554,597 |
| Low and moderate housing | - | 45,536,875 | - | - | - | - | 321,238 | 45,858,113 |
| PEG projects | - | - | - | - | - | - | 313,821 | 313,821 |
| Committed: | | | | | | | | |
| Operating reserves | 18,521,815 | - | - | - | - | - | - | 18,521,815 |
| Special reserves | 4,730,335 | - | - | - | - | - | - | 4,730,335 |
| Assigned to: | | | | | | | | |
| Capital projects | 431,013 | - | - | - | - | - | - | 431,013 |
| Budget carryovers | 1,376,731 | - | - | - | - | - | - | 1,376,731 |
| Encumbrances | 308,103 | - | - | - | - | - | - | 308,103 |
| Unassigned | 4,953,048 | - | (179,022) | - | - | - | - | 4,774,026 |
| Total fund balances | 54,504,567 | 45,536,875 | (179,022) | 33,588,816 | 7,438,942 | - | 22,063,990 | 162,954,168 |
| Total liabilities, deferred inflows of resources, and fund balances | \$ 58,861,904 | \$ 45,539,415 | \$ 870,221 | \$ 33,721,069 | \$ 8,360,314 | \$ 1,343,896 | \$ 22,146,935 | \$ 170,843,754 |

See accompanying notes to the basic financial statements.

CITY OF YORBA LINDA
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
June 30, 2019

| | | |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|------------------------------|
| Fund balances of governmental funds | | \$ 162,954,168 |
| <p>Amounts reported for governmental activities in the statement of net position are different because:</p> | | |
| <p>Capital assets net of accumulated depreciation used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.</p> | | 396,814,143 |
| <p>Non-current liabilities, as listed below, are not due and payable in the current period and therefore are not reported in the governmental funds:</p> | | |
| Claims and judgments | (1,004,723) | |
| Compensated absences | (1,173,065) | |
| Long-term debt | (15,857,373) | |
| Accrued interest on long-term debt | (104,602) | |
| Net OPEB obligation | (22,404,790) | |
| Net pension liability | <u>(21,179,193)</u> | (61,723,746) |
| <p>Revenues that do not meet the "availability" criteria for revenue recognition are deferred inflows of resources in the funds.</p> | | 2,265,325 |
| <p>Deferred amounts on pensions related to contributions after the measurements date, changes in assumptions, differences between expected and actual experience and net difference between projected and actual earnings on pension plan investments.</p> | | 4,451,346 |
| <p>Deferred amounts on OPEB related to contributions after the measurement date, changes in assumptions, and net difference between projected and actual earnings on pension plan investments.</p> | | <u>(5,826,542)</u> |
| Net position of governmental activities | | <u><u>\$ 498,934,694</u></u> |

See accompanying notes to the basic financial statements.

CITY OF YORBA LINDA

Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds
For the Fiscal Year Ended June 30, 2019

| | Special Revenue Funds | | | | Capital Projects Fund | Nonmajor Governmental Funds | Total Governmental Funds | |
|-----------------------------------------------------------|-----------------------|----------------------|----------------------|----------------------|-------------------------------------------|-----------------------------|--------------------------|-----------------------|
| | General | Affordable Housing | Miscellaneous Grants | Public Library | Landscape Maintenance Assessment District | | | Capital Improvements |
| Revenues: | | | | | | | | |
| Taxes | 30,669,255 | \$ - | \$ - | \$ 6,222,030 | \$ 7,896,251 | \$ - | \$ 150,895 | \$ 44,938,431 |
| Licenses and permits | 1,758,173 | - | - | - | - | - | - | 1,758,173 |
| Intergovernmental | 612,078 | - | 1,059,832 | 17,000 | - | - | 4,158,484 | 5,847,394 |
| Charges for services | 3,699,460 | - | - | 130,000 | - | - | - | 3,829,460 |
| Investment income | 938,802 | 717,961 | - | 863,217 | 211,510 | - | 682,919 | 3,414,409 |
| Fines and forfeitures | 57,028 | - | - | 39,043 | - | - | 62,458 | 158,529 |
| Developer participation | - | - | 735,939 | - | - | - | 3,058,856 | 3,794,795 |
| Gain on sale of City property | 10,759 | - | - | - | - | - | - | 10,759 |
| Contributions from Successor Agency | 227,444 | - | - | - | - | 3,529,079 | - | 3,756,523 |
| Miscellaneous | 362,028 | - | 111,172 | 3,034 | 18,063 | - | 17,250 | 511,547 |
| Total Revenues | 38,335,027 | 717,961 | 1,906,943 | 7,274,324 | 8,125,824 | 3,529,079 | 8,130,862 | 68,020,020 |
| Expenditures: | | | | | | | | |
| General government | 7,535,226 | 21,434 | - | - | - | - | - | 7,556,660 |
| Public safety | 11,774,157 | - | - | - | - | - | - | 11,774,157 |
| Community development | 2,839,186 | - | - | - | - | - | 188,272 | 3,027,458 |
| Parks and recreation | 6,652,263 | - | - | - | - | - | - | 6,652,263 |
| Library | - | - | - | 4,523,472 | - | - | - | 4,523,472 |
| Public works | 4,026,642 | - | - | - | 7,509,584 | - | - | 11,536,226 |
| Capital outlay | 739,041 | - | - | 87,086 | 1,220,206 | 12,891,542 | - | 14,937,875 |
| Debt service: | | | | | | | | |
| Bond issuance cost | - | - | - | 321,311 | - | - | - | 321,311 |
| Total Expenditures | 33,566,515 | 21,434 | - | 4,931,869 | 8,729,790 | 12,891,542 | 188,272 | 60,329,422 |
| Excess (deficiency) of revenues over (under) expenditures | 4,768,512 | 696,527 | 1,906,943 | 2,342,455 | (603,966) | (9,362,463) | 7,942,590 | 7,690,598 |
| Other financing sources (uses): | | | | | | | | |
| Issuance of debt | - | - | - | 15,892,798 | - | - | - | 15,892,798 |
| Transfers in | 4,608,309 | 197,830 | - | - | 2,023,581 | 13,627,481 | 46,107 | 20,503,308 |
| Transfers out | (5,697,163) | - | (1,291,943) | (4,873,289) | (36,342) | (4,265,018) | (4,339,553) | (20,503,308) |
| Total other financing sources (uses) | (1,088,854) | 197,830 | (1,291,943) | 11,019,509 | 1,987,239 | 9,362,463 | (4,293,446) | 15,892,798 |
| Net change in fund balances | 3,679,658 | 894,357 | 615,000 | 13,361,964 | 1,383,273 | - | 3,649,144 | 23,583,396 |
| Fund balances at beginning of fiscal year | 50,824,909 | 44,642,518 | (794,022) | 20,226,852 | 6,055,669 | - | 18,414,846 | 139,370,772 |
| Fund balances at end of fiscal year | \$ 54,504,567 | \$ 45,536,875 | \$ (179,022) | \$ 33,588,816 | \$ 7,438,942 | \$ - | \$ 22,063,990 | \$ 162,954,168 |

See accompanying notes to the basic financial statements.

CITY OF YORBA LINDA
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2019

Net changes in fund balances - total governmental funds \$ 23,583,396

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

Governmental funds report capital outlay as expenditures. However, in the statement of activities, the costs of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.

| | | |
|----------------|--------------------|-----------|
| Capital outlay | 7,555,324 | |
| Depreciation | <u>(3,783,575)</u> | 3,771,749 |

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

| | | |
|-----------------------------------------------|-----------------|-----------|
| Changes in accrued interest on long-term debt | (104,602) | |
| Changes in claims and judgments obligation | 66,748 | |
| Changes in compensated absence benefits, net | <u>(89,722)</u> | (127,576) |

Issuance of long-term debt provides resources in the governmental funds, but increases long-term liabilities in the statement of net position. (15,857,373)

Revenues reported as unavailable revenue in the governmental funds. Amounts are not recorded as revenue under the modified accrual basis of accounting. This is the net change in unavailable revenue from the prior fiscal year. 800,057

Governmental funds recognize pension costs when employer contributions are made; however, in the statement of activities, pension costs are recognized on the accrual basis. This is the difference between accrual-basis pension costs and actual employer contributions. 925,135

Governmental funds recognize OPEB costs when employer contributions are made; however, in the statement of activities, OPEB costs are recognized on the accrual basis. This is the difference between accrual-basis OPEB costs and actual employer contributions. 485,268

Change in net position of governmental activities \$ 13,580,656

CITY OF YORBA LINDA
Statement of Net Position
Proprietary Funds
Fiscal Year End June 30, 2019

| | Business-Type Activities - Enterprise Funds | | |
|---------------------------------------------------|----------------------------------------------------|------------------------------------------|-------------------|
| | Black Gold Golf Course | Community Center Catering | Total |
| Assets: | | | |
| Current: | | | |
| Pooled cash and investments | \$ 608,598 | \$ 200 | \$ 608,798 |
| Accounts receivable, net | 95,435 | - | 95,435 |
| Due from other funds | 2,543 | - | 2,543 |
| Inventories | 150,549 | - | 150,549 |
| Total current assets | 857,125 | 200 | 857,325 |
| Noncurrent: | | | |
| Capital assets not being depreciated | 12,721,948 | - | 12,721,948 |
| Capital assets - net of accumulated depreciation | 11,124,284 | - | 11,124,284 |
| Total capital assets, net | 23,846,232 | - | 23,846,232 |
| Total noncurrent assets | 23,846,232 | - | 23,846,232 |
| Total assets | 24,703,357 | 200 | 24,703,557 |
| Liabilities: | | | |
| Current: | | | |
| Accounts payable | 70,629 | 1,470 | 72,099 |
| Accrued liabilities | 211,852 | 779 | 212,631 |
| Unearned revenues | 431,038 | - | 431,038 |
| Deposits payable | 10,000 | - | 10,000 |
| Due to other funds | 2,794,416 | 2,543 | 2,796,959 |
| Advances from other funds, current portion | 88,213 | - | 88,213 |
| Total current liabilities | 3,606,148 | 4,792 | 3,610,940 |
| Noncurrent: | | | |
| Advances from other funds, net of current portion | 20,241,646 | - | 20,241,646 |
| Total noncurrent liabilities | 20,241,646 | - | 20,241,646 |
| Total liabilities | 23,847,794 | 4,792 | 23,852,586 |
| Net position: | | | |
| Net investment in capital assets | 23,846,232 | - | 23,846,232 |
| Unrestricted | (22,990,669) | (4,592) | (22,995,261) |
| Total net position | \$ 855,563 | \$ (4,592) | \$ 850,971 |

See accompanying notes to the basic financial statements.

CITY OF YORBA LINDA
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Fiscal Year Ended June 30, 2019

| | Business-Type Activities - Enterprise Funds | | |
|----------------------------------------------------|----------------------------------------------------|------------------------------------------|-------------------|
| | Black Gold Golf Course | Community Center Catering | Total |
| Operating revenues: | | | |
| Charges for services | \$ 6,042,347 | \$ 195,062 | \$ 6,237,409 |
| Operating expenses: | | | |
| Administration and general | 4,612,124 | 160,000 | 4,772,124 |
| Cost of sales and services | 796,928 | 38,820 | 835,748 |
| Depreciation expense | 753,536 | - | 753,536 |
| Total operating expenses | 6,162,588 | 198,820 | 6,361,408 |
| Operating income (loss) | (120,241) | (3,758) | (123,999) |
| Non-operating revenues (expenses): | | | |
| Interest expense | (547,042) | (1,698) | (548,740) |
| Gain on sale of capital assets | - | - | - |
| Total non-operating expenses | (547,042) | (1,698) | (548,740) |
| Loss before transfers | (667,283) | (5,456) | (672,739) |
| Transfer in | - | 257 | 257 |
| Transfer out | (257) | - | (257) |
| Change in net position | (667,540) | (5,199) | (672,739) |
| Net position (deficit) at beginning of fiscal year | 1,523,103 | 607 | 1,523,710 |
| Net position at end of fiscal year | \$ 855,563 | \$ (4,592) | \$ 850,971 |

See accompanying notes to the basic financial statements.

CITY OF YORBA LINDA
Statement of Cash Flows-Proprietary Funds
For the Fiscal Year Ended June 30, 2019

| | Business-Type Activities - Enterprise Funds | | |
|-------------------------------------------------------------------------------------------------------|----------------------------------------------------|------------------------------------------|-------------------|
| | Black Gold Golf Course | Community Center Catering | Total |
| Cash flows from operating activities: | | | |
| Cash received from customers and users | \$ 6,104,197 | \$ 195,062 | \$ 6,299,259 |
| Cash paid to suppliers for goods and services | (865,631) | (38,899) | (904,530) |
| Cash paid to employees for services | (4,599,257) | (160,257) | (4,759,514) |
| Net cash provided (used) by operating activities | <u>639,309</u> | <u>(4,094)</u> | <u>635,215</u> |
| Cash flows from capital and related financing activities: | | | |
| Acquisition and construction of capital assets | (157,291) | - | (157,291) |
| Interest paid on capital debt | (547,042) | (1,698) | (548,740) |
| Principal paid on advances from other funds | (4,327) | - | (4,327) |
| Net cash used by capital and related financing activities | <u>(708,660)</u> | <u>(1,698)</u> | <u>(710,358)</u> |
| Cash flows from non-capital financing activities: | | | |
| Transfers from (to) other funds | (257) | 257 | - |
| Payments received from other funds | 358,432 | 3,837 | 362,269 |
| Repayment made to other funds | (103,238) | - | (103,238) |
| Net cash provided by non-capital financing activities | <u>254,937</u> | <u>4,094</u> | <u>259,031</u> |
| Net increase in cash and cash equivalents | 185,586 | (1,698) | 183,888 |
| Cash and cash equivalents at beginning of fiscal year | 423,012 | 1,898 | 424,910 |
| Cash and cash equivalents at end of fiscal year | <u>\$ 608,598</u> | <u>\$ 200</u> | <u>\$ 608,798</u> |
| Reconciliation of operating income (loss) to net cash provided by operating activities | | | |
| Operating income (loss) | \$ (120,241) | \$ (3,758) | \$ (123,999) |
| Adjustments to reconcile operating income (loss) to net cash provided by operating activities: | | | |
| Depreciation | 753,536 | - | 753,536 |
| Decrease (increase) in accounts receivable | 150,811 | - | 150,811 |
| Decrease (increase) in prepaid costs | 902 | - | 902 |
| Decrease (increase) in inventories | (13,504) | - | (13,504) |
| Increase (decrease) in accounts payable | (56,101) | (79) | (56,180) |
| Increase (decrease) in accrued liabilities | 12,867 | (257) | 12,610 |
| Increase (decrease) in unearned revenues | (88,961) | - | (88,961) |
| Total adjustments | <u>759,550</u> | <u>(336)</u> | <u>759,214</u> |
| Net cash provided by operating activities | <u>\$ 639,309</u> | <u>\$ (4,094)</u> | <u>\$ 635,215</u> |

See accompanying notes to the basic financial statements.

CITY OF YORBA LINDA
Statement of Net Position (Deficit)
Fiduciary Funds
June 30, 2019

| | Agency Funds | Private- Purpose Trust Fund Successor Agency of the former RDA |
|-----------------------------------------|-----------------------------------|-------------------------------------------------------------------------------------------|
| | <u> </u> | <u> </u> |
| Assets: | | |
| Pooled cash and investments | \$ 1,368,325 | \$ 4,071,460 |
| Receivables: | | |
| Accounts receivable | - | 3,391 |
| Accrued interest | - | 12,997 |
| Restricted assets: | | |
| Cash and investments with fiscal agents | - | 4,299,942 |
| | <u> </u> | <u> </u> |
| Total assets | <u><u>\$ 1,368,325</u></u> | <u><u>8,387,790</u></u> |
| Liabilities: | | |
| Account payable | \$ 166,335 | 693 |
| Accrued liabilities | | 365,316 |
| Deposits payable | 1,201,990 | - |
| Long-term liabilities: | | |
| Due in one year | - | 6,277,575 |
| Due in more than one year | - | 48,251,863 |
| | <u> </u> | <u> </u> |
| Total liabilities | <u><u>\$ 1,368,325</u></u> | <u><u>54,895,447</u></u> |
| Net position (deficit): | | |
| Held by Successor Agency | | <u><u>\$ (46,507,657)</u></u> |

See accompanying notes to the basic financial statements.

CITY OF YORBA LINDA
Statement of Changes in Net Position (Deficit)
Fiduciary Funds
For the Fiscal Year Ended June 30, 2019

| | Private- Purpose Trust Fund <hr/> Successor Agency of the Former RDA <hr/> |
|-----------------------------------------------------|----------------------------------------------------------------------------------------------------------------|
| Additions: | |
| Taxes | \$ 7,003,319 |
| Interest and change in fair value of investments | 181,076 |
| | <hr/> |
| Total additions | 7,184,395 |
| | <hr/> |
| Deductions: | |
| Administrative expenses | 29,176 |
| Bond interest | 1,823,190 |
| Contributions to City | 3,756,523 |
| Miscellaneous | 4,675 |
| | <hr/> |
| Total deductions | 5,613,564 |
| | <hr/> |
| Change in net position | 1,570,831 |
| Net position (deficit) at beginning of fiscal year | (48,078,488) |
| | <hr/> |
| Net position (deficit) at end of fiscal year | \$ (46,507,657) |
| | <hr/> <hr/> |

See accompanying notes to the basic financial statements.

CITY OF YORBA LINDA
Notes to the Basic Financial Statements
For the Year Ended June 30, 2019

Note 1. Summary of Significant Accounting Policies

a. Description of Entity

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

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

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

Blended Component Units

Yorba Linda Housing Authority

The Yorba Linda Housing Authority (the Housing Authority) was established on March 1, 2011, through the adoption of Resolution No. 2011-5039. The Housing Authority has not had any financial activity as of June 30, 2019.

Yorba Linda Municipal Financing Authority

The Yorba Linda Municipal Financing Authority (the MFA) was established on April 17, 2018, pursuant to a joint exercise of powers agreement between the City and the Yorba Linda Housing Authority. The purpose of the MFA is to enable the City and the Authority to finance public capital improvements. The MFA's financial data and transactions are included in the public library fund.

CITY OF YORBA LINDA
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 1. Summary of Significant Accounting Policies (Continued)

a. Description of Entity (Continued)

Fiduciary Component Unit

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

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

b. Government-Wide and Fund Financial Statements

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

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

CITY OF YORBA LINDA
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 1. Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

CITY OF YORBA LINDA
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 1. Summary of Significant Accounting Policies (Continued)

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

The City reports the following major governmental funds:

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

The City reports the following major proprietary funds:

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

CITY OF YORBA LINDA
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 1. Summary of Significant Accounting Policies (Continued)

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

Additionally, the City reports the following fund types:

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

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

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

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

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

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

Deposits and Investments

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

CITY OF YORBA LINDA
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 1. Summary of Significant Accounting Policies (Continued)

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

Deposits and Investments (Continued)

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

Receivables and Payables

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

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

Inventories, Prepaid Items, and Land Held for Resale

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

CITY OF YORBA LINDA
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 1. Summary of Significant Accounting Policies (Continued)

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

Restricted Assets

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

Capital Assets

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

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

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

CITY OF YORBA LINDA
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 1. Summary of Significant Accounting Policies (Continued)

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

Capital Assets (Continued)

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

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

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

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

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

Deferred Outflows/Inflows of Resources

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

CITY OF YORBA LINDA
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 1. Summary of Significant Accounting Policies (Continued)

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

Deferred Outflows / Inflows of Resources (Continued)

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

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

Net Position Flow Assumption

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

Fund Balance Flow Assumptions

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

CITY OF YORBA LINDA
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 1. Summary of Significant Accounting Policies (Continued)

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

Compensated Absences

It is the government's policy to permit employees to accumulate earned but unused vacation and sick leave benefits. City employees have an option to convert 100% of their unused sick leave benefits to California Public Employee's Retirement System (CalPERS) service credit upon retirement. Additionally, employees hired prior to 2001 have the option to convert a portion of their sick leave to cash compensation upon retirement based on years of service. This benefit is not available to employees hired since 2001. All city employees other than executive management receive from 10 to 20 days of vacation leave each year depending on the employee's length of service. As of October 1, 2018, executive management employees receive management leave of between 22.5 and 27.5 days each year in lieu of receiving separate vacation and sick leave. All vacation, sick, and management leave is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements.

Long-Term Obligations

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

Pensions

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

Valuation Date (VD) – June 30, 2017
Measurement Date (MD) – June 30, 2018
Measurement Period (MP) – July 1, 2017 to June 30, 2018

CITY OF YORBA LINDA
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 1. Summary of Significant Accounting Policies (Continued)

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

OPEB

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 California Public Employees' Retirement System (CalPERS) plan (Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Reported results pertain to assets, deferred outflows of resources, liabilities, and deferred inflows of resources information within the following defined time frames:

Valuation Date (VD) – January 1, 2018
Measurement Date (MD) – June 30, 2018
Measurement Period (MP) – July 1, 2017 to June 30, 2018

Functional Classifications

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

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

CITY OF YORBA LINDA
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 1. Summary of Significant Accounting Policies (Continued)

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

Fund Equity

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

Nonspendable includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

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

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

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

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

CITY OF YORBA LINDA
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 1. Summary of Significant Accounting Policies (Continued)

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

Fund Equity (Continued)

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

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

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

CITY OF YORBA LINDA
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 1. Summary of Significant Accounting Policies (Continued)

e. Future Accounting Pronouncements

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

| | | |
|-----------------------|--------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------|
| GASB Statement No. 84 | <i>Fiduciary Activities</i> | The provisions of this Statement are effective for fiscal years beginning after December 15, 2018. |
| GASB Statement No. 87 | <i>Leases</i> | The provisions of this Statement are effective for fiscal years beginning after December 15, 2019. |
| GASB Statement No. 89 | <i>Accounting for Interest Cost Incurred Before the End of a Construction Period</i> | The provisions of this Statement are effective for fiscal years beginning after December 15, 2019. |
| GASB Statement No. 90 | <i>Majority Equity Interests - an Amendment of GASB Statements No. 14 and No. 61</i> | The provisions of this Statement are effective for fiscal years beginning after December 15, 2018. |
| GASB Statement No. 91 | <i>Conduit Debt Obligation</i> | The provisions of this Statement are effective for fiscal years beginning after December 15, 2020. |

Note 2. Stewardship, Compliance, and Accountability

a. Deficit Fund Balance / Net Position

The Miscellaneous Grants Fund had a deficit fund balance of \$179,022 at June 30, 2019. Any deficit fund balance in this fund is typically offset by grant-related revenues that are reflected as a deferred inflow of resources due to revenues not meeting the “availability” criteria for revenue recognition. Any remaining deficit in excess of these resources will be funded through future receipt of grants or developer contributions toward projects.

The Community Center Catering Fund had a deficit net position of \$4,592 at June 30, 2019. The deficit is the result of negative operating results. This fund will be merged with the Black Gold Golf Course Fund in fiscal year 2019/20, which will absorb the deficit net position. Recent changes to the City Council’s policy governing alcohol sales at the Community Center are anticipated to improve the profitability of the catering operation at the Community Center in future years.

CITY OF YORBA LINDA
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 3. Cash and Investments

Cash and investments as of June 30, 2019 are classified in the accompanying financial statements as follows:

| | |
|-----------------------------------------|-----------------------|
| Statement of Net Position: | |
| Pooled Cash and Investments | \$ 83,535,369 |
| Cash and Investments with Fiscal Agents | 11,927,883 |
| Statement of Fiduciary Net Position: | |
| Pooled Cash and Investments | 5,439,785 |
| Cash and Investments with Fiscal Agents | <u>4,299,942</u> |
| Total Cash and Investments | <u>\$ 105,202,979</u> |

Cash and investments as of June 30, 2019 consist of the following:

| | |
|--------------------------------------|-----------------------|
| Petty Cash | \$ 7,670 |
| Deposits with Financial Institutions | 3,447,306 |
| Investments | <u>101,748,003</u> |
| Total Cash and Investments | <u>\$ 105,202,979</u> |

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

Deposits

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

CITY OF YORBA LINDA
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 3. Cash and Investments (Continued)

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

The table below identifies the investment types that are authorized for the City by the CGC (or the City's investment policy, where more restrictive). The table also identifies certain provisions of the CGC (or the City's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustees that are governed by the provisions of bond indentures of the City, rather than the general provisions of the CGC or the City's investment policy.

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

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

Investments Authorized by Debt Agreements

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

CITY OF YORBA LINDA
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 3. Cash and Investments (Continued)

Investments Authorized by Debt Agreements (Continued)

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

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The City's investment policy limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The City has elected to use the segmented time distribution method of disclosure for its interest rate risk. As of June 30, 2019, the City had the following investments and original maturities:

| | Remaining | | Investment | Maturities | |
|--------------------------------------------|----------------------|-----------------------|----------------------|---------------------|-----------------------|
| | 6 months or less | 6 months to 1 year | 1 to 3 years | 3 to 5 years | Fair Value |
| Medium Term Corporate Notes | \$ - | \$ - | \$ 10,458,645 | \$ 536,844 | \$ 10,995,489 |
| Negotiable Certificates of Deposit | - | - | 6,121,848 | - | 6,121,848 |
| Asset-Backed Securities | - | - | 2,965,585 | 874,297 | 3,839,881 |
| U.S Treasury Issues | - | - | 18,194,080 | - | 18,194,080 |
| U.S Government Agency Securities: | | | | | |
| Federal Home Loan Mortgage Corp. | - | - | 208,022 | 141,462 | 349,484 |
| Federal National Mortgage Assn. | - | - | 2,359,697 | - | 2,359,697 |
| Municipal Bond | - | - | 578,898 | - | 578,898 |
| Supra-National Agency Bond / Note | - | - | 3,631,825 | - | 3,631,825 |
| Local Agency Investment Funds (LAIF) | 16,950,075 | - | - | - | 16,950,075 |
| California Asset Management Program (CAMP) | 22,498,902 | - | - | - | 22,498,902 |
| Held by Fiscal Agent: | | | | | |
| Money Market Mutual Funds | 16,227,825 | - | - | - | 16,227,825 |
| | <u>\$ 55,676,802</u> | <u>\$ -</u> | <u>\$ 44,518,598</u> | <u>\$ 1,552,603</u> | <u>\$ 101,748,003</u> |

CITY OF YORBA LINDA
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 3. Cash and Investments (Continued)

Fair Value Measurements

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

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

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

The Pool has the following recurring fair value measurements as of June 30, 2019:

| Investment Type | Totals June 30, 2019 | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
|---------------------------------------------------------|-------------------------|-------------------------------------------------------------------------|-----------------------------------------------------|-------------------------------------------------|
| Debt Securities: | | | | |
| Medium Term Corporate Notes | \$ 10,995,489 | \$ - | \$ 10,995,489 | \$ - |
| Negotiable Certificates of Deposit | 6,121,848 | - | 6,121,848 | - |
| Asset-backed Securities | 3,839,881 | - | 3,839,881 | - |
| U.S. Treasury Issues | 18,194,080 | - | 18,194,080 | - |
| US Government Agency Securities | 2,709,180 | - | 2,709,180 | - |
| Municipal Bond | 578,898 | - | 578,898 | - |
| Supra-National Agency Bond / Note | 3,631,825 | - | 3,631,825 | - |
| Total Investments at Fair Value | 46,071,201 | \$ - | \$ 46,071,201 | \$ - |
| Investments not subject to fair value hierarchy: | | | | |
| Money Market Mutual Funds | 16,227,825 | | | |
| Local Agency Investment Funds (LAIF) | 16,950,075 | | | |
| California Asset Management Program (CAMP) | 22,498,902 | | | |
| Total Pooled and Directed Investments | \$ 101,748,003 | | | |

CITY OF YORBA LINDA
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 3. Cash and Investments (Continued)

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization (NRSRO). The City's investment policy does not limit investments in Federal Agency Securities to ratings issued by nationally recognized statistical rating organizations. Presented below is the minimum rating required by (where applicable) the CGC, the City's investment policy, or debt agreements, and the actual rating, by Standard and Poor's, as of fiscal year end for each investment type. For the Medium Term Corporate Notes shown with a rating below the minimum level required of A-, a NRSRO other than Standard and Poor's currently maintains an A or better rating on these securities other than one General Electric security maturing on September 16, 2020, which is rated BBB+ by Standard and Poor's and Baa1 by Moody's. The City has evaluated the credit risk associated with this security with input from its investment management firm and has determined that the security can remain in the City's investment portfolio as allowed by the City's Investment Policy. Additionally, four Asset-Backed Securities held in the City's portfolio were not rated by Standard and Poor's but were rated Aaa by Moody's, and certain short-term Certificates of Deposit with a short-term rating of A-1 from Standard and Poor's (the highest rating) are shown in the AAA column in the table below (the equivalent long-term rating).

| Investment Type | Amount | Minimum Legal Rating | Rating as of Fiscal Year End | | | | |
|--------------------------------------------|-----------------------|----------------------------|------------------------------|----------------------|---------------------|---------------------|----------------------|
| | | | AAA | AA +/- | A +/- | BBB | Not Rated |
| Medium Term Corporate Notes | \$ 10,995,489 | A- | \$ - | \$ 2,834,128 | \$ 5,910,871 | \$ 2,250,490 | \$ - |
| Negotiable Certificates of Deposit | 6,121,848 | A- | 2,279,889 | 2,042,748 | 1,799,211 | - | - |
| Asset-backed Securities | 3,839,881 | A- | 3,839,881 | - | - | - | - |
| U.S. Treasury Issues | 18,194,080 | N/A | - | 18,194,080 | - | - | - |
| U.S. Government Agency Securities: | | | | | | | |
| Federal Home Loan Mortgage Corp. | 349,484 | N/A | - | 349,484 | - | - | - |
| Federal National Mortgage Assn. | 2,359,697 | N/A | - | 2,359,697 | - | - | - |
| Municipal Bond | 578,898 | N/A | - | 578,898 | - | - | - |
| Supra-National Agency Bond / Note | 3,631,825 | N/A | 3,631,825 | - | - | - | - |
| Local Agency Investment Funds (LAIF) | 16,950,075 | N/A | - | - | - | - | 16,950,075 |
| California Asset Management Program (CAMP) | 22,498,902 | N/A | - | - | - | - | 22,498,902 |
| Held by Fiscal Agent: | | | | | | | |
| Money Market Mutual Funds | 16,227,825 | N/A | - | - | - | - | 16,227,825 |
| Totals | \$ 101,748,003 | | \$ 9,751,595 | \$ 26,359,035 | \$ 7,710,081 | \$ 2,250,490 | \$ 55,676,802 |

Concentration of Credit Risk

The City is in compliance with restrictions imposed by its investment policy, which limits certain types of investments. There were no investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total City investments.

CITY OF YORBA LINDA
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Custodial Credit Risk

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

As of June 30, 2019, none of the City's deposits or investments were exposed to custodial credit risk.

External Investment Pools

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

The total amount invested by all public agencies in LAIF as of June 30, 2019, was \$24.6 billion. LAIF is part of the California Pooled Money Investment Account (PMIA), which at June 30, 2019, had a balance of \$105.7 billion. Of that amount 1.77% was invested in medium-term and short-term structured notes and asset-backed securities. The average maturity of PMIA investments was 173 days as of June 30, 2019. LAIF is unrated as to credit quality.

California Asset Management Program – The City is a voluntary participant in the California Asset Management Program (CAMP), a California Joint Powers Authority (JPA) established in 1989 to provide California public agencies with professional investment services. The CAMP Pool is a permitted investment for all local agencies under CGC Section 53601(p). CAMP is directed by a Board of Trustees, which is made up of experienced finance directors and treasurers of California public agencies that are members of the JPA. CAMP determines fair value on its investment portfolio based on amortized cost. The City measures the value of its CAMP investment at the fair value amount provided by CAMP. At June 30, 2019, CAMP had a total portfolio of approximately \$5.4 billion of which all was invested in non-derivative financial products. The average maturity of CAMP investments was 54 days as of June 30, 2019.

CITY OF YORBA LINDA
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 4. Capital Assets

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

Capital asset activity for the fiscal year ended June 30, 2019, was as follows:

| | Balance July 1, 2018 | Increases | Decreases | Transfers | Balance June 30, 2019 |
|----------------------------------------|-------------------------|---------------------|-----------------|---------------------|--------------------------|
| Governmental Activities: | | | | | |
| Capital Assets, Not Being Depreciated: | | | | | |
| Land | \$ 34,385,475 | \$ 364,593 | \$ - | \$ - | \$ 34,750,068 |
| Street pavement infrastructure | 200,603,744 | - | - | - | 200,603,744 |
| Construction In Progress | 27,616,711 | 4,378,896 | - | (16,611,155) | 15,384,452 |
| Total Capital Assets | | | | | |
| Not Being Depreciated | <u>262,605,930</u> | <u>4,743,489</u> | <u>-</u> | <u>(16,611,155)</u> | <u>250,738,264</u> |
| Capital Assets, Being Depreciated: | | | | | |
| Buildings and improvements | 58,322,478 | - | - | 10,744,407 | 69,066,885 |
| Machinery and equipment | 12,307,434 | 770,134 | - | - | 13,077,568 |
| Motor vehicles | 1,443,245 | 109,173 | (70,650) | - | 1,481,768 |
| Other Infrastructure | 131,442,418 | 1,932,528 | - | 5,866,748 | 139,241,694 |
| Total Capital Assets | | | | | |
| Being Depreciated | <u>203,515,575</u> | <u>2,811,835</u> | <u>(70,650)</u> | <u>16,611,155</u> | <u>222,867,915</u> |
| Less Accumulated Depreciation: | | | | | |
| Buildings and improvements | 27,146,876 | 1,436,726 | - | - | 28,583,602 |
| Machinery and equipment | 9,734,570 | 677,638 | - | - | 10,412,208 |
| Motor vehicles | 1,079,114 | 146,932 | (70,650) | - | 1,155,396 |
| Other Infrastructure | 35,118,551 | 1,522,279 | - | - | 36,640,830 |
| Total Accumulated Depreciation | <u>73,079,111</u> | <u>3,783,575</u> | <u>(70,650)</u> | <u>-</u> | <u>76,792,036</u> |
| Total Capital Assets | | | | | |
| Being Depreciated, Net | <u>130,436,464</u> | <u>(971,741)</u> | <u>-</u> | <u>16,611,155</u> | <u>146,075,879</u> |
| Capital Assets, Net | <u>\$ 393,042,394</u> | <u>\$ 3,771,748</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 396,814,143</u> |

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

| | |
|--------------------------|---------------------|
| Governmental Activities: | |
| General government | \$ 885,049 |
| Public safety | 65,664 |
| Community development | 57,777 |
| Parks and recreation | 1,212,759 |
| Public works | 1,562,326 |
| Total | <u>\$ 3,783,575</u> |

CITY OF YORBA LINDA
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 4. Capital Assets (Continued)

| | Balance July 1, 2018 | Increases | Decreases | Balance June 30, 2019 |
|-------------------------------------------------|-------------------------|---------------------|-------------|--------------------------|
| Business-Type Activities | | | | |
| Capital Assets, Not Being Depreciated: | | | | |
| Land | \$ 12,721,948 | \$ - | \$ - | \$ 12,721,948 |
| Total Capital Assets Not Being Depreciated | <u>12,721,948</u> | <u>-</u> | <u>-</u> | <u>12,721,948</u> |
| Capital Assets, Being Depreciated: | | | | |
| Structures and improvements | 21,389,142 | 17,451 | - | 21,406,594 |
| Machinery and equipment | 2,568,813 | 139,839 | - | 2,708,652 |
| Total Capital Assets Being Depreciated | <u>23,957,955</u> | <u>157,290</u> | <u>-</u> | <u>24,115,246</u> |
| Less Accumulated Depreciation: | | | | |
| Structures and improvements | 10,143,758 | 599,885 | - | 10,743,643 |
| Machinery and equipment | 2,093,669 | 153,651 | - | 2,247,320 |
| Total Accumulated Depreciation | <u>12,237,427</u> | <u>753,536</u> | <u>-</u> | <u>12,990,963</u> |
| Total Capital Assets Being Depreciated, Net | <u>11,720,528</u> | <u>(596,246)</u> | <u>-</u> | <u>11,124,283</u> |
| Business-Type Activities Capital Assets, Net | <u>\$ 24,442,476</u> | <u>\$ (596,246)</u> | <u>\$ -</u> | <u>\$ 23,846,231</u> |

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

| | |
|---------------------------|-------------------|
| Business-Type Activities: | |
| Golf Course | <u>\$ 753,536</u> |

CITY OF YORBA LINDA
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 5. Long-Term Receivables

Loans Receivable (Net)

Contracts and notes receivable as of June 30, 2019, totaled \$41,038,038 and were recorded as follows in the Affordable Housing Fund:

Owner Participation Agreements

Yorba Linda Housing Partners, L.P.

In May 2006, the former Redevelopment Agency (the Agency) entered into an OPA with Yorba Linda Housing Partners, L.P. for the purchase and rehabilitation of a multi-family apartment complex now known as “Villa Plumosa Apartments.” The Project consists of substantially rehabilitating and developing the Property in order to create a 76-unit multi-family affordable rental housing comprised of a new community center, 52 two-bedroom units and 24 three-bedroom units subject to affordable housing restrictions. The Agency provided the developer with financial assistance by providing: (1) a loan of \$7,400,000 to assist in financing the acquisition of the property, and (2) a loan not to exceed \$5,376,000 to assist in financing the development of the project. In June 2008, the developer was granted an additional \$200,000 in loan proceeds from the Agency to comply with additional requirements placed upon the project by the Agency relating to ADA accessibility requirements. This brought the total maximum loan to \$12,976,000. The loan bears simple interest at 3% per annum and will be repaid over the 55-year covenant period. The Agreement also provides that payments toward principal and interest shall not commence until the operation of the project has generated residual receipts calculated annually. The outstanding balance at June 30, 2019, was \$16,928,425.

Affordable Housing Agreements

Evergreen Villas, L.P.

In December 2009, the former Redevelopment Agency entered into an Affordable Housing Agreement with Evergreen Villas, LP for the purchase and rehabilitation of a multi-family condominium complex commonly known as “Evergreen Condominiums”. The project consists of rehabilitating all 26 condominium units and offering them at rents affordable to and to be occupied by very low-income occupants. The Agency assisted in the development of the project by providing financial assistance in the form of a subordinate financing loan in an amount not to exceed \$3,254,200. This amount consists of the agreed upon value of the property of \$3,169,500 plus an amount not to exceed \$84,700 cash for certain property acquisition and development expenses associated with the project. The loan bears no interest and will be repaid over the 55-year covenant period from the close of escrow. In June 2010, the Agency provided further financial assistance in the form of a subordinate financing loan in the amount of \$196,140 for the developer’s acquisition and rehabilitation of an additional unit. In April 2011, the Agency expanded the program citywide, committing up to an additional \$9.0 million of housing funds for the acquisition and rehabilitations in various condominium complexes citywide that were experiencing high rates of foreclosure.

CITY OF YORBA LINDA
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 5. Long-term Receivables (Continued)

Affordable Housing Agreements (Continued)

Evergreen Villas, L.P. (Continued)

Additional amounts of \$744,142, \$494,516, \$1,329,009, and \$331,569 were loaned during fiscal years 2013-2014, 2014-2015, 2016-2017, and 2017-2018, respectively. The total outstanding balance at June 30, 2019, for Evergreen Villas was \$12,321,798.

National Community Renaissance of California, L.P.

In March 2011, the former Redevelopment Agency entered into an Affordable Housing Agreement with National Community Renaissance of California, LP for the construction of 69 apartment units for extremely low, very low, and low income residents. In June 2013, a second Affordable Housing Agreement was entered into to provide for an additional 54 units in a second phase of development. An Agency acquisition loan was made in an amount not to exceed \$5,075,250, secured by a promissory note that the developer was not obligated to pay until it has received its tax credits. At that time the entire loan amount was rolled into the balance of a development loan in an amount not to exceed \$3,257,227 towards the construction costs. An additional amount of \$480,271 was added to the loan in 2013. The developer will repay the loan over a period of 55 years from the date a certificate of occupancy is issued, with simple interest accruing at a maximum rate of 3% per annum and principal payments to be made from residual receipts generated by the project. In March 2017, the City entered into a second amendment to the agreement to add an additional \$2,000,000 to the loan balance, which was subject to funds availability when the City had sufficient housing funds on hand to make the loan. In September 2018, sufficient housing funds were available to the City and the additional loan was disbursed. The outstanding balance at June 30, 2019, was \$11,787,815.

Orange Housing Development Corporation

In December 2018, the City entered into an Affordable Housing and Property Disposition Agreement (AHA) with Orange Housing Development Corporation and C&C Development for the construction of a 48-unit senior apartment complex to be located at the corner of Lakeview Avenue and Altrudy Lane. The Project consists of affordable units for low, very low, and extremely low-income senior citizens, with a percentage of units set aside for senior veterans. Under the terms of the Agreement, the City will convey the property on which the project will be built to the developer, the value of which will be evidenced by a promissory note reflecting the appraised value of \$4,320,000. Additionally, the developer, which is the same parent entity as for the City's Agreement with Evergreen Villas LP, was authorized to reallocate up to \$2,382,050 of the funds from that project to this project through the resale of various condominium units. The loan for the value of the property will bear simple interest at 0.5% per annum and will be repaid over the 55-year covenant period.

CITY OF YORBA LINDA
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 5. Long-term Receivables (Continued)

Affordable Housing Agreements (Continued)

Orange Housing Development Corporation (Continued)

The Agreement also provides that payments toward principal and interest shall not commence until the operation of the project has generated residual receipts calculated annually, anticipated to be in 2028. As of June 30, 2019, conditions had not yet been met for there to be a balance owed under the Agreement.

Advances to Successor Agency of Former RDA

The advances to the Successor Agency of the former Redevelopment Agency (RDA) consist of \$6,035,572 for loans made to the former RDA to assist in various Redevelopment projects and a \$3,815,853 loan to make the SERAF payment. On January 3, 2017, the Yorba Linda City Council approved a settlement agreement with the State Department of Finance that, among other terms, memorialized a repayment schedule for the outstanding advances due to the City from the Successor Agency. Repayment of these advances had been delayed due to ongoing litigation between the City and the State. As a result of the settlement agreement, the Successor Agency is now allowed to request funds from the County Auditor/Controller via the Recognized Obligation Payment Schedule (ROPS) process to repay the advances from the City. As of June 30, 2019, the SERAF loan has been repaid in full. Payments on the non-SERAF loans are ongoing, with \$989,150 paid during the year ended June 30, 2019. Twenty percent of each payment is required to be transferred to the Affordable Housing Fund under the terms of the settlement agreement and the redevelopment dissolution law, with \$197,830 transferred during the year ended June 30, 2019. It is anticipated that the remaining balance on the projects loan of \$5,046,422 will be paid in full by June 30, 2022, as shown in the table below:

| Fiscal Year | |
|------------------------|-----------------|
| Ending June 30, | Projects |
| 2020 | 2,224,171 |
| 2021 | 2,224,171 |
| 2022 | 598,080 |
| | \$ 5,046,422 |

CITY OF YORBA LINDA
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 6. Interfund Receivables, Payables and Transfers

The composition of interfund balances as of June 30, 2019, was as follows:

a. Due To / From Other Funds

| Paying Funds | Amount | Receiving Funds | Amount |
|-----------------------------|--------------|--------------------------------|--------------|
| Major Governmental Funds | | Major Governmental Fund | |
| General Fund | \$ 3,120,138 | Miscellaneous Grants Fund | \$ 242,777 |
| Proprietary Fund | | Nonmajor Governmental Funds | |
| Black Gold Golf Course Fund | 2,543 | Traffic Safety Fund | 3,402 |
| | | CDBG Grant Fund | 79,543 |
| | | Proprietary Funds | |
| | | Black Gold Golf Course Fund | 2,794,416 |
| | | Community Center Catering Fund | 2,543 |
| | \$ 3,122,681 | | \$ 3,122,681 |

With the exception of the amount due from the Black Gold Golf Course Fund to the General Fund, interfund balances are the result of 1) short term borrowing to cover negative cash balances and operating shortages at June 30, 2019, or 2) the time lag between the dates that reimbursable expenditures occur and the dates the related revenues are received. All of these balances are expected to be reimbursed within the subsequent year.

The amount due from the Black Gold Golf Course Fund to the General Fund relates to a long-standing but decreasing negative cash position of the Black Gold Golf Course Fund. In the early years of operating the Black Gold Golf Course, the General Fund loaned funds totaling \$4,702,898 to the Black Gold Golf Course Fund for various capital projects. Interest has been accrued on this balance annually. During the 2013-2014 fiscal year, the then-outstanding balance of \$15,635,000 of the 2003 Revenue Bonds issued to construct the Golf Course was paid off using an interfund advance from the General Fund of \$14,060,986 and cash on hand with the City's bond trustee totaling \$1,574,014. The General Fund also funded related costs of the refunding totaling \$49,732. Interest has been accrued on the total initial advance balance of \$14,110,718 since that time. At the time of the bond repayment, the Golf Course had a negative cash position due to several years of operating losses. Once the bonds were repaid, those losses reversed, and the negative cash position began to be reduced and has continued to decline each year since. It is currently anticipated that cash will turn positive in approximately fiscal year 2025/26. See Note 6b to the basic financial statements for additional information regarding the payment plan for the outstanding advances.

CITY OF YORBA LINDA
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

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

b. Advances To / From Other Funds

| | Balance July 1, 2018 | Additions | Deletions | Balance June 30, 2019 |
|----------------------------|---------------------------------|------------------|------------------|----------------------------------|
| Advances from General Fund | \$ 19,975,754 | \$ 448,512 | \$ 94,407 | \$ 20,329,859 |

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

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

In approximately fiscal year 2025/26, when cash in the Black Gold Golf Course Fund is anticipated to turn positive, the outstanding advances from the General Fund will begin to be amortized based on the positive cash flow of the Golf Course. Based on recent performance, the anticipated payments would amount to approximately \$300,000 to \$600,000 per year, which would be primarily dependent on the amount of capital spending undertaken by the Golf Course in each year. It is currently the City Council’s intent for these advances to be repaid in full, utilizing all surplus cash generated by the Golf Course operation each year. City staff are currently evaluating the outstanding loans for the Golf Course, and City Council action is anticipated during fiscal year 2019/20 to implement a formalized repayment plan for these loans.

b. During the 2015-16 fiscal year, the General Fund advanced the Black Gold Golf Course Fund \$373,348 for the purchase of a new fleet of golf carts. The remaining outstanding balance was \$88,213 as of June 30, 2019.

The repayment schedule for this advance was set by the City Council at the time the advance was made. Regular payments have been made each year as indicated in the amortization schedule. The golf cart advance will be repaid in full in fiscal year 2019/20.

CITY OF YORBA LINDA
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

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

c. Interfund Transfers

| Receiving Funds | Amount | Paying Funds | Amount |
|-------------------------------------------|----------------------|-------------------------------------------|----------------------|
| Major Governmental Funds | | Major Governmental Funds | |
| General Fund | \$ 4,608,309 | General Fund | \$ 5,697,163 |
| Capital Improvements Fund | 13,627,481 | Public Library Fund | 4,873,289 |
| Landscape Maint. Assessment District Fund | 2,023,581 | Miscellaneous Grants Fund | 1,291,943 |
| Affordable Housing Fund | 197,830 | Capital Improvements Fund | 4,265,018 |
| | | Landscape Maint. Assessment District Fund | 36,342 |
| Nonmajor Governmental Funds | | Nonmajor Governmental Funds | |
| Gas Tax Fund | 46,107 | Gas Tax Fund | 1,480,647 |
| | | Traffic Safety Fund | 62,458 |
| | | Master Plan of Drainage Fund | 480,250 |
| | | COPS Fund | 158,774 |
| | | AQMD Fund | 97,340 |
| | | Park-in-Lieu Fund | 159,946 |
| | | RMRA Fund | 736,402 |
| | | Measure M Fund | 937,785 |
| | | PEG Access Fund | 137,135 |
| | | Traffic Signal Improvements Fund | 88,816 |
| | <u>\$ 20,503,308</u> | | <u>\$ 20,503,308</u> |
| Proprietary Fund | | Proprietary Fund | |
| Community Center Catering Fund | \$ 257 | Black Gold Golf Course Fund | \$ 257 |

The transfer to the Capital Improvements Fund in the amount of \$13,627,481 consisted of:

1. The transfer from the General Fund of \$3,504,521, which primarily related to temporary funding allocated from Special Reserves for the construction of the public improvements (primarily a parking garage) for the City's Town Center project. The majority of these funds are anticipated to be returned to Special Reserves from various anticipated payments related to the project – primarily parking in-lieu fees to be paid by the Town Center developer and future payments on the City's advances to the former Redevelopment Agency (see Note 5 to the basic financial statements), all of which will be deposited into Special Reserves per direction previously received from the City Council.
2. The transfer from the Public Library Fund of \$4,873,289 related to funding for the City's Library and Cultural Arts Center project, which is now under construction.

CITY OF YORBA LINDA
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

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

b. Interfund Transfers (Continued)

3. The transfers from the Miscellaneous Grants Fund of \$1,245,837 and other nonmajor governmental funds of \$4,003,834 were primarily for reimbursing the Capital Improvements Fund for capital expenditures.

The transfers to the Landscape Maintenance Assessment District Fund of \$2,023,581 included \$1,994,813 from the General Fund to cover the general benefit costs associated with landscape and lighting maintenance as well as certain capital projects for the conversion of turf medians to new drought-tolerant landscaping and \$28,768 from the AQMD fund for the purchase of a clean air vehicle.

The transfers to the General Fund of \$4,608,309 were primarily the result of transfers totaling \$4,265,018 from the Capital Improvements Fund to reimburse Special Reserves for prior expenditures for the Town Center project. The remaining \$343,291 of transfers included \$36,342 from the Landscape Maintenance Assessment District Fund to reimburse the General Fund for the cost of successful Proposition 218 votes for various local landscaping zones and \$306,949 from the nonmajor governmental funds to reimburse the General Fund for public safety services performed by the Orange County Sheriff's Department under the City's Police Services contract, engineering and administrative services in support of the City's street maintenance program as authorized under California Streets and Highway Code Section 2107.5, capital expenses and consulting services related to the City's Government Access Channel, and the purchase of clean air vehicles for the City's fleet.

The transfers to the Affordable Housing Fund consisted of \$197,830 from the General Fund to allocate 20% of a payment received from the Successor Agency on the outstanding loans to the Successor Agency as further discussed in note 5 to the basic financial statements.

The transfers to the nonmajor governmental funds consisted of \$46,107 to the Gas Tax Fund from the Miscellaneous Grants Fund to reimburse costs incurred that were subsequently funded by an external grant.

The transfer to the Community Center Catering Fund of \$257 was from the Black Gold Golf Course Fund to eliminate the fund's negative cash position as of December 31, 2018. Subsequently, the decision was made to fold this fund into the Black Gold Golf Course Fund as further discussed in Note 2a to the basic financial statements.

CITY OF YORBA LINDA
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 7. Long-Term Liabilities

a. Long-Term Liabilities – Governmental Activities

The following is a summary of changes in long-term liabilities of the City’s governmental activities for the fiscal year ended June 30, 2019:

| | Balance July 1, 2018 | Additions | Deletions | Balance June 30, 2019 | Due Within One Year |
|---------------------------------|-------------------------|----------------------|----------------------|--------------------------|------------------------|
| Lease Revenue Bonds | \$ - | \$ 14,645,000 | \$ - | \$ 14,645,000 | \$ 490,000 |
| Unamortized Bond Premium | - | 1,247,798 | 35,425 | 1,212,373 | 64,262 |
| Claims and Judgements | | | | | |
| Claims Liability | 125,006 | 118,737 | 60,306 | 183,437 | 60,306 |
| Workers Compensation | 946,465 | 78,516 | 203,695 | 821,286 | 203,695 |
| Compensated Absences | 1,083,343 | 953,544 | 863,822 | 1,173,065 | 819,391 |
| Net Pension Liability (Note 10) | 21,790,493 | 6,851,681 | 7,462,981 | 21,179,193 | - |
| OPEB Obligation (Note 11) | 27,087,094 | 3,369,945 | 8,052,249 | 22,404,790 | - |
| Total | <u>\$ 51,032,401</u> | <u>\$ 27,265,221</u> | <u>\$ 16,678,478</u> | <u>\$ 61,619,144</u> | <u>\$ 1,637,654</u> |

Lease Revenue Bonds

2018 Yorba Linda Public Financing Authority Lease Revenue Bonds – Series A

In December 2018, the Yorba Linda Municipal Financing Authority issued \$14,645,000 of lease revenue bonds to fund a portion of the construction costs of the new Yorba Linda Public Library facility. The bonds are payable from the lease payment revenues received by the Authority from the City as pledged under a trust indenture. The lease payments are a budgetary obligation of the Public Library Special Revenue Fund. However, the City has covenanted to appropriate sufficient funds to make the annual lease payments, which would include appropriations from the City’s General Fund in the event that the Library Special Revenue Fund were to have insufficient funds on hand to make the payments. The lease payments and corresponding bond debt service payments began on May 1, 2019. The bonds are current interest serial bonds maturing between May 1, 2020, and May 1, 2038, at interest rates ranging from 3.25% to 5.00% and with annual principal payments ranging from \$490,000 to \$1,095,000. The interest payments are due semi-annually on May 1 and November 1. The outstanding balance as of June 30, 2019, was \$14,645,000.

The annual requirements to amortize the outstanding bond indebtedness as of June 30, 2019, including interest, are as follows:

CITY OF YORBA LINDA
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 7. Long-Term Liabilities (Continued)

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

| <u>Fiscal Year Ending June 30,</u> | <u>Principal</u> | <u>Interest</u> |
|----------------------------------------|----------------------|---------------------|
| 2020 | \$ 490,000 | \$ 648,888 |
| 2021 | 515,000 | 624,388 |
| 2022 | 540,000 | 598,638 |
| 2023 | 570,000 | 571,638 |
| 2024 | 600,000 | 543,138 |
| 2025-2029 | 3,465,000 | 2,235,438 |
| 2030-2034 | 4,340,000 | 1,339,950 |
| 2035-2038 | 4,125,000 | 420,800 |
| Total | <u>\$ 14,645,000</u> | <u>\$ 6,982,875</u> |

Claims and Judgments

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

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

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

CITY OF YORBA LINDA
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 7. Long-Term Liabilities (Continued)

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

Claims and Judgments (Continued)

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

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

At June 30, 2019, various claims have been received by the City that the City has denied, but no action has yet been filed. Litigation is still pending on cases that the City believes are adequately covered as described in the following paragraphs. Small dollar claims and judgments are recorded as expenditures when paid.

A liability as of June 30, 2019, of \$1,004,723 is reported in the Statement of Net Position for general liability and workers’ compensation claims and judgments.

Changes in the claims and judgements liability balance for the fiscal years ended June 30, 2018 and 2019, including a provision for incurred but not reported claims were as follows:

| <u>Fiscal Year</u> <u>Ending June 30,</u> | <u>Claims Payable</u> <u>Beginning</u> | <u>Claims and</u> <u>Changes in</u> <u>Estimates</u> | <u>Claims</u> <u>Payments</u> | <u>Claims Payable</u> <u>Ending</u> |
|----------------------------------------------|-------------------------------------------|------------------------------------------------------------|----------------------------------|----------------------------------------|
| 2018 | \$ 1,504,346 | \$ 151,051 | \$ 583,926 | \$ 1,071,471 |
| 2019 | 1,071,471 | 197,253 | 264,001 | 1,004,723 |

CITY OF YORBA LINDA
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 7. Long-Term Liabilities (Continued)

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

Claims and Judgments (Continued)

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

Compensated Absences

The City's policies relating to compensated absences are described in Note 1 to the basic financial statements. This liability will be paid in the future from the General Fund or the Public Library Fund. While small amounts of personnel costs are allocated to other funds, the General Fund covers the compensated absences obligations of these other funds. The City Council has established and fully funded a Special Reserves account that offsets the General Fund's share of this liability. The Public Library Fund maintains operating reserves sufficient to fund its share of the liability. The outstanding balance at June 30, 2019, was \$1,173,065.

CITY OF YORBA LINDA
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 8. Operating Leases

Golf Car GPSI Lease

During fiscal year 2013-2014, the Black Gold Golf Course Enterprise Fund entered into an operating lease agreement with GPSI Leasing, LLC for 87 golf cart GPS system units for a period of four years, with an additional one-year extension. The total amount paid for the lease was \$24,534 for the fiscal year ended June 30, 2019. This was the final payment on the lease.

Note 9. Conduit Debt

During fiscal year 2000-2001, the Agency issued, on behalf of National CORE (Southern California Housing Corporation), the Yorba Linda Redevelopment Agency Multi-Family Housing Revenue Bonds 2000, Series A, in the principal amount of \$2,754,321. These bonds are not reflected in the City's long-term liabilities because they are special obligations payable solely from and secured by specific revenue sources described in the resolution and official statement of the issue. Neither the faith and credit nor the taxing power of the City, the former Redevelopment Agency, the State of California or any political subdivision thereof, is pledged for the payment of these bonds. The balance as of June 30, 2019, is \$1,676,644.

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

a. General Information about the Pension Plan

Plan Description

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

CITY OF YORBA LINDA
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

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

a. General Information about the Pension Plan (Continued)

Benefits Provided

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

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

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

Employees Covered

At June 30, 2018 (measurement date), the following employees were covered by the benefit terms for the Plan:

| | Miscellaneous |
|------------------------------------------------------------------|---------------|
| Inactive employees or beneficiaries currently receiving benefits | 144 |
| Inactive employees entitled to but not yet receiving benefits | 53 |
| Former employees currently working for another CalPERS agency | 57 |
| Active employees | 101 |
| Total | 355 |

CITY OF YORBA LINDA
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

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

a. General Information about the Pension Plan (Continued)

Contributions

Section 20814 (c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employees be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plans are determined annually on an actuarial basis of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

Employee contributions are based on the employee's annual covered salary. For the fiscal year ended June 30, 2019, the employee contribution rate was 7.00% for classic members hired before January 1, 2013, or who were hired after January 1, 2013 and had membership with a previous reciprocal retirement system; and 6.75% for PEPRAs members hired after January 1, 2013. The City was required to contribute \$3,121,422 for the fiscal year ended June 30, 2019.

b. CalPERS Net Pension Liability

The City's net pension liability for the Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of the Plan is measured as of June 30, 2018, using an annual actuarial valuation as of June 30, 2017 rolled forward to June 30, 2018 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

CITY OF YORBA LINDA
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

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

b. CalPERS Net Pension Liability (Continued)

Actuarial Assumptions

The total pension liability in the June 30, 2017 actuarial valuations were determined using the following actuarial assumptions:

| | |
|---------------------------|------------------------------------------------------|
| Valuation Date | June 30, 2017 |
| Measurement Date | June 30, 2018 |
| Actuarial Cost Method | Entry-Age Normal Cost Method |
| Actuarial Assumptions: | |
| Discount Rate | 7.15% |
| Inflation | 2.50% |
| Payroll Growth | 2.75% |
| Projected Salary Increase | 0.40% - 8.50% ⁽¹⁾ |
| Investment Rate of Return | 7.15% ⁽²⁾ |
| Mortality | Derived using CalPERS' Membership Data for all Funds |

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

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

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2017 valuation were based on the results of a December 2017 actuarial experience study for the period 1997 to 2015. Further details of the Experience Study can be found on the CalPERS website.

Discount Rate

The discount rate used to measure the total pension liability as of June 30, 2017 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. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.15% discount rate is adequate, and the use of the municipal bond rate calculation is not necessary. The long-term expected discount rate of 7.15% is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB 68 section.

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

CITY OF YORBA LINDA
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

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

b. CalPERS Net Pension Liability (Continued)

Discount Rate (Continued)

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ 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 assumed administrative expenses

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are net of administrative expenses.

| Asset Class ¹ | Assumed Asset Allocation | Real Return Years 1 - 10 ¹ | Real Return Years 11+ ³ |
|--------------------------|--------------------------------|------------------------------------------|---------------------------------------|
| Global Equity | 50.0% | 4.80% | 5.98% |
| Fixed Income | 28.0 | 1.00 | 2.62 |
| Inflation Sensitive | - | 0.77 | 1.81 |
| Private Equity | 8.0 | 6.30 | 7.23 |
| Real Estate | 13.0 | 3.75 | 4.93 |
| Liquidity | 1.0 | - | (0.92) |

¹ In the System's 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 2.00% used for this period

³ An expected inflation of 2.92% used for this period

CITY OF YORBA LINDA
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

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

c. Changes in the CalPERS Net Pension Liability

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

| | Increase (Decrease) | | Net Position |
|------------------------------------------------------------------|--------------------------------|------------------------------------|--------------------------------------|
| | Total Pension Liability (a) | Plan Fiduciary Net Position (b) | Liability/(Asset) (c) = (a) - (b) |
| Balance, June 30, 2017 (VD) | \$ 70,558,176 | \$ 48,767,683 | \$ 21,790,493 |
| Changes in Recognized for the Measurement Period: | | | |
| Service Cost | 1,458,002 | - | 1,458,002 |
| Interest on the Total Pension Liability | 4,969,509 | - | 4,969,509 |
| Changes in Benefit Terms | - | - | - |
| Differences between Expected and Actual Experience | 203,742 | - | 203,742 |
| Changes of Assumptions | (313,447) | - | (313,447) |
| Contribution from the Employer | - | 1,833,255 | (1,833,255) |
| Contributions from the Employees | - | 1,150,359 | (1,150,359) |
| Net Investment Income ² | - | 4,165,920 | (4,165,920) |
| Benefit Payments, including Refunds of Employee Contributions | (3,347,753) | (3,347,753) | - |
| Administrative Expense | - | (75,993) | 75,993 |
| Other Miscellaneous Income/(Expense) | - | (144,435) | 144,435 |
| Net Changes during 2017-18 | <u>2,970,053</u> | <u>3,581,353</u> | <u>(611,300)</u> |
| Balance, June 30, 2018 (MD) ¹ | <u>\$ 73,528,229</u> | <u>\$ 52,349,036</u> | <u>\$ 21,179,193</u> |

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

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

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

| | Discount Rate -1% (6.15%) | Current Discount Rate (7.15%) | Discount Rate +1% (8.15%) |
|-----------------------------------------|---------------------------------|----------------------------------|---------------------------------|
| Plan's Net Pension Liability/(Asset) | \$ 31,109,295 | \$ 21,179,193 | \$ 13,013,166 |

CITY OF YORBA LINDA
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

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

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

Plan Fiduciary Net Position

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

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

For the fiscal year ended June 30, 2019, the City recognized pension expense of \$2,584,201. At measurement date of June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--------------------------------------------------------------------------------------|-----------------------------------------------|----------------------------------------------|
| Pension contributions subsequent to measurement date | \$ 3,121,422 | \$ - |
| Changes of assumption | 1,582,329 | (218,463) |
| Differences between expected and actual experience | 142,002 | (303,286) |
| Net differences between projected and actual earnings on pension plan investments | 127,342 | - |
| Total | \$ 4,973,095 | \$ (521,749) |

The amount of \$3,121,422 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2020. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in future pension expense as follows:

| Fiscal Year Ended June 30, | Deferred Outflows (Inflows) of Resources |
|---------------------------------------|---------------------------------------------------------|
| 2020 | \$ 1,560,543 |
| 2021 | 416,777 |
| 2022 | (507,005) |
| 2023 | (140,391) |

CITY OF YORBA LINDA
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 11. Other Postemployment Employee Benefits

a. General Information about the Other Postemployment Benefits Plan

Plan Description

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

Benefits Provided

Eligible active employees are offered a choice of medical (including prescription drug coverage) plans through the CalPERS Health Program under the Public Employees' Medical and Hospital Care Act (PEMHCA). The City offers the same medical plans to eligible retirees except that once a retiree is eligible for Medicare, the retiree must join a Medicare HMO or Supplement Plan with Medicare being the primary payer. In addition, the City provides dental and vision coverage to eligible retirees. Retirees may elect coverage for their spouse and eligible dependents.

Contribution

Currently, the City contributes the minimum amount required by PEMHCA toward health insurance premiums for all retirees. For retirees hired prior to April 1, 2017, an additional contribution up to the average premium of HMO Plans offered by CalPERS is provided through a health reimbursement account. Retirees hired on or after April 1, 2017, only receive the minimum contribution required by PEMHCA. In addition, retirees hired prior to April 1, 2017, are eligible to participate in the City's dental and vision insurance plans at no cost. Retirees hired on or after April 1, 2017, are not eligible for dental or vision insurance coverage in retirement. These benefits are provided per contract between the City and the employee associations. The City was required to contribute \$2,107,584 and the total actual contribution was \$832,398 for fiscal year ended June 30, 2019.

Funding Policy

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

CITY OF YORBA LINDA
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 11. Other Postemployment Employee Benefits (Continued)

a. General Information about the Other Postemployment Benefits Plan (Continued)

Employees Covered

At June 30, 2018 (measurement date), the following employees were covered by the benefit term:

| | |
|------------------------------------------------------------------|-------------------|
| Inactive employees or beneficiaries currently receiving benefits | 66 |
| Inactive employees entitled to but not yet receiving benefits | 3 |
| Active employees | <u>112</u> |
| Total | <u><u>181</u></u> |

b. Net OPEB Liability

The net OPEB liability of the Plan was measured as of June 30, 2018, using an annual actuarial valuation as of January 1, 2018, rolled forward to June 30, 2018, in accordance with the parameters of GASB Statement No. 75.

Actuarial Assumptions

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

The net OPEB liability in the June 30, 2018 (measurement date) actuarial valuation was determined using the following actuarial assumptions:

| | |
|---------------------------|------------------------------------------------------|
| Valuation Date | January 1, 2018 |
| Measurement Date | June 30, 2018 |
| Actuarial Cost Method | Entry-Age Normal Cost Method |
| Actuarial Assumptions: | |
| Discount Rate | 4.68% |
| Inflation | 2.75% |
| Payroll Growth | 3.00% |
| Projected Salary Increase | 0.40% - 8.50% ⁽¹⁾ |
| Asset Return | 7.00% ⁽²⁾ |
| Mortality | Derived using CalPERS' Membership Data for all Funds |

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

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

CITY OF YORBA LINDA
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 11. Other Postemployment Employee Benefits (Continued)

b. Net OPEB Liability (Continued)

Discount Rate

The discount rate used to measure the total OPEB liability as of January 1, 2018 was 4.68%. The discount rate is a blended rate between the rate of return at 7.00% and 3.50%, the resulting rate using the average of three 20-year municipal bond rate indices: S&P Municipal Bond 20 Year High Grade Rate Index, Bond Buyer 20-Bond GO index and Fidelity GO AA 20 Year Bond Index

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan's target asset allocation as of June 30, 2018 are summarized in the following table:

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Long-term Expected Real Rate of Return</u> |
|---------------------|--------------------------|-----------------------------------------------|
| Global Equity | 57.0% | 5.50% |
| Global Fixed Income | 27.0 | 2.35 |
| Inflation Assets | 5.0 | 1.50 |
| Commodities | 3.0 | 1.75 |
| REITs | 8.0 | 3.65 |

CITY OF YORBA LINDA
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 11. Other Postemployment Employee Benefits (Continued)

c. Change in the Net OPEB Liability

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

| | Net OPEB Liability |
|------------------------------------------------------------------|-----------------------|
| Total OPEB Liability Balance, June 30, 2017 (MD) | \$ 27,320,233 |
| Service Cost | 1,616,456 |
| Interest | 1,051,971 |
| Differences between Expected and Actual Experience | (2,643,488) |
| Changes of Assumptions | (3,754,316) |
| Benefit Payments, including Refunds of Employee Contributions | (701,025) |
| Net Changes during 2017-18 | (4,430,402) |
| Total OPEB Liability Balance, June 30, 2018 (MD) | 22,889,831 |
| | |
| Plan Fiduciary Net Position | |
| Contribution from the Employer | 935,437 |
| Net Investment Income | 17,983 |
| Benefit Payments, including Refunds of Employee Contributions | (701,025) |
| Admin and Other Expense | (493) |
| Net Changes during 2017-18 | 251,902 |
| Plan Fiduciary Net Position - Beginning | 233,139 |
| Plan Fiduciary Net Position - Ending | 485,041 |
| Net OPEB Liability Balance, June 30, 2018 (MD) | \$ 22,404,790 |

CITY OF YORBA LINDA
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 11. Other Postemployment Employee Benefits (Continued)

c. Change in the Net OPEB Liability (Continued)

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

The following presents the net OPEB liability as of the measurement date, calculated using the discount rate of 4.68%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.68%) or 1-percentage-point higher (5.68%) than the current rate:

| | Discount Rate - 1% (3.68%) | Current Discount Rate (4.68%) | Discount Rate +1% (5.68%) |
|--------------------|---------------------------------------|------------------------------------------|--------------------------------------|
| Net OPEB Liability | \$ 26,159,106 | \$ 22,404,970 | \$ 19,393,010 |

Sensitivity of the Net OPEB Liability to changes in healthcare cost trend rates

The following presents the net OPEB liability as of the measurement date, as well as what net OPEB liability would be if it were calculated using a trend rate that is one percentage point lower or one percentage point higher than the current healthcare trend rate:

| | 1% Decrease | Current Healthcare Cost Trend Rates | 1% Increase |
|--------------------|----------------------------------------------------------------------------------|----------------------------------------------------------------------------------|----------------------------------------------------------------------------------|
| | (5.00% HMO/5.50 % PPO decreasing to 4.00% HMO/4.00 % PPO) | (6.00% HMO/6.5 0% PPO decreasing to 5.00% HMO/5.00 % PPO) | (7.00% HMO/7.5 0% PPO decreasing to 6.00% HMO/6.0 0% PPO) |
| Net OPEB Liability | \$ 18,974,842 | \$ 22,404,970 | \$ 26,784,296 |

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

For the fiscal year ended June 30, 2019, the City recognized OPEB expense of \$112,416. At measurement date of June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

CITY OF YORBA LINDA
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 11. Other Postemployment Employee Benefits (Continued)

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

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|--------------------------------------------------------------------------------------------------|-----------------------------------------------|----------------------------------------------|
| OPEB contributions subsequent to measurement date | \$ 832,398 | \$ - |
| Differences between expected and actual experience in measurement of the Total OPEB Liability | - | 1,982,616 |
| Changes of assumption | - | 4,687,225 |
| Differences between projected and actual earnings on OPEB plan investments | <u>10,901</u> | <u>-</u> |
| Total | <u>\$ 843,299</u> | <u>\$ 6,669,841</u> |

The amount of \$832,398 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the fiscal year ending June 30, 2020. Other amounts reported as deferred outflows and deferred inflows of resources related to OPEB will be recognized in future OPEB expense as follows:

| <u>Fiscal Year Ended June 30,</u> | <u>Deferred Outflows (Inflows) of Resources</u> |
|---------------------------------------|---------------------------------------------------------|
| 2020 | \$ (2,531,997) |
| 2021 | (2,531,995) |
| 2022 | (1,596,252) |
| 2023 | 1,304 |

CITY OF YORBA LINDA
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 12. Joint Ventures

Orange County Fire Authority

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

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

No determination has been made as to each participant's proportionate share of fund equity as of June 30, 2019. Upon dissolution of the Authority, all surplus money and property of the Authority will be conveyed or distributed to each member in proportion to all funds provided to the Authority by that member or by the County on behalf of that member during its membership. Complete financial statements may be obtained from the Orange County Fire Authority, 1 Fire Authority Road, Building A, Irvine, CA 92602.

Note 13. Commitments and Contingent Liabilities

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

CITY OF YORBA LINDA
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 13. Commitments and Contingent Liabilities (Continued)

- b. On July 17, 2012, the City entered into a contract with the Orange County Sheriff's Department for the provision of law enforcement services. This contract constitutes the single largest expenditure from the City's General Fund each year, representing approximately 30% of the General Fund budget. The contract is reimbursement-based, with a year-end reconciliation payment to adjust for actual costs.
- c. On April 19, 2016, the City entered into a Participation Agreement with the County of Orange to fund the City's proportionate share of the construction costs for the new regional animal shelter at the former Tustin Marine Corps Air Station. Under the Agreement, the City is obligated to pay a total of \$509,899 over a ten-year period, reflecting 1.87% of the construction costs for the shelter. The County is also charging the City interest at 0.81%. These payments are funded from the General Fund operating budget and are made on a quarterly basis. The outstanding balance was \$356,930 at June 30, 2019.
- d. On January 15, 2019, the City entered into an Agreement for Construction of Public Improvements with Orange Housing Development Corporation and C&C Development to rehabilitate the Trueblood House (collectively "the Developer"), a local historic property owned by the City. Under the Agreement, the Developer is required to rehabilitate the structure and the City is required to provide the Developer with funding in the amount of \$545,216.76 toward the costs of the rehabilitation. Payment of the City contribution is anticipated for the fiscal year ended June 30, 2020.

Note 14. Successor Agency Trust for Assets of Former Redevelopment Agency

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

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

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

CITY OF YORBA LINDA
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 14. Successor Agency Trust for Assets of Former Redevelopment Agency (Continued)

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

a. Cash and Investments

The following is a summary of Successor Agency cash and investments at June 30, 2019:

| | | |
|--------------------------------------------------------|----|-------------------------|
| Pooled cash and investments | \$ | 4,071,460 |
| Restricted cash and investments held with fiscal agent | | <u>4,299,942</u> |
| | \$ | <u><u>8,371,402</u></u> |

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

b. Long-Term Liabilities

A description of long-term liabilities outstanding (excluding defeased debt) of the Successor Agency as of June 30, 2019, follows:

| | <u>Balance July 1, 2018</u> | <u>Accreted Interest</u> | <u>Deletions</u> | <u>Balance June 30, 2019</u> | <u>Due Within One Year</u> |
|-------------------------------------------|---------------------------------|--------------------------|-----------------------|----------------------------------|--------------------------------|
| Tax Allocation Bonds | \$ 46,603,622 | \$ 1,119,607 | \$ (3,626,239) | \$ 44,096,990 | \$ 3,645,000 |
| Unamortized premium | 2,187,139 | - | (154,154) | 2,032,985 | 154,154 |
| Unamortized gain on defeasance | 3,675,329 | - | (259,045) | 3,416,284 | 259,045 |
| Unamortized discount | (68,038) | - | 4,795 | (63,243) | (4,795) |
| Advance from Housing Fund - SERAF Loan | 1,235,021 | - | 1,235,021 | - | - |
| Advance from City | <u>6,035,572</u> | <u>-</u> | <u>989,150</u> | <u>5,046,422</u> | <u>2,224,171</u> |
| Total | <u>\$ 59,668,645</u> | <u>\$ 1,119,607</u> | <u>\$ (1,810,472)</u> | <u>\$ 54,529,438</u> | <u>\$ 6,277,575</u> |

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

CITY OF YORBA LINDA
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 14. Successor Agency Trust for Assets of Former Redevelopment Agency (Continued)

b. Long-Term Liabilities (Continued)

Tax Allocation Bonds

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

1993 Tax Allocation Bonds

On December 15, 1993, the Yorba Linda Redevelopment Agency issued \$35,686,002 in 1993 Tax Allocation Bonds with interest rates ranging from 3.5% to 5.25% to advance refund \$17,115,000 of outstanding maturities of earlier debt issuances. Serial bonds totaling \$4,340,000 were payable in amounts ranging from \$265,000 to \$545,000 per year on September 1 of each year, commencing September 1, 1996, through September 1, 2008. Term bonds totaling \$12,205,000 and \$14,000,000 were due on September 1, 2014 and 2023, respectively, at an interest rate of 5.25%. The 2021-2023 maturities were refunded by the 2017 Tax Allocation Bonds. Capital appreciation serial bonds with an original amount totaling \$2,826,489 were due on each September 1, commencing September 1, 2014 through 2016. Capital appreciation term bonds with an original amount totaling \$2,314,513 are due on September 1, 2019. The outstanding balance, including the accreted value of \$2,508,063 of the capital appreciation term bonds, at June 30, 2019, was \$3,235,000.

The annual requirements to amortize the outstanding bond indebtedness as of June 30, 2019, including interest, are as follows:

| <u>Fiscal Year Ending June 30,</u> | <u>Principal</u> | <u>Interest</u> |
|----------------------------------------|---------------------|---------------------|
| 2020 | \$ 726,937 | \$ 2,508,063 |
| Total | <u>726,937</u> | <u>\$ 2,508,063</u> |
| Accretion | 2,508,063 | |
| Total | <u>\$ 3,235,000</u> | |

CITY OF YORBA LINDA
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 14. Successor Agency Trust for Assets of Former Redevelopment Agency (Continued)

b. Long-Term Liabilities (Continued)

1998 Tax Allocation Parity Refunding Bonds, Series A

On June 18, 1998, the Yorba Linda Redevelopment Agency issued \$17,131,503 in 1998 Tax Allocation Parity Refunding Bonds, Series A, with interest rates ranging from 4.05% to 5.00% to advance refund the remaining \$15,890,000 of outstanding 1989 Tax Allocation Bonds with interest rates ranging from 6.750% to 7.125%. Current interest serial bonds totaling \$12,645,000 were payable in amounts ranging from \$1,030,000 to \$2,025,000 per year on September 1 of each year, commencing September 1, 2002 through September 1, 2009. Capital appreciation serial bonds with an original amount totaling \$4,486,503 are due on each September 1, commencing September 1, 2024 through 2028. The outstanding balance, including the accreted value of \$9,125,487 of the capital appreciation bonds at June 30, 2019, was \$13,611,990.

The annual requirements to amortize the outstanding bond indebtedness as of June 30, 2019, including interest, are as follows:

| Fiscal Year Ending | Principal | Interest |
|---------------------------|----------------------|----------------------|
| <u>June 30,</u> | <u>Principal</u> | <u>Interest</u> |
| 2020 | \$ - | \$ - |
| 2021 | - | - |
| 2022 | - | - |
| 2023 | - | - |
| 2024 | - | - |
| 2025-2029 | 4,486,503 | 15,388,497 |
| Total | <u>4,486,503</u> | <u>\$ 15,388,497</u> |
| Accretion | 9,125,487 | |
| | <u>\$ 13,611,990</u> | |

CITY OF YORBA LINDA
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 14. Successor Agency Trust for Assets of Former Redevelopment Agency (Continued)

b. Long-Term Liabilities (Continued)

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

On August 24, 2017, the Successor Agency to the Yorba Linda Redevelopment Agency issued \$15,070,000 in tax-exempt Tax Allocation Refunding Bonds, Series A, with interest rates ranging from 3.000% to 5.000%, and \$12,570,000 in taxable Tax Allocation Refunding Bonds, Series B, with interest rates ranging from 1.500% to 3.625%. These bonds were issued to refund the following obligations of the former Redevelopment Agency:

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

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

CITY OF YORBA LINDA
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 14. Successor Agency Trust for Assets of Former Redevelopment Agency (Continued)

b. Long-Term Liabilities (Continued)

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

Current interest serial bonds for 2017 Tax Allocation Refunding Bonds Series A totaling \$14,965,000 are payable in amounts ranging from \$15,000 to \$3,275,000 per year on September 1 of each year, commencing on September 1, 2018, through September 1, 2032. A term bond of \$105,000 is due September 1, 2028. Current interest serial bonds for 2017 Tax Allocation Refunding Bonds Series B totaling \$12,570,000 are payable in amounts ranging from \$235,000 to \$3,290,000 per year on September 1 each year, commencing on September 1, 2018, through September 1, 2032. The outstanding balance at June 30, 2019, was \$27,250,000.

The annual requirements to amortize the outstanding bond indebtedness as of June 30, 2019, including interest, are as follows:

| <u>Fiscal Year Ending June 30,</u> | <u>Principal</u> | <u>Interest</u> |
|----------------------------------------|----------------------|---------------------|
| 2020 | \$ 410,000 | \$ 1,107,781 |
| 2021 | 3,040,000 | 1,032,338 |
| 2022 | 3,310,000 | 882,806 |
| 2023 | 3,460,000 | 723,975 |
| 2024 | 3,640,000 | 556,056 |
| 2025-2029 | 2,195,000 | 2,196,819 |
| 2030-2033 | 11,195,000 | 799,416 |
| Total | <u>\$ 27,250,000</u> | <u>\$ 7,299,191</u> |

CITY OF YORBA LINDA
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 14. Successor Agency Trust for Assets of Former Redevelopment Agency (Continued)

b. Long-Term Liabilities (Continued)

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

The former Redevelopment Agency Low and Moderate Housing Fund made a loan to the former Redevelopment Agency Projects Fund to make the SERAF payment that was due on May 10, 2010. As of June 30, 2019, this obligation has been repaid in full as further discussed in Note 5 to the basic financial statements.

Advances from City

The advances from the City consist of loans made to the former Redevelopment Agency to assist in various Redevelopment projects. The outstanding balance at June 30, 2019, was \$5,046,422, with payment in full expected over the next three fiscal years and concluding by June 30, 2022. Information regarding the repayment schedule for this advance can be found in Note 5 to the basic financial statements.

c. Insurance

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

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REQUIRED SUPPLEMENTARY INFORMATION



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CITY OF YORBA LINDA
Required Supplementary Information
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
General Fund
For the Fiscal Year Ended June 30, 2019

| | <u>Budgeted Amount</u> | | <u>Actual Amounts</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|-------------------------------------------------|------------------------|----------------------|---------------------------|-------------------------------------------------------------------|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues | | | | |
| Taxes | \$ 30,026,145 | \$ 30,749,293 | \$ 30,669,255 | \$ (80,038) |
| Licenses and permits | 1,841,588 | 1,738,500 | 1,758,173 | 19,673 |
| Intergovernmental | 207,295 | 504,712 | 612,078 | 107,366 |
| Charges for services | 3,653,194 | 3,675,184 | 3,699,460 | 24,276 |
| Investment income | 315,000 | 449,000 | 938,802 | 489,802 |
| Fines and forfeitures | 33,000 | 59,000 | 57,028 | (1,972) |
| Gain on sale of City property | - | 10,759 | 10,759 | - |
| Contributions to the Successor Agency | 100,000 | 225,000 | 227,444 | 2,444 |
| Miscellaneous | 160,000 | 225,525 | 362,028 | 136,503 |
| Total revenues | <u>36,336,222</u> | <u>37,636,973</u> | <u>38,335,027</u> | <u>698,054</u> |
| Expenditures | | | | |
| General government | 7,535,868 | 8,162,805 | 7,535,226 | 627,579 |
| Public safety | 12,172,688 | 12,014,247 | 11,774,157 | 240,090 |
| Community development | 3,202,569 | 3,289,475 | 2,839,186 | 450,289 |
| Parks and recreation | 6,895,973 | 7,193,608 | 6,652,263 | 541,345 |
| Public works | 4,522,153 | 5,076,460 | 4,026,642 | 1,049,818 |
| Capital outlay | 233,223 | 1,287,195 | 739,041 | 548,154 |
| Total expenditures | <u>34,562,474</u> | <u>37,023,790</u> | <u>33,566,515</u> | <u>3,457,275</u> |
| Excess of Revenues over (under) Expenditures | <u>1,773,748</u> | <u>613,183</u> | <u>4,768,512</u> | <u>4,155,329</u> |
| Other financing sources (uses): | | | | |
| Transfers in | 196,670 | 374,312 | 4,608,309 | 4,233,997 |
| Transfers out | <u>(1,903,002)</u> | <u>(20,423,599)</u> | <u>(5,697,163)</u> | <u>14,726,436</u> |
| Total other financing sources (uses) | <u>(1,706,332)</u> | <u>(20,049,287)</u> | <u>(1,088,854)</u> | <u>18,960,433</u> |
| Net change in fund balance | 67,416 | (19,436,104) | 3,679,658 | 23,115,762 |
| Fund balance at beginning of fiscal year | <u>50,824,909</u> | <u>50,824,909</u> | <u>50,824,909</u> | <u>-</u> |
| Fund balance at end of fiscal year | <u>\$ 50,892,325</u> | <u>\$ 31,388,805</u> | <u>\$ 54,504,567</u> | <u>\$ 23,115,762</u> |

See note to required supplementary information.

CITY OF YORBA LINDA
 Required Supplementary Information
 Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
 Affordable Housing Special Revenue Fund
 For the Fiscal Year Ended June 30, 2019

| | <u>Budgeted Amount</u> | | <u>Actual Amounts</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|-------------------------------------------------|------------------------|----------------------|---------------------------|-------------------------------------------------------------------|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues | | | | |
| Investment income | \$ 12,750 | \$ 12,750 | \$ 717,961 | \$ 705,211 |
| Miscellaneous | 1,035,021 | 1,035,021 | - | (1,035,021) |
| Total revenues | <u>1,047,771</u> | <u>1,047,771</u> | <u>717,961</u> | <u>(329,810)</u> |
| Expenditures | | | | |
| General government | 45,600 | 45,600 | 21,434 | 24,166 |
| Capital outlay | - | 2,000,000 | - | 2,000,000 |
| Total expenditures | <u>45,600</u> | <u>2,045,600</u> | <u>21,434</u> | <u>2,024,166</u> |
| Excess of Revenues over (under) Expenditures | <u>1,002,171</u> | <u>(997,829)</u> | <u>696,527</u> | <u>1,694,356</u> |
| Other financing sources (uses): | | | | |
| Transfers in | - | - | 197,830 | 197,830 |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>197,830</u> | <u>197,830</u> |
| Net change in fund balance | 1,002,171 | (997,829) | 894,357 | 1,892,186 |
| Fund balance at beginning of fiscal year | <u>44,642,518</u> | <u>44,642,518</u> | <u>44,642,518</u> | <u>-</u> |
| Fund balance at end of fiscal year | <u>\$ 45,644,689</u> | <u>\$ 43,644,689</u> | <u>\$ 45,536,875</u> | <u>\$ 1,892,186</u> |

See note to required supplementary information.

CITY OF YORBA LINDA
 Required Supplementary Information
 Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
 Miscellaneous Grants Special Revenue Fund
 For the Fiscal Year Ended June 30, 2019

| | <u>Budgeted Amount</u> | | <u>Actual Amounts</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|----------------------------------------------------|----------------------------|------------------------------|----------------------------|-------------------------------------------------------------------|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues | | | | |
| Intergovernmental | \$ 1,480,000 | \$ 1,480,000 | \$ 1,059,832 | \$ (420,168) |
| Developer participation | - | - | 735,939 | 735,939 |
| Miscellaneous | - | - | 111,172 | 111,172 |
| Total revenues | <u>1,480,000</u> | <u>1,480,000</u> | <u>1,906,943</u> | <u>426,943</u> |
| Other financing sources (uses): | | | | |
| Transfers out | <u>(1,480,000)</u> | <u>(3,173,472)</u> | <u>(1,291,943)</u> | <u>1,881,529</u> |
| Total other financing sources (uses) | <u>(1,480,000)</u> | <u>(3,173,472)</u> | <u>(1,291,943)</u> | <u>1,881,529</u> |
| Net change in fund balance | <u>-</u> | <u>(1,693,472)</u> | <u>615,000</u> | <u>2,308,472</u> |
| Fund balance (deficit) at beginning of fiscal year | <u>(794,022)</u> | <u>(794,022)</u> | <u>(794,022)</u> | <u>-</u> |
| Fund balance (deficit) at end of fiscal year | <u><u>\$ (794,022)</u></u> | <u><u>\$ (2,487,494)</u></u> | <u><u>\$ (179,022)</u></u> | <u><u>\$ 2,308,472</u></u> |

See note to required supplementary information.

CITY OF YORBA LINDA
 Required Supplementary Information
 Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
 Public Library Special Revenue Fund
 For the Fiscal Year Ended June 30, 2019

| | <u>Budgeted Amount</u> | | <u>Actual Amounts</u> | Variance with Final Budget Positive (Negative) |
|-------------------------------------------------|------------------------|-----------------------|---------------------------|-------------------------------------------------------------------|
| | <u>Original</u> | <u>Final</u> | | <u>(Negative)</u> |
| Revenues | | | | |
| Taxes | \$ 5,874,593 | \$ 5,874,593 | \$ 6,222,030 | \$ 347,437 |
| Intergovernmental | - | 27,000 | 17,000 | (10,000) |
| Charges for services | 90,500 | 90,500 | 130,000 | 39,500 |
| Investment income | 190,000 | 345,840 | 863,217 | 517,377 |
| Fines and forfeitures | 65,000 | 65,000 | 39,043 | (25,957) |
| Miscellaneous | - | - | 3,034 | 3,034 |
| Total revenues | <u>6,220,093</u> | <u>6,402,933</u> | <u>7,274,324</u> | <u>871,391</u> |
| Expenditures | | | | |
| Library | 4,388,562 | 4,921,755 | 4,523,472 | 398,283 |
| Capital outlay | 26,650 | 122,650 | 87,086 | 35,564 |
| Debt service: | | | | |
| Bond issuance cost | - | 321,311 | 321,311 | - |
| Total expenditures | <u>4,415,212</u> | <u>5,365,716</u> | <u>4,931,869</u> | <u>433,847</u> |
| Excess of Revenues over (under) Expenditures | <u>1,804,881</u> | <u>1,037,217</u> | <u>2,342,455</u> | <u>1,305,238</u> |
| Other financing sources (uses): | | | | |
| Issuance of debt | - | 15,892,798 | 15,892,798 | - |
| Transfers out | - | (38,157,670) | (4,873,289) | 33,284,381 |
| Total other financing sources (uses) | <u>-</u> | <u>(22,264,872)</u> | <u>11,019,509</u> | <u>33,284,381</u> |
| Net change in fund balances | 1,804,881 | (21,227,655) | 13,361,964 | 34,589,619 |
| Fund balance at beginning of fiscal year | <u>20,226,852</u> | <u>20,226,852</u> | <u>20,226,852</u> | <u>-</u> |
| Fund balance at end of fiscal year | <u>\$ 22,031,733</u> | <u>\$ (1,000,803)</u> | <u>\$ 33,588,816</u> | <u>\$ 34,589,619</u> |

See note to required supplementary information.

CITY OF YORBA LINDA
 Required Supplementary Information
 Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
 Landscape Maintenance Assessment District Special Revenue Fund
 For the Fiscal Year Ended June 30, 2019

| | <u>Budgeted Amount</u> | | <u>Actual Amounts</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|-------------------------------------------------|----------------------------|----------------------------|----------------------------|-------------------------------------------------------------------|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues | | | | |
| Taxes | \$ 6,975,575 | \$ 7,790,219 | \$ 7,896,251 | \$ 106,032 |
| Investment income | 50,080 | 50,000 | 211,510 | 161,510 |
| Miscellaneous | - | - | 18,063 | 18,063 |
| Total revenues | <u>7,025,655</u> | <u>7,840,219</u> | <u>8,125,824</u> | <u>285,605</u> |
| Expenditures | | | | |
| Public works | 7,893,980 | 8,406,281 | 7,509,584 | 896,697 |
| Capital outlay | 1,891,580 | 4,048,774 | 1,220,206 | 2,828,568 |
| Total expenditures | <u>9,785,560</u> | <u>12,455,055</u> | <u>8,729,790</u> | <u>3,725,265</u> |
| Excess of revenues over (under) expenditures | <u>(2,759,905)</u> | <u>(4,614,836)</u> | <u>(603,966)</u> | <u>4,010,870</u> |
| Other financing sources (uses): | | | | |
| Transfers in | 1,523,002 | 3,546,089 | 2,023,581 | (1,522,508) |
| Transfers out | - | (1,663,607) | (36,342) | 1,627,265 |
| Total other financing sources (uses) | <u>1,523,002</u> | <u>1,882,482</u> | <u>1,987,239</u> | <u>104,757</u> |
| Net change in fund balances | <u>(1,236,903)</u> | <u>(2,732,354)</u> | <u>1,383,273</u> | <u>4,115,627</u> |
| Fund balance at beginning of fiscal year | <u>6,055,669</u> | <u>6,055,669</u> | <u>6,055,669</u> | <u>-</u> |
| Fund balance at end of fiscal year | <u><u>\$ 4,818,766</u></u> | <u><u>\$ 3,323,315</u></u> | <u><u>\$ 7,438,942</u></u> | <u><u>\$ 4,115,627</u></u> |

See note to required supplementary information.

CITY OF YORBA LINDA
 Required Supplementary Information (Unaudited)
 For the Fiscal Year Ended June 30, 2019

1. Infrastructure Assets Reported Using the Modified Approach

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

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

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

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

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

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

| Fiscal Year | Pavement Condition Index (PCI) Rating | Estimated Preservation Costs | Actual Preservation Costs |
|--------------------|----------------------------------------------|-------------------------------------|----------------------------------|
| 2014-2015 | 76 | 6,100,000 | 2,300,000 |
| 2015-2016* | 83 | 4,500,000 | 4,700,000 |
| 2016-2017 | 83 | 4,500,000 | 2,900,000 |
| 2017-2018* | 80 | 4,800,000 | 2,000,000 |
| 2018-2019 | 80 | 4,800,000 | 2,800,000 |

*Denotes years condition assessment was performed.

CITY OF YORBA LINDA
 Required Supplementary Information (Unaudited) (Continued)
 For the Fiscal Year Ended June 30, 2019

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

| | Measurement Date <u>June 30, 2018</u> | Measurement Date <u>June 30, 2017</u> | Measurement Date <u>June 30, 2016</u> | Measurement Date <u>June 30, 2015</u> | Measurement Date <u>June 30, 2014**</u> |
|----------------------------------------------------------------------------|---------------------------------------------|---------------------------------------------|---------------------------------------------|---------------------------------------------|-----------------------------------------------|
| Total Pension Liability | | | | | |
| Service cost | \$ 1,458,002 | \$ 1,472,818 | \$ 1,318,758 | \$ 1,295,229 | \$ 1,290,965 |
| Interest on total pension liability | 4,969,509 | 4,762,222 | 4,610,554 | 4,439,809 | 4,254,542 |
| Changes in assumptions | (313,447) | 4,016,681 | - | (1,091,497) | - |
| Difference between expected and actual experience | 203,742 | (618,862) | (505,685) | (236,444) | - |
| Benefit payments, including refunds of employee contributions | (3,347,753) | (3,089,914) | (3,046,770) | (2,971,575) | (2,848,785) |
| Net change in total pension liability | 2,970,053 | 6,542,945 | 2,376,857 | 1,435,522 | 2,696,722 |
| Total pension liability - beginning | 70,558,176 | 64,015,231 | 61,638,374 | 60,202,852 | 57,506,130 |
| Total pension liability - ending (a) | <u>73,528,229</u> | <u>70,558,176</u> | <u>64,015,231</u> | <u>61,638,374</u> | <u>60,202,852</u> |
| Plan Fiduciary Net Position | | | | | |
| Contributions - employer | 1,833,255 | 1,483,366 | 1,186,312 | 1,121,845 | 1,245,275 |
| Contributions - employee | 1,150,359 | 1,062,547 | 979,418 | 925,172 | 636,643 |
| Net investment income | 4,165,920 | 4,935,247 | 222,302 | 995,586 | 6,731,502 |
| Benefit payments, including refunds of employee contributions | (3,347,753) | (3,089,914) | (3,046,770) | (2,971,575) | (2,848,785) |
| Net plan to plan resource movement | (122) | - | - | - | - |
| Administrative expense | (75,993) | (65,616) | (27,503) | - | - |
| Other miscellaneous income/(expense) | (144,313) | - | - | - | - |
| Net change in plan fiduciary net position | 3,581,353 | 4,325,630 | (686,241) | 20,234 | 5,764,635 |
| Plan fiduciary net position - beginning | 48,767,683 | 44,442,053 | 45,128,294 | 45,108,060 | 39,343,425 |
| Plan fiduciary net position - ending (b) | <u>52,349,036</u> | <u>48,767,683</u> | <u>44,442,053</u> | <u>45,128,294</u> | <u>45,108,060</u> |
| Plan net pension liability - ending (a) - (b) | <u>21,179,193</u> | <u>21,790,493</u> | <u>19,573,178</u> | <u>16,510,080</u> | <u>15,094,792</u> |
| Plan fiduciary net position as a percentage of the total pension liability | 71.20% | 69.12% | 69.42% | 73.21% | 74.93% |
| Covered payroll | 8,523,335 | 8,519,800 | 8,331,278 | 7,983,907 | 7,672,440 |
| Net pension liability as a percentage of covered payroll | 248.48% | 255.76% | 234.94% | 206.79% | 196.74% |

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

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

CITY OF YORBA LINDA
 Required Supplementary Information (Unaudited) (Continued)
 For the Fiscal Year Ended June 30, 2019

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

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

Benefit Changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2017 valuation date. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

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

3. Schedule of Pension Contributions – Last 10 Years*

| Fiscal year ended | <u>June 30, 2019</u> | <u>June 30, 2018</u> | <u>June 30, 2017</u> | <u>June 30, 2016</u> | <u>June 30, 2015</u> |
|-----------------------------------------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Actuarially determined contribution | \$ 3,121,422 | \$ 1,833,255 | \$ 1,483,366 | \$ 1,186,312 | \$ 1,121,845 |
| Contributions in relation to the actuarially determined contributions | <u>(3,121,422)</u> | <u>(1,833,255)</u> | <u>(1,483,366)</u> | <u>(1,186,312)</u> | <u>(1,121,845)</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Covered payroll | \$ 9,505,165 | \$ 8,523,335 | \$ 8,519,800 | \$ 8,331,278 | \$ 7,983,907 |
| Contributions as a percentage of covered payroll | 32.84% | 21.51% | 17.41% | 14.24% | 14.05% |

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

Notes to Schedule of Pension Contributions

| | |
|---------------------------|------------------------------------------------------|
| Valuation Date | June 30, 2017 |
| Measurement Date | June 30, 2018 |
| Amortization Method | Level Percent of Payroll |
| Actuarial Cost Method | Entry-Age Normal Cost Method |
| Actuarial Assumptions: | |
| Discount Rate | 7.15% |
| Inflation | 2.75% |
| Projected Salary Increase | 0.40% - 8.50% ⁽¹⁾ |
| Investment Rate of Return | 7.50% ⁽²⁾ |
| Mortality | Derived using CalPERS' Membership Data for all Funds |

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

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

CITY OF YORBA LINDA
 Required Supplementary Information (Unaudited) (Continued)
 For the Fiscal Year Ended June 30, 2019

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

| | Measurement Date June 30, 2018 | Measurement Date June 30, 2017 |
|-------------------------------------------------------------------------|-----------------------------------|-----------------------------------|
| Total OPEB Liability | | |
| Service cost | \$ 1,616,456 | \$ 1,559,082 |
| Interest on total OPEB liability | 1,051,971 | 879,863 |
| Differences between expected and actual experience | (2,643,488) | - |
| Changes in assumptions | (3,754,316) | (3,742,978) |
| Benefit payments, including refunds of employee contributions | (701,025) | (734,912) |
| Net change in total OPEB liability | (4,430,402) | (2,038,945) |
| Total OPEB liability - beginning | 27,320,233 | 29,359,178 |
| Total OPEB liability - ending (a) | <u>22,889,831</u> | <u>27,320,233</u> |
| Plan Fiduciary Net Position | | |
| Contributions - employer | 935,437 | 1,170,145 |
| Net investment income | 17,983 | 1,266 |
| Benefit payments, including refunds of employee contributions | (701,025) | (935,739) |
| Administrative expense | (184) | (1) |
| Other | (309) | - |
| Net change in plan fiduciary net position | 251,902 | 233,139 |
| Plan fiduciary net position - beginning | 233,139 | - |
| Plan fiduciary net position - ending (b) | <u>485,041</u> | <u>233,139</u> |
| Net OPEB liability - ending (a) - (b) | <u>\$22,404,790</u> | <u>\$27,087,094</u> |
| Plan fiduciary net position as a percentage of the total OPEB liability | 2.12% | 0.85% |
| Covered employee payroll | 9,188,893 | 8,029,800 |
| Net OPEB liability as a percentage of covered employee payroll | 243.82% | 337.33% |

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

CITY OF YORBA LINDA
 Required Supplementary Information (Unaudited) (Continued)
 For the Fiscal Year Ended June 30, 2019

5. Schedule of OPEB Contributions – Last 10 Years*

| Fiscal year ended | <u>June 30, 2019</u> | <u>June 30, 2018</u> |
|-----------------------------------------------------------------------|----------------------|----------------------|
| Actuarially determined contribution | \$ 2,107,584 | \$ 2,088,038 |
| Contributions in relation to the actuarially determined contributions | <u>(832,398)</u> | <u>(1,170,151)</u> |
| Contribution deficiency (excess) | <u>\$ 1,275,186</u> | <u>\$ 917,887</u> |
| | | |
| Covered employee payroll | \$ 9,188,893 | \$ 8,029,800 |
| | | |
| Contributions as a percentage of covered employee payroll | 9.06% | 14.57% |

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

Notes to Schedule of OPEB Contributions

| | |
|---------------------------|------------------------------------------------------|
| Valuation Date | January 1, 2018 |
| Measurement Date | June 30, 2018 |
| Amortization Method | Level Percent of Payroll |
| Actuarial Cost Method | Entry-Age Normal Cost Method |
| Actuarial Assumptions: | |
| Discount Rate | 4.68% |
| Inflation | 2.75% |
| Projected Salary Increase | 0.40% - 8.50% ⁽¹⁾ |
| Investment Rate of Return | 7.00% ⁽²⁾ |
| Mortality | Derived using CalPERS' Membership Data for all Funds |

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

⁽²⁾ Assumes the City invests in the CERBT under its investment allocation strategy 1

CITY OF YORBA LINDA
Note to Required Supplementary Information (Unaudited)
For the Fiscal Year Ended June 30, 2019

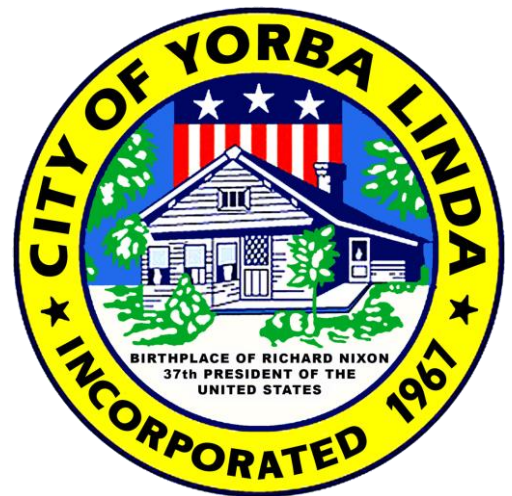
Note 1. Budgetary Data

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

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

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CITY OF YORBA LINDA

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
 Capital Improvements Capital Projects Fund
 For the Fiscal Year Ended June 30, 2019

| | Budgeted Amount | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|-------------------------------------------------|------------------|-------------------|-------------------|---------------------------------------------------------|
| | Original | Final | | |
| Revenues | | | | |
| Intergovernmental | \$ 1,480,000 | \$ 1,580,000 | \$ - | \$ (1,580,000) |
| Contributions from Successor Agency | - | - | 3,529,079 | 3,529,079 |
| Total revenues | 1,480,000 | 1,580,000 | 3,529,079 | 1,949,079 |
| Expenditures | | | | |
| Capital outlay | 5,050,000 | 73,498,851 | 12,891,542 | 60,607,309 |
| Total expenditures | 5,050,000 | 73,498,851 | 12,891,542 | 60,607,309 |
| Excess of Revenues over (under) Expenditures | (3,570,000) | (71,918,851) | (9,362,463) | 62,556,388 |
| Other financing sources (uses): | | | | |
| Transfers in | 3,570,000 | 71,924,864 | 13,627,481 | (58,297,383) |
| Transfers out | - | - | (4,265,018) | (4,265,018) |
| Total other financing sources (uses) | 3,570,000 | 71,924,864 | 9,362,463 | (62,562,401) |
| Net change in fund balance | - | 6,013 | - | (6,013) |
| Fund balance at beginning of fiscal year | - | - | - | - |
| Fund balance at end of fiscal year | \$ - | \$ 6,013 | \$ - | \$ (6,013) |

CITY OF YORBA LINDA
For the Fiscal Year Ended June 30, 2019

DESCRIPTION OF NONMAJOR FUNDS

Special Revenue Funds

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

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

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

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

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

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

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

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

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

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

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

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

CITY OF YORBA LINDA
For the Fiscal Year Ended June 30, 2019

Capital Projects Funds

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

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

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

CITY OF YORBA LINDA
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2019

| | Special Revenue Funds | | | | Special Revenue Funds | | | | Capital Projects Funds | | | Total Nonmajor Governmental Funds | |
|--------------------------------------------|-----------------------|-----------------|------------------|-------------------------------------|-----------------------|---------------------|---------------------|-----------------------------------|------------------------|-------------------------------------------|----------------------------|--------------------------------------------|-----------------------------------|
| | Gas Tax | Traffic Safety | CDBG Grant | Citizens Option Public Safety | AQMD | Park In-Lieu | Measure M | Mortgage Assistance Program | PEG | Road Maintenance and Rehabilitation | Master Plan of Drainage | | Traffic Signal Improvements |
| Assets: | | | | | | | | | | | | | |
| Pooled cash and investments | \$ 2,682,453 | \$ - | \$ - | \$ - | \$ 1,067,629 | \$ 4,617,659 | \$ 2,377,651 | \$ 319,575 | \$ 276,453 | \$ 731,135 | \$ 7,245,371 | \$ 2,091,535 | \$ 21,409,461 |
| Receivables: | | | | | | | | | | | | | |
| Accounts | - | - | - | - | - | - | - | - | 36,596 | - | - | - | 36,596 |
| Accrued interest | 8,490 | - | - | - | 4,541 | 13,391 | 12,764 | 1,663 | 772 | 1,728 | 31,388 | 6,860 | 81,597 |
| Due from other Governments | 128,248 | 3,402 | 79,543 | - | 23,243 | - | 158,624 | - | - | 226,221 | - | - | 619,281 |
| Total assets | <u>\$ 2,819,191</u> | <u>\$ 3,402</u> | <u>\$ 79,543</u> | <u>\$ -</u> | <u>\$ 1,095,413</u> | <u>\$ 4,631,050</u> | <u>\$ 2,549,039</u> | <u>\$ 321,238</u> | <u>\$ 313,821</u> | <u>\$ 959,084</u> | <u>\$ 7,276,759</u> | <u>\$ 2,098,395</u> | <u>\$ 22,146,935</u> |
| Liabilities and fund balances: | | | | | | | | | | | | | |
| Liabilities: | | | | | | | | | | | | | |
| Accounts payable | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Accrued liabilities | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Unearned revenue | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Due to other funds | - | 3,402 | 79,543 | - | - | - | - | - | - | - | - | - | 82,945 |
| Total liabilities | <u>-</u> | <u>3,402</u> | <u>79,543</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>82,945</u> |
| Fund balances: | | | | | | | | | | | | | |
| Restricted for: | | | | | | | | | | | | | |
| Parks and recreation | - | - | - | - | - | 4,631,050 | - | - | - | - | - | - | 4,631,050 |
| Public works | 2,819,191 | - | - | - | 1,095,413 | - | 2,549,039 | - | - | 959,084 | 7,276,759 | 2,098,395 | 16,797,881 |
| Low and moderate housing | - | - | - | - | - | - | - | 321,238 | - | - | - | - | 321,238 |
| PEG projects | - | - | - | - | - | - | - | - | 313,821 | - | - | - | 313,821 |
| Total fund balances | <u>2,819,191</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>1,095,413</u> | <u>4,631,050</u> | <u>2,549,039</u> | <u>321,238</u> | <u>313,821</u> | <u>959,084</u> | <u>7,276,759</u> | <u>2,098,395</u> | <u>22,063,990</u> |
| Total liabilities and fund balances | <u>\$ 2,819,191</u> | <u>\$ 3,402</u> | <u>\$ 79,543</u> | <u>\$ -</u> | <u>\$ 1,095,413</u> | <u>\$ 4,631,050</u> | <u>\$ 2,549,039</u> | <u>\$ 321,238</u> | <u>\$ 313,821</u> | <u>\$ 959,084</u> | <u>\$ 7,276,759</u> | <u>\$ 2,098,395</u> | <u>\$ 22,146,935</u> |

CITY OF YORBA LINDA
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
Fiscal Year Ended June 30, 2019

| | Special Revenue Funds | | | | | Special Revenue Funds | | | | Capital Projects Funds | | Total Nonmajor Governmental Funds | |
|---------------------------------------------|-----------------------|-----------------|----------------|-------------------------------|---------------------|-----------------------|---------------------|-----------------------------|-------------------|-------------------------------------|-------------------------|-----------------------------------|-----------------------------|
| | Gas Tax | Traffic Safety | CDBG Grant | Citizens Option Public Safety | AQMD | Park In-Lieu | Measure M | Mortgage Assistance Program | PEG | Road Maintenance and Rehabilitation | Master Plan of Drainage | | Traffic Signal Improvements |
| Revenues: | | | | | | | | | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - | \$ - | - | \$ - | \$ - | 150,895 | \$ - | - | - | \$ 150,895 |
| Intergovernmental | 1,425,520 | - | 138,272 | 155,686 | 89,654 | - | 1,081,798 | - | - | 1,267,554 | - | - | 4,158,484 |
| Investment income | 69,233 | - | - | 3,088 | 36,861 | 121,578 | 100,282 | 11,540 | 10,185 | 21,369 | 249,187 | 59,596 | 682,919 |
| Fines and forfeitures | - | 62,458 | - | - | - | - | - | - | - | - | - | - | 62,458 |
| Developer participation | - | - | - | - | - | 2,252,790 | - | - | - | - | 140,000 | 666,066 | 3,058,856 |
| Miscellaneous | 17,250 | - | - | - | - | - | - | - | - | - | - | - | 17,250 |
| Total revenues | <u>1,512,003</u> | <u>62,458</u> | <u>138,272</u> | <u>158,774</u> | <u>126,515</u> | <u>2,374,368</u> | <u>1,182,080</u> | <u>11,540</u> | <u>161,080</u> | <u>1,288,923</u> | <u>389,187</u> | <u>725,662</u> | <u>8,130,862</u> |
| Expenditures: | | | | | | | | | | | | | |
| Community development | - | - | 138,272 | - | - | - | - | 50,000 | - | - | - | - | 188,272 |
| Total expenditures | <u>-</u> | <u>-</u> | <u>138,272</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>50,000</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>188,272</u> |
| Excess of revenues over expenditures | 1,512,003 | 62,458 | - | 158,774 | 126,515 | 2,374,368 | 1,182,080 | (38,460) | 161,080 | 1,288,923 | 389,187 | 725,662 | 7,942,590 |
| Other financing sources (uses): | | | | | | | | | | | | | |
| Transfers in | 46,107 | - | - | - | - | - | - | - | - | - | - | - | 46,107 |
| Transfers out | (1,480,647) | (62,458) | - | (158,774) | (97,340) | (159,946) | (937,785) | - | (137,135) | (736,402) | (480,250) | (88,816) | (4,339,553) |
| Total other financing sources (uses) | <u>(1,434,540)</u> | <u>(62,458)</u> | <u>-</u> | <u>(158,774)</u> | <u>(97,340)</u> | <u>(159,946)</u> | <u>(937,785)</u> | <u>-</u> | <u>(137,135)</u> | <u>(736,402)</u> | <u>(480,250)</u> | <u>(88,816)</u> | <u>(4,293,446)</u> |
| Net change in fund balances | 77,463 | - | - | - | 29,175 | 2,214,422 | 244,295 | (38,460) | 23,945 | 552,521 | (91,063) | 636,846 | 3,649,144 |
| Fund balances at beginning of fiscal year | 2,741,728 | - | - | - | 1,066,238 | 2,416,628 | 2,304,744 | 359,698 | 289,876 | 406,563 | 7,367,822 | 1,461,549 | 18,414,846 |
| Fund balances at end of fiscal year | <u>\$ 2,819,191</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 1,095,413</u> | <u>\$ 4,631,050</u> | <u>\$ 2,549,039</u> | <u>\$ 321,238</u> | <u>\$ 313,821</u> | <u>\$ 959,084</u> | <u>\$ 7,276,759</u> | <u>\$ 2,098,395</u> | <u>\$ 22,063,990</u> |

CITY OF YORBA LINDA

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

Gas Tax Special Revenue Fund

For the Fiscal Year Ended June 30, 2019

| | <u>Final Budget</u> | <u>Actual Amounts</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|---------------------------------------------|----------------------------|----------------------------|-------------------------------------------------------------------|
| Revenues | | | |
| Intergovernmental | \$ 1,525,989 | \$ 1,425,520 | \$ (100,469) |
| Investment income | 30,000 | 69,233 | 39,233 |
| Miscellaneous | - | 17,250 | 17,250 |
| Total revenues | <u>1,555,989</u> | <u>1,512,003</u> | <u>(43,986)</u> |
| Other financing sources (uses): | | | |
| Transfers in | - | 46,107 | 46,107 |
| Transfers out | (2,189,025) | (1,480,647) | 708,378 |
| Total other financing sources (uses) | <u>(2,189,025)</u> | <u>(1,434,540)</u> | <u>754,485</u> |
| Net change in fund balance | (633,036) | 77,463 | 710,499 |
| Fund balance at beginning of fiscal year | <u>2,741,728</u> | <u>2,741,728</u> | <u>-</u> |
| Fund balance at end of fiscal year | <u><u>\$ 2,108,692</u></u> | <u><u>\$ 2,819,191</u></u> | <u><u>\$ 710,499</u></u> |

CITY OF YORBA LINDA

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

Traffic Safety Special Revenue Fund

For the Fiscal Year Ended June 30, 2019

| | Final Budget | Actual Amounts | Variance with Final Budget Positive (Negative) |
|---------------------------------------------|-------------------------|---------------------------|-------------------------------------------------------------------|
| Revenues | | | |
| Fines and forfeitures | \$ 85,000 | \$ 62,458 | \$ (22,542) |
| Total revenues | 85,000 | 62,458 | (22,542) |
| Other financing sources (uses): | | | |
| Transfers out | (85,000) | (62,458) | 22,542 |
| Total other financing sources (uses) | (85,000) | (62,458) | 22,542 |
| Net change in fund balance | - | - | - |
| Fund balance at beginning of fiscal year | - | - | - |
| Fund balance at end of fiscal year | \$ - | \$ - | \$ - |

CITY OF YORBA LINDA

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
 CDBG Grant Special Revenue Fund
 For the Fiscal Year Ended June 30, 2019

| | <u>Final Budget</u> | <u>Actual Amounts</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|--------------------------------------------------------------|----------------------------|---------------------------|-------------------------------------------------------------------|
| Revenues | | | |
| Intergovernmental | <u>\$ 235,791</u> | <u>\$ 138,272</u> | <u>\$ (97,519)</u> |
| Total revenues | <u>235,791</u> | <u>138,272</u> | <u>(97,519)</u> |
| Expenditures | | | |
| Community development | <u>280,041</u> | <u>138,272</u> | <u>141,769</u> |
| Total expenditures | <u>280,041</u> | <u>138,272</u> | <u>141,769</u> |
| Excess (Deficiency) of revenues over (under) expenditures | <u>(44,250)</u> | <u>-</u> | <u>44,250</u> |
| Other financing sources (uses): | | | |
| Transfers out | <u>(90,000)</u> | <u>-</u> | <u>90,000</u> |
| Total other financing sources (uses) | <u>(90,000)</u> | <u>-</u> | <u>90,000</u> |
| Net change in fund balance | <u>(134,250)</u> | <u>-</u> | <u>134,250</u> |
| Fund balance at beginning of fiscal year | <u>-</u> | <u>-</u> | <u>-</u> |
| Fund balance at end of fiscal year | <u><u>\$ (134,250)</u></u> | <u><u>\$ -</u></u> | <u><u>\$ 134,250</u></u> |

CITY OF YORBA LINDA

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
 Citizens Option for Public Safety Special Revenue Fund
 For the Fiscal Year Ended June 30, 2019

| | <u>Final Budget</u> | <u>Actual Amounts</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|---------------------------------------------|-------------------------|---------------------------|-------------------------------------------------------------------|
| Revenues | | | |
| Intergovernmental | \$ 100,000 | \$ 155,686 | \$ 55,686 |
| Investment income | - | 3,088 | 3,088 |
| Total revenues | <u>100,000</u> | <u>158,774</u> | <u>58,774</u> |
| Other financing sources (uses): | | | |
| Transfers out | <u>(100,000)</u> | <u>(158,774)</u> | <u>(58,774)</u> |
| Total other financing sources (uses) | <u>(100,000)</u> | <u>(158,774)</u> | <u>(58,774)</u> |
| Net change in fund balance | - | - | - |
| Fund balance at beginning of fiscal year | <u>-</u> | <u>-</u> | <u>-</u> |
| Fund balance at end of fiscal year | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> |

CITY OF YORBA LINDA

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

AQMD Special Revenue Fund

For the Fiscal Year Ended June 30, 2019

| | <u>Final Budget</u> | <u>Actual Amounts</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|---------------------------------------------|--------------------------|----------------------------|-------------------------------------------------------------------|
| Revenues | | | |
| Intergovernmental | \$ 85,000 | \$ 89,654 | \$ 4,654 |
| Investment income | 10,000 | 36,861 | 26,861 |
| Total revenues | <u>95,000</u> | <u>126,515</u> | <u>31,515</u> |
| Other financing sources (uses): | | | |
| Transfers out | <u>(226,000)</u> | <u>(97,340)</u> | <u>128,660</u> |
| Total other financing sources (uses) | <u>(226,000)</u> | <u>(97,340)</u> | <u>128,660</u> |
| Net change in fund balance | (131,000) | 29,175 | 160,175 |
| Fund balance at beginning of fiscal year | <u>1,066,238</u> | <u>1,066,238</u> | <u>-</u> |
| Fund balance at end of fiscal year | <u><u>\$ 935,238</u></u> | <u><u>\$ 1,095,413</u></u> | <u><u>\$ 160,175</u></u> |

CITY OF YORBA LINDA

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

Park In-Lieu Special Revenue Fund

For the Fiscal Year Ended June 30, 2019

| | Final Budget | Actual Amounts | Variance with Final Budget Positive (Negative) |
|---------------------------------------------|----------------------------|----------------------------|-------------------------------------------------------------------|
| Revenues | | | |
| Investment income | \$ 20,000 | \$ 121,578 | \$ 101,578 |
| Developer participation | 800,000 | 2,252,790 | 1,452,790 |
| Total revenues | <u>820,000</u> | <u>2,374,368</u> | <u>1,554,368</u> |
| Other financing sources (uses): | | | |
| Transfers out | <u>(4,186,027)</u> | <u>(159,946)</u> | <u>4,026,081</u> |
| Total other financing sources (uses) | <u>(4,186,027)</u> | <u>(159,946)</u> | <u>4,026,081</u> |
| Net change in fund balance | (3,366,027) | 2,214,422 | 5,580,449 |
| Fund balance at beginning of fiscal year | <u>2,416,628</u> | <u>2,416,628</u> | <u>-</u> |
| Fund balance at end of fiscal year | <u><u>\$ (949,399)</u></u> | <u><u>\$ 4,631,050</u></u> | <u><u>\$ 5,580,449</u></u> |

CITY OF YORBA LINDA

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
 Measure M Special Revenue Fund
 For the Fiscal Year Ended June 30, 2019

| | <u>Final Budget</u> | <u>Actual Amounts</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|---------------------------------------------|----------------------------|----------------------------|-------------------------------------------------------------------|
| Revenues | | | |
| Intergovernmental | \$ 1,044,918 | \$ 1,081,798 | \$ 36,880 |
| Investment income | 30,000 | 100,282 | 70,282 |
| Total revenues | <u>1,074,918</u> | <u>1,182,080</u> | <u>107,162</u> |
| Other financing sources (uses): | | | |
| Transfers out | <u>(3,501,974)</u> | <u>(937,785)</u> | <u>2,564,189</u> |
| Total other financing sources (uses) | <u>(3,501,974)</u> | <u>(937,785)</u> | <u>2,564,189</u> |
| Net change in fund balance | (2,427,056) | 244,295 | 2,671,351 |
| Fund balance at beginning of fiscal year | <u>2,304,744</u> | <u>2,304,744</u> | <u>-</u> |
| Fund balance at end of fiscal year | <u><u>\$ (122,312)</u></u> | <u><u>\$ 2,549,039</u></u> | <u><u>\$ 2,671,351</u></u> |

CITY OF YORBA LINDA

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Mortgage Assistance Program Special Revenue Fund
For the Fiscal Year Ended June 30, 2019

| | <u>Final Budget</u> | <u>Actual Amounts</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|-------------------------------------------------|-------------------------|---------------------------|-------------------------------------------------------------------|
| Revenues | | | |
| Investment income | \$ 6,000 | \$ 11,540 | \$ 5,540 |
| Total revenues | <u>6,000</u> | <u>11,540</u> | <u>5,540</u> |
| Expenditures | | | |
| Community development | <u>301,000</u> | <u>50,000</u> | <u>251,000</u> |
| Total expenditures | <u>301,000</u> | <u>50,000</u> | <u>251,000</u> |
| Excess of Revenues over (under) Expenditures | (295,000) | (38,460) | 256,540 |
| Fund balance at beginning of fiscal year | <u>359,698</u> | <u>359,698</u> | <u>-</u> |
| Fund balance at end of fiscal year | <u><u>\$ 64,698</u></u> | <u><u>\$ 321,238</u></u> | <u><u>\$ 256,540</u></u> |

CITY OF YORBA LINDA

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

PEG Special Revenue Fund

For the Fiscal Year Ended June 30, 2019

| | <u>Final Budget</u> | <u>Actual Amounts</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|---------------------------------------------|--------------------------|---------------------------|-------------------------------------------------------------------|
| Revenues | | | |
| Taxes | \$ 164,000 | \$ 150,895 | \$ (13,105) |
| Investment income | 4,000 | 10,185 | 6,185 |
| Total revenues | <u>168,000</u> | <u>161,080</u> | <u>(6,920)</u> |
| Other financing sources (uses): | | | |
| Transfers out | <u>(337,406)</u> | <u>(137,135)</u> | <u>200,271</u> |
| Total other financing sources (uses) | <u>(337,406)</u> | <u>(137,135)</u> | <u>200,271</u> |
| Net change in fund balance | (169,406) | 23,945 | 193,351 |
| Fund balance at beginning of fiscal year | <u>289,876</u> | <u>289,876</u> | - |
| Fund balance at end of fiscal year | <u><u>\$ 120,470</u></u> | <u><u>\$ 313,821</u></u> | <u><u>\$ 193,351</u></u> |

CITY OF YORBA LINDA

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
 Road Maintenance and Rehabilitation Special Revenue Fund
 For the Fiscal Year Ended June 30, 2019

| | <u>Final Budget</u> | <u>Actual Amounts</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|---------------------------------------------|----------------------------|---------------------------|-------------------------------------------------------------------|
| Revenues | | | |
| Intergovernmental | \$ 1,146,399 | \$ 1,267,554 | \$ 121,155 |
| Investment income | - | 21,369 | 21,369 |
| Total revenues | <u>1,146,399</u> | <u>1,288,923</u> | <u>142,524</u> |
| Other financing sources (uses): | | | |
| Transfers out | <u>(1,665,365)</u> | <u>(736,402)</u> | <u>928,963</u> |
| Total other financing sources (uses) | <u>(1,665,365)</u> | <u>(736,402)</u> | <u>928,963</u> |
| Net change in fund balance | (518,966) | 552,521 | 1,071,487 |
| Fund balance at beginning of fiscal year | <u>406,563</u> | <u>406,563</u> | <u>-</u> |
| Fund balance at end of fiscal year | <u><u>\$ (112,403)</u></u> | <u><u>\$ 959,084</u></u> | <u><u>\$ 1,071,487</u></u> |

CITY OF YORBA LINDA

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
 Master Plan of Drainage Capital Projects Fund
 For the Fiscal Year Ended June 30, 2019

| | <u>Final Budget</u> | <u>Actual Amounts</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|---------------------------------------------|----------------------------|----------------------------|-------------------------------------------------------------------|
| Revenues | | | |
| Investment income | \$ 80,000 | \$ 249,187 | \$ 169,187 |
| Developer participation | <u>620,000</u> | <u>140,000</u> | <u>(480,000)</u> |
| Total revenues | <u>700,000</u> | <u>389,187</u> | <u>(310,813)</u> |
| Other financing sources (uses): | | | |
| Transfers out | <u>(480,250)</u> | <u>(480,250)</u> | <u>-</u> |
| Total other financing sources (uses) | <u>(480,250)</u> | <u>(480,250)</u> | <u>-</u> |
| Net change in fund balance | 219,750 | (91,063) | (310,813) |
| Fund balance at beginning of fiscal year | <u>7,367,822</u> | <u>7,367,822</u> | <u>-</u> |
| Fund balance at end of fiscal year | <u><u>\$ 7,587,572</u></u> | <u><u>\$ 7,276,759</u></u> | <u><u>\$ (310,813)</u></u> |

CITY OF YORBA LINDA

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
 Traffic Signal Improvements Capital Projects Fund
 For the Fiscal Year Ended June 30, 2019

| | <u>Final Budget</u> | <u>Actual Amounts</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|---------------------------------------------|--------------------------|----------------------------|-------------------------------------------------------------------|
| Revenues | | | |
| Investment income | \$ 17,000 | \$ 59,596 | \$ 42,596 |
| Developer participation | 97,000 | 666,066 | 569,066 |
| Total revenues | <u>114,000</u> | <u>725,662</u> | <u>611,662</u> |
| Other financing sources (uses): | | | |
| Transfers in | - | - | - |
| Transfers out | <u>(1,089,454)</u> | <u>(88,816)</u> | <u>1,000,638</u> |
| Total other financing sources (uses) | <u>(1,089,454)</u> | <u>(88,816)</u> | <u>1,000,638</u> |
| Net change in fund balance | (975,454) | 636,846 | 1,612,300 |
| Fund balance at beginning of fiscal year | <u>1,461,549</u> | <u>1,461,549</u> | <u>-</u> |
| Fund balance at end of fiscal year | <u><u>\$ 486,095</u></u> | <u><u>\$ 2,098,395</u></u> | <u><u>\$ 1,612,300</u></u> |

CITY OF YORBA LINDA
Combining Statement of Changes in Assets and Liabilities
Fiduciary Fund - Agency Fund
For the Fiscal Year Ended June 30, 2019

| | <u>Balance</u> <u>July 1, 2018</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance</u> <u>June 30, 2019</u> |
|-----------------------------|---------------------------------------|---------------------|---------------------|----------------------------------------|
| <u>Deposits</u> | | | | |
| Assets: | | | | |
| Pooled cash and investments | \$ 1,550,402 | \$ 2,306,831 | \$ 2,488,908 | \$ 1,368,325 |
| Total assets | <u>1,550,402</u> | <u>2,306,831</u> | <u>2,488,908</u> | <u>1,368,325</u> |
| Liabilities: | | | | |
| Accounts payable | 147,294 | 2,262,133 | 2,243,092 | 166,335 |
| Deposits payable | <u>1,403,108</u> | <u>2,497,734</u> | <u>2,698,852</u> | <u>1,201,990</u> |
| Total liabilities | <u>\$ 1,550,402</u> | <u>\$ 4,759,867</u> | <u>\$ 4,941,944</u> | <u>\$ 1,368,325</u> |

STATISTICAL SECTION



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STATISTICAL SECTION

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

| Contents | Page |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|
| Financial Trends | 114 |
| <i>These schedules contain trend information to help the reader understand how the government’s financial performance and well-being have changed over time.</i> | |
| Revenue Capacity | 124 |
| <i>These schedules contain information to help the reader assess the government’s most significant local revenue source, the property tax.</i> | |
| Debt Capacity | 128 |
| <i>These schedules present information to help the reader assess the affordability of the government’s current levels of outstanding debt and the government’s ability to issue additional debt in the future.</i> | |
| Demographic and Economic Information | 133 |
| <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the government’s financial activities take place.</i> | |
| Operating Information | 136 |
| <i>These schedules contain service and infrastructure data to help the reader understand how the information in the government’s financial report relates to the services the government provides and the activities it performs.</i> | |

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

Table 1
CITY OF YORBA LINDA
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

| | Fiscal Year | | | | |
|--------------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | 2010 | 2011 | 2012 | 2013 | 2014 |
| Governmental activities | | | | | |
| Net investment in capital assets | \$ 297,170,718 | \$ 306,781,469 | \$ 373,877,302 | \$ 365,798,892 | \$ 368,711,483 |
| Restricted | 99,625,235 | 116,870,619 | 67,890,506 | 69,343,128 | 73,066,968 |
| Unrestricted | 27,648,899 | 16,096,591 | 43,679,602 | 44,899,948 | 46,198,664 |
| Total governmental activities net position | <u>424,444,852</u> | <u>439,748,679</u> | <u>485,447,410</u> | <u>480,041,968</u> | <u>487,977,115</u> |
| Business-type activities: | | | | | |
| Net investment in capital assets | 10,938,894 | 10,907,970 | 10,865,545 | 12,092,484 | 7,567,000 |
| Restricted | - | - | - | - | - |
| Unrestricted | (5,192,521) | (6,340,999) | (7,072,811) | (9,581,881) | (5,563,647) |
| Total business-type activities net assets | <u>5,746,373</u> | <u>4,566,971</u> | <u>3,792,734</u> | <u>2,510,603</u> | <u>2,003,353</u> |
| Primary Government: | | | | | |
| Net investment in capital assets | 308,109,612 | 317,689,439 | 384,742,847 | 377,891,376 | 376,278,483 |
| Restricted | 99,625,235 | 116,870,619 | 67,890,506 | 69,343,128 | 73,066,968 |
| Unrestricted | 22,456,378 | 9,755,592 | 36,606,791 | 35,318,067 | 40,635,017 |
| Total primary government net assets | <u>\$ 430,191,225</u> | <u>\$ 444,315,650</u> | <u>\$ 489,240,144</u> | <u>\$ 482,552,571</u> | <u>\$ 489,980,468</u> |

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

Table 1
CITY OF YORBA LINDA
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

| | Fiscal Year | | | | |
|--------------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | 2015 | 2016 | 2017 | 2018 | 2019 |
| Governmental activities | | | | | |
| Net investment in capital assets | \$ 369,642,916 | \$ 375,388,766 | \$ 376,813,472 | \$ 393,042,394 | \$ 380,956,770 |
| Restricted | 78,795,131 | 84,293,217 | 88,147,090 | 89,319,318 | 108,594,404 |
| Unrestricted | 31,529,685 | 28,716,148 | 30,924,813 | 2,056,587 | 9,383,520 |
| Total governmental activities net position | <u>479,967,732</u> | <u>488,398,131</u> | <u>495,885,375</u> | <u>484,418,299</u> | <u>498,934,694</u> |
| Business-type activities: | | | | | |
| Net investment in capital assets | 6,425,228 | 5,780,632 | 25,162,397 | 24,442,477 | 23,846,232 |
| Restricted | - | - | - | - | - |
| Unrestricted | (5,045,542) | (3,721,769) | (23,363,950) | (22,918,767) | (22,995,261) |
| Total business-type activities net assets | <u>1,379,686</u> | <u>2,058,863</u> | <u>1,798,447</u> | <u>1,523,710</u> | <u>850,971</u> |
| Primary Government: | | | | | |
| Net investment in capital assets | 376,068,144 | 381,169,398 | 401,975,869 | 417,484,871 | 404,803,002 |
| Restricted | 78,795,131 | 84,293,217 | 88,147,090 | 89,319,318 | 108,594,404 |
| Unrestricted | 26,484,143 | 24,994,379 | 7,560,863 | (20,862,180) | (13,611,741) |
| Total primary government net assets | <u>\$ 481,347,418</u> | <u>\$ 490,456,994</u> | <u>\$ 497,683,822</u> | <u>\$ 485,942,009</u> | <u>\$ 499,785,665</u> |

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

| | Fiscal Year | | | | |
|-------------------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | 2010 | 2011 | 2012 | 2013 | 2014 |
| Expenses | | | | | |
| Governmental activities: | | | | | |
| General government | \$ 15,499,179 | \$ 12,907,614 | \$ 10,619,768 | \$ 9,389,912 | \$ 9,882,765 |
| Public safety | 12,321,712 | 11,893,917 | 11,611,513 | 9,748,242 | 10,819,766 |
| Community development | 3,090,308 | 2,444,278 | 2,592,555 | 2,947,842 | 4,248,543 |
| Recreation and community services | 4,862,229 | 6,168,169 | 6,401,468 | 6,412,609 | 5,891,506 |
| Library | - | - | - | - | - |
| Public works | 14,592,501 | 12,654,424 | 9,764,371 | 23,195,904 | 14,978,073 |
| Contributions from other governments | - | - | - | 679,782 | - |
| Interest on long-term debt | 5,110,961 | 5,445,735 | 2,923,034 | - | - |
| Total governmental activities expenses | <u>55,476,890</u> | <u>51,514,137</u> | <u>43,912,709</u> | <u>52,374,291</u> | <u>45,820,653</u> |
| Business-type activities: | | | | | |
| Golf Course | 6,299,565 | 6,387,950 | 6,733,251 | 6,365,717 | 6,395,656 |
| Disposal | 4,910,903 | 5,122,282 | 5,081,581 | 5,164,390 | 5,188,805 |
| Yorba Linda Center Catering | - | - | - | 120,977 | 156,894 |
| Total business-type activities expenses | <u>11,210,468</u> | <u>11,510,232</u> | <u>11,814,832</u> | <u>11,651,084</u> | <u>11,741,355</u> |
| Total primary government expenses | <u>66,687,358</u> | <u>63,024,369</u> | <u>55,727,541</u> | <u>64,025,375</u> | <u>57,562,008</u> |
| Program Revenues | | | | | |
| Governmental activities: | | | | | |
| Charges for services | | | | | |
| General government | 1,257,748 | 1,053,365 | 1,253,214 | 1,234,855 | 826,650 |
| Public safety | 304,535 | 270,302 | 229,587 | 174,508 | 142,843 |
| Community development | 2,823,548 | 2,512,453 | 2,084,327 | 2,013,659 | 2,042,831 |
| Recreation and community services | 1,584,161 | 1,786,993 | 1,843,262 | 1,806,052 | 2,070,339 |
| Library | - | - | - | - | - |
| Public works | 660,832 | 725,209 | 429,704 | 420,871 | 306,689 |
| Operating grants and contributions | 7,941,737 | 11,576,074 | 2,794,278 | 5,383,963 | 3,144,728 |
| Capital grants and contributions | 777,791 | 1,401,096 | 2,496,666 | 685,434 | 8,301,311 |
| Total governmental activities program revenues | <u>15,350,352</u> | <u>19,325,492</u> | <u>11,131,038</u> | <u>11,719,342</u> | <u>16,835,391</u> |
| Business-type activities: | | | | | |
| Charges for services: | | | | | |
| Golf Course | 5,314,506 | 5,202,849 | 5,869,100 | 5,670,123 | 5,799,564 |
| Refuse | 4,420,011 | 5,152,120 | 5,212,512 | 5,065,036 | 5,332,477 |
| Yorba Linda Center Catering | - | - | - | 29,481 | 101,816 |
| Operating grants and contributions | - | - | - | - | - |
| Capital grants and contributions | - | - | - | - | - |
| Total business-type activities program revenues | <u>9,734,517</u> | <u>10,354,969</u> | <u>11,081,612</u> | <u>10,764,640</u> | <u>11,233,857</u> |
| Total primary government program revenues | <u>25,084,869</u> | <u>29,680,461</u> | <u>22,212,650</u> | <u>22,483,982</u> | <u>28,069,248</u> |
| Net (expense)/revenue | | | | | |
| Governmental activities | (40,126,538) | (32,188,645) | (32,781,671) | (40,654,949) | (28,985,262) |
| Business-type activities | (1,475,951) | (1,155,263) | (733,220) | (886,444) | (507,498) |
| Total net revenues (expenses) | <u>(41,602,489)</u> | <u>(33,343,908)</u> | <u>(33,514,891)</u> | <u>(41,541,393)</u> | <u>(29,492,760)</u> |

Source: City of Yorba Linda, Finance Department.

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

| | Fiscal Year | | | | |
|-------------------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | 2015 | 2016 | 2017 | 2018 | 2019 |
| Expenses | | | | | |
| Governmental activities: | | | | | |
| General government | \$ 9,589,107 | \$ 11,181,226 | \$ 10,794,754 | \$ 8,604,233 | \$ 7,182,245 |
| Public safety | 9,625,078 | 10,194,206 | 10,751,963 | 11,691,912 | 11,839,819 |
| Community development | 3,301,567 | 3,307,460 | 3,076,508 | 9,363,144 | 2,864,767 |
| Recreation and community services | 6,893,996 | 6,829,957 | 7,401,076 | 7,535,284 | 7,431,280 |
| Library | - | - | - | 3,967,009 | 4,746,418 |
| Public works | 14,666,439 | 13,659,070 | 22,728,098 | 11,202,747 | 21,174,891 |
| Contributions from other governments | - | - | - | - | - |
| Interest on long-term debt | - | - | - | - | - |
| Total governmental activities expenses | <u>44,076,187</u> | <u>45,171,919</u> | <u>54,752,399</u> | <u>52,364,329</u> | <u>55,239,420</u> |
| Business-type activities: | | | | | |
| Golf Course | 6,105,749 | 5,692,893 | 6,043,094 | 6,092,497 | 6,709,630 |
| Disposal | 3,889,115 | - | - | - | - |
| Yorba Linda Center Catering | 176,712 | 174,854 | 179,229 | 220,618 | 200,518 |
| Total business-type activities expenses | <u>10,171,576</u> | <u>5,867,747</u> | <u>6,222,323</u> | <u>6,313,115</u> | <u>6,910,148</u> |
| Total primary government expenses | <u>54,247,763</u> | <u>51,039,666</u> | <u>60,974,722</u> | <u>58,677,444</u> | <u>62,149,568</u> |
| Program Revenues | | | | | |
| Governmental activities: | | | | | |
| Charges for services | | | | | |
| General government | 838,008 | 975,797 | 1,053,695 | 1,127,014 | 1,479,021 |
| Public safety | 134,503 | 128,051 | 130,010 | 838 | - |
| Community development | 2,786,159 | 2,284,965 | 2,444,166 | 516,178 | 55,380 |
| Recreation and community services | 3,165,573 | 2,853,198 | 3,040,194 | 1,838,992 | 1,835,129 |
| Library | - | - | - | 110,951 | 130,000 |
| Public works | 660,693 | 1,573,551 | 349,656 | 189,317 | 329,930 |
| Operating grants and contributions | 2,471,970 | 1,850,120 | 1,972,296 | 3,938,022 | 3,923,715 |
| Capital grants and contributions | 4,451,347 | 3,687,861 | 4,917,936 | 3,011,719 | 12,158,579 |
| Total governmental activities program revenues | <u>14,508,253</u> | <u>13,353,543</u> | <u>13,907,953</u> | <u>10,733,031</u> | <u>19,911,754</u> |
| Business-type activities: | | | | | |
| Charges for services: | | | | | |
| Golf Course | 5,886,365 | 5,811,759 | 5,779,197 | 5,824,698 | 6,042,347 |
| Refuse | 3,956,222 | - | - | - | - |
| Yorba Linda Center Catering | 133,888 | 184,185 | 170,462 | 209,615 | 195,062 |
| Operating grants and contributions | - | - | - | - | - |
| Capital grants and contributions | - | - | - | - | - |
| Total business-type activities program revenues | <u>9,976,475</u> | <u>5,995,944</u> | <u>5,949,659</u> | <u>6,034,313</u> | <u>6,237,409</u> |
| Total primary government program revenues | <u>24,484,728</u> | <u>19,349,487</u> | <u>19,857,612</u> | <u>16,767,344</u> | <u>26,149,163</u> |
| Net (expense)/revenue | | | | | |
| Governmental activities | (29,567,934) | (31,818,376) | (40,844,446) | (41,631,298) | (35,327,666) |
| Business-type activities | (195,101) | 128,197 | (272,664) | (278,802) | (672,739) |
| Total net revenues (expenses) | <u>(29,763,035)</u> | <u>(31,690,179)</u> | <u>(41,117,110)</u> | <u>(41,910,100)</u> | <u>(36,000,405)</u> |

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

| | Fiscal Year | | | | |
|-----------------------------------------------------------|---------------------|----------------------|----------------------|-----------------------|---------------------|
| | 2010 | 2011 | 2012 | 2013 | 2014 |
| General Revenues and Other Changes in Net Position | | | | | |
| Governmental activities: | | | | | |
| Property taxes | \$ 29,657,123 | \$ 29,464,910 | \$ 25,449,260 | \$ 19,209,305 | \$ 19,463,202 |
| Sales taxes | 5,391,615 | 5,392,726 | 5,536,418 | 5,668,119 | 6,108,523 |
| Franchise taxes | 1,789,424 | 1,912,471 | 2,091,150 | 2,088,406 | 2,086,354 |
| Transient occupancy taxes | - | - | - | - | 434,583 |
| Business licenses taxes | 339,618 | 334,041 | 364,788 | 335,799 | 433,511 |
| Other taxes | 7,219,920 | 7,744,599 | 7,316,749 | 7,032,922 | 6,810,919 |
| Motor vehicle in lieu, unrestricted | 201,261 | 315,425 | 34,271 | 35,511 | 29,389 |
| Investment income | 2,374,161 | 1,675,107 | 1,529,085 | (125,819) | 699,314 |
| Other | 57,473 | 68,226 | 136,043 | 1,005,264 | 854,614 |
| Gain on sale of capital assets | - | - | - | - | - |
| Insurance recoveries | 372,117 | - | - | - | - |
| Transfers | - | - | - | - | - |
| Extraordinary gain/(loss) on dissolution of RDA | - | - | 36,597,998 | - | - |
| Total governmental activities | <u>47,402,712</u> | <u>46,907,505</u> | <u>79,055,762</u> | <u>35,249,507</u> | <u>36,920,409</u> |
| Business-type activities: | | | | | |
| Investment income | (23,623) | (24,639) | (41,017) | 11,358 | 248 |
| Other | 65,514 | 500 | - | - | - |
| Transfers | - | - | - | - | - |
| Gain on sale of capital assets | 500 | - | - | 69,600 | - |
| Total business-type activities | <u>42,391</u> | <u>(24,139)</u> | <u>(41,017)</u> | <u>80,958</u> | <u>248</u> |
| Total primary government | <u>47,445,103</u> | <u>46,883,366</u> | <u>79,014,745</u> | <u>35,330,465</u> | <u>36,920,657</u> |
| Changes in Net Position | | | | | |
| Governmental activities | 7,276,174 | 14,718,860 | 46,274,091 | (5,405,442) | 7,935,147 |
| Business-type activities | <u>(1,433,560)</u> | <u>(1,179,402)</u> | <u>(774,237)</u> | <u>(805,486)</u> | <u>(507,250)</u> |
| Total primary government | <u>\$ 5,842,614</u> | <u>\$ 13,539,458</u> | <u>\$ 45,499,854</u> | <u>\$ (6,210,928)</u> | <u>\$ 7,427,897</u> |

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

Source: City of Yorba Linda, Finance Department

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

| | Fiscal Year | | | | |
|-----------------------------------------------------------|---------------------|---------------------|---------------------|---------------------|----------------------|
| | 2015 | 2016 | 2017 | 2018 | 2019 |
| General Revenues and Other Changes in Net Position | | | | | |
| Governmental activities: | | | | | |
| Property taxes | \$ 20,803,253 | \$ 22,256,451 | \$ 23,301,893 | \$ 24,724,246 | \$ 26,867,452 |
| Sales taxes | 6,515,766 | 7,215,608 | 7,666,640 | 7,426,486 | 7,461,391 |
| Franchise taxes | 2,239,149 | 2,271,901 | 1,949,679 | 2,101,241 | 2,093,989 |
| Transient occupancy taxes | 442,656 | 488,437 | 482,652 | 487,217 | 498,253 |
| Business licenses taxes | 378,306 | 395,184 | 418,008 | 385,676 | 416,275 |
| Other taxes | 6,903,837 | 6,995,040 | 7,340,671 | 8,392,701 | 7,601,071 |
| Motor vehicle in lieu, unrestricted | 28,389 | 27,323 | 30,300 | 35,736 | 33,178 |
| Investment income | 577,480 | 559,845 | 562,730 | 5,448,994 | 3,414,409 |
| Other | 411,483 | 172,973 | 394,295 | 880,542 | 511,547 |
| Gain on sale of capital assets | - | - | 294,375 | 14,257 | 10,759 |
| Insurance recoveries | - | - | - | - | - |
| Transfers | - | (550,980) | (12,248) | - | - |
| Extraordinary gain/(loss) on dissolution of RDA | - | - | - | - | - |
| Total governmental activities | <u>38,300,319</u> | <u>39,831,782</u> | <u>42,428,995</u> | <u>49,897,096</u> | <u>48,908,324</u> |
| Business-type activities: | | | | | |
| Investment income | 681 | - | - | - | - |
| Other | - | - | - | - | - |
| Transfers | - | 550,980 | 12,248 | - | - |
| Gain on sale of capital assets | - | - | - | 4,065 | - |
| Total business-type activities | <u>681</u> | <u>550,980</u> | <u>12,248</u> | <u>4,065</u> | <u>-</u> |
| Total primary government | <u>38,301,000</u> | <u>40,382,762</u> | <u>42,441,243</u> | <u>49,901,161</u> | <u>48,908,324</u> |
| Changes in Net Position | | | | | |
| Governmental activities | 8,732,385 | 8,013,406 | 1,584,549 | 8,265,798 | 13,580,658 |
| Business-type activities | (194,420) | 679,177 | (260,416) | (274,737) | (672,739) |
| Total primary government | <u>\$ 8,537,965</u> | <u>\$ 8,692,583</u> | <u>\$ 1,324,133</u> | <u>\$ 7,991,061</u> | <u>\$ 12,907,919</u> |

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

Source: City of Yorba Linda, Finance Department

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

| | Fiscal Year | | | | |
|-------------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | 2010 | 2011 | 2012 | 2013 | 2014 |
| General Fund | | | | | |
| Nonspendable | n/a | \$ 4,779,369 | \$ 4,769,965 | \$ 11,616,699 | \$ 25,609,575 |
| Committed | n/a | - | - | - | - |
| Restricted | n/a | - | - | - | 7,500 |
| Assigned | n/a | - | - | - | - |
| Unassigned | n/a | 43,590,636 | 44,672,686 | 39,220,264 | 27,434,921 |
| Reserved | \$ 11,656,499 | n/a | n/a | n/a | n/a |
| Unreserved, designated | 2,652,014 | n/a | n/a | n/a | n/a |
| Unreserved, undesignated | 33,740,851 | n/a | n/a | n/a | n/a |
| Total General Fund | 48,049,364 | 48,370,005 | 49,442,651 | 50,836,963 | 53,051,996 |
| All Other Governmental Funds | | | | | |
| Nonspendable | n/a | 53,748,992 | 38,867,893 | 3,831,706 | 3,821,809 |
| Restricted | n/a | 36,408,790 | 20,858,892 | 57,887,165 | 61,518,726 |
| Assigned | n/a | 35,127,683 | 8,285,094 | 7,624,257 | 7,739,067 |
| Unassigned | n/a | (658,014) | (131,260) | (426,175) | (413,540) |
| Reserved | 49,872,037 | n/a | n/a | n/a | n/a |
| Unreserved, designated reported in: | | | | | |
| Capital projects funds | 12,360,503 | n/a | n/a | n/a | n/a |
| Unreserved, reported in: | | | | | |
| Special revenue funds | 17,337,546 | n/a | n/a | n/a | n/a |
| Debt service funds | - | - | - | - | - |
| Capital projects funds | 6,919,738 | n/a | n/a | n/a | n/a |
| Unreserved, undesignated | 11,816,148 | n/a | n/a | n/a | n/a |
| Total All Other Governmental Funds | 98,305,972 | 124,627,451 | 67,880,619 | 68,916,953 | 72,666,062 |
| Total All Governmental Funds | \$ 146,355,336 | \$ 172,997,456 | \$ 117,323,270 | \$ 119,753,916 | \$ 125,718,058 |

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

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

Source: City of Yorba Linda, Finance Department

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

| | Fiscal Year | | | | |
|-------------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | 2015 | 2016 | 2017 | 2018 | 2019 |
| General Fund | | | | | |
| Nonspendable | \$ 25,879,553 | \$ 25,615,978 | \$ 25,360,804 | \$ 25,134,611 | \$ 24,183,522 |
| Committed | 23,125,506 | 23,143,531 | 23,096,672 | 18,554,579 | 23,252,150 |
| Restricted | 5,352 | - | - | - | - |
| Assigned | 3,750,035 | 2,810,864 | 6,026,646 | 3,198,889 | 2,115,847 |
| Unassigned | 2,987,075 | 4,694,175 | 3,952,237 | 3,936,830 | 4,953,048 |
| Reserved | n/a | n/a | n/a | n/a | n/a |
| Unreserved, designated | n/a | n/a | n/a | n/a | n/a |
| Unreserved, undesignated | n/a | n/a | n/a | n/a | n/a |
| Total General Fund | 55,747,521 | 56,264,548 | 58,436,359 | 50,824,909 | 54,504,567 |
| All Other Governmental Funds | | | | | |
| Nonspendable | 2,164 | 465 | 1,304 | 20,567 | 34,219 |
| Restricted | 78,712,066 | 83,854,496 | 87,562,146 | 89,319,318 | 108,594,404 |
| Assigned | - | - | - | - | - |
| Unassigned | (489,090) | (1,988,163) | (849,737) | (794,022) | (179,022) |
| Reserved | n/a | n/a | n/a | n/a | n/a |
| Unreserved, designated reported in: | | | | | |
| Capital projects funds | n/a | n/a | n/a | n/a | n/a |
| Unreserved, reported in: | | | | | |
| Special revenue funds | n/a | n/a | n/a | n/a | n/a |
| Debt service funds | - | - | - | - | - |
| Capital projects funds | n/a | n/a | n/a | n/a | n/a |
| Unreserved, undesignated | n/a | n/a | n/a | n/a | n/a |
| Total All Other Governmental Funds | 78,225,140 | 81,866,798 | 86,713,713 | 88,545,863 | 108,449,601 |
| Total All Governmental Funds | \$ 133,972,661 | \$ 138,131,346 | \$ 145,150,072 | \$ 139,370,772 | \$ 162,954,168 |

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

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

Source: City of Yorba Linda, Finance Department

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

| | Fiscal Year | | | | |
|-------------------------------------------------------------------------------|---------------------|----------------------|------------------------|---------------------|---------------------|
| | 2010 | 2011 | 2012 | 2013 | 2014 |
| Revenues | | | | | |
| Taxes | \$ 53,083,420 | \$ 53,254,565 | \$ 44,914,309 | \$ 34,290,577 | \$ 35,274,571 |
| Licenses and permits | 2,005,845 | 1,607,244 | 1,185,206 | 1,944,412 | 1,794,234 |
| Intergovernmental | 5,444,984 | 4,851,555 | 4,108,624 | 3,919,378 | 4,882,336 |
| Charges for services | 3,780,699 | 3,738,134 | 3,811,323 | 3,148,441 | 3,202,764 |
| Investment Income | 2,374,161 | 1,675,107 | 1,529,085 | (125,819) | 699,314 |
| Fines and forfeitures | 333,016 | 343,630 | 272,132 | 217,395 | 186,542 |
| Contributions | 4,555 | 256 | 2,436,444 | 450 | 7,149 |
| Developer Participation | 382,275 | 474,649 | 201,519 | 197,300 | 245,242 |
| Gain on sale of City property | - | - | - | - | - |
| Contributions from Successor Agency | - | - | - | 1,879,974 | 6,716,848 |
| Miscellaneous | 91,224 | 223,038 | 295,440 | 1,180,278 | 709,005 |
| Total Revenues | <u>67,500,179</u> | <u>66,168,178</u> | <u>58,754,082</u> | <u>46,652,386</u> | <u>53,718,005</u> |
| Expenditures | | | | | |
| Current: | | | | | |
| General government | 14,334,879 | 11,405,085 | 9,068,962 | 8,260,092 | 8,021,451 |
| Public safety | 12,298,279 | 11,565,970 | 11,588,080 | 10,421,130 | 9,351,367 |
| Community Development | 2,831,117 | 2,278,232 | 2,359,319 | 2,776,455 | 3,039,321 |
| Parks and recreations | 2,962,510 | 4,903,053 | 5,103,391 | 5,191,554 | 5,658,851 |
| Library | - | - | - | - | - |
| Public works | 11,641,325 | 10,543,410 | 10,881,079 | 10,492,797 | 11,235,425 |
| Capital outlay | 6,279,798 | 5,775,946 | 7,695,807 | 6,399,930 | 10,447,448 |
| Contributions to Successor Agency | - | - | - | (679,782) | - |
| Debt Service: | | | | | |
| Principal retirement | 2,535,000 | 2,655,000 | 2,785,000 | - | - |
| Interest and fiscal charges | 5,133,959 | 5,053,514 | 3,941,648 | - | - |
| Bond issuance costs | - | 313,565 | - | - | - |
| Pass through agreements | 9,064,344 | 8,305,122 | 4,223,858 | - | - |
| Total Expenditures | <u>67,081,211</u> | <u>62,798,897</u> | <u>57,647,144</u> | <u>42,862,176</u> | <u>47,753,863</u> |
| Excess of revenues over/(under) expenditures | <u>418,968</u> | <u>3,369,281</u> | <u>1,106,938</u> | <u>3,790,210</u> | <u>5,964,142</u> |
| Other Financing Sources (Uses) | | | | | |
| Transfers in | 7,426,914 | 23,744,790 | 6,390,944 | 7,296,303 | 7,963,808 |
| Transfers out | (7,426,914) | (23,744,790) | (6,390,944) | (7,296,303) | (7,963,808) |
| Long term debt issued | 2,999,705 | 22,781,847 | 2,660,853 | - | - |
| Proceeds from sale of capital asset | - | 5,000 | - | - | - |
| Insurance recoveries | 372,117 | - | - | - | - |
| Bond discount | - | (98,975) | - | - | - |
| Total other financing sources (uses) | <u>3,371,822</u> | <u>22,687,872</u> | <u>2,660,853</u> | <u>-</u> | <u>-</u> |
| Extraordinary gain/(loss) on dissolution of redevelopment agency (Note 17) | - | - | (58,866,617) | - | - |
| Net change in fund balances | <u>\$ 3,790,790</u> | <u>\$ 26,057,153</u> | <u>\$ (55,098,826)</u> | <u>\$ 3,790,210</u> | <u>\$ 5,964,142</u> |
| Debt service as a percentage of noncapital expenditures | 12.6% | 13.5% | 13.5% | 0.0% | 0.0% |

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

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

| | Fiscal Year | | | | |
|-------------------------------------------------------------------------------|---------------------|---------------------|---------------------|-----------------------|----------------------|
| | 2015 | 2016 | 2017 | 2018 | 2019 |
| Revenues | | | | | |
| Taxes | \$ 37,304,207 | \$ 39,622,621 | \$ 41,311,999 | \$ 43,517,567 | \$ 44,938,431 |
| Licenses and permits | 1,822,533 | 1,681,175 | 1,906,900 | 1,277,319 | 1,758,173 |
| Intergovernmental | 3,877,534 | 3,550,775 | 4,911,723 | 5,054,524 | 5,847,394 |
| Charges for services | 3,724,560 | 3,636,143 | 3,670,482 | 3,783,290 | 3,829,460 |
| Use of money and property | 525,717 | 476,108 | 561,578 | 5,448,994 | 3,414,409 |
| Fines and forfeitures | 209,420 | 191,903 | 193,873 | 172,153 | 158,529 |
| Contributions | 2,281 | 851 | - | - | - |
| Developer Participation | 2,025,694 | 2,278,589 | 1,284,622 | 1,336,048 | 3,794,795 |
| Gain on sale of City property | - | - | 294,375 | 14,257 | 10,759 |
| Contributions from Successor Agency | 3,013,793 | 1,386,056 | 3,143,678 | 205,623 | 3,756,523 |
| Miscellaneous | 193,644 | 113,587 | 314,259 | 880,542 | 511,547 |
| Total Revenues | <u>52,699,383</u> | <u>52,937,808</u> | <u>57,593,489</u> | <u>61,690,317</u> | <u>68,020,020</u> |
| Expenditures | | | | | |
| Current: | | | | | |
| General government | 8,385,012 | 8,597,028 | 9,608,392 | 7,412,889 | 7,556,660 |
| Public safety | 9,535,298 | 10,111,264 | 10,665,634 | 11,601,058 | 11,774,157 |
| Community Development | 3,178,940 | 3,116,057 | 2,932,425 | 9,004,086 | 3,027,458 |
| Parks and recreations | 5,664,224 | 5,603,750 | 6,216,676 | 6,098,032 | 6,652,263 |
| Library | - | - | - | 3,967,009 | 4,523,472 * |
| Public works | 10,646,686 | 10,719,703 | 11,986,129 | 11,583,370 | 11,536,226 |
| Capital outlay | 6,829,408 | 10,497,334 | 10,776,488 | 17,803,173 | 14,937,875 |
| Contributions to Successor Agency | - | - | - | - | - |
| Debt Service: | | | | | |
| Principal retirement | - | - | - | - | - |
| Interest and fiscal charges | - | - | - | - | - |
| Bond issuance costs | - | - | - | - | 321,311 |
| Pass through agreements | - | - | - | - | - |
| Total Expenditures | <u>44,239,568</u> | <u>48,645,136</u> | <u>52,185,744</u> | <u>67,469,617</u> | <u>60,329,422</u> |
| Excess of revenues over/(under) expenditures | <u>8,459,815</u> | <u>4,292,672</u> | <u>5,407,745</u> | <u>(5,779,300)</u> | <u>7,690,598</u> |
| Other Financing Sources (Uses) | | | | | |
| Transfers in | 7,508,620 | 11,159,224 | 9,035,390 | 17,821,152 | 20,503,308 |
| Transfers out | (7,508,620) | (11,710,204) | (9,047,638) | (17,821,152) | (20,503,308) |
| Long term debt issued | - | - | - | - | 15,892,798 |
| Proceeds from sale of capital asset | - | - | - | - | - |
| Insurance recoveries | - | - | - | - | - |
| Bond discount | - | - | - | - | - |
| Total other financing sources (uses) | <u>-</u> | <u>(550,980)</u> | <u>(12,248)</u> | <u>-</u> | <u>15,892,798</u> |
| Extraordinary gain/(loss) on dissolution of redevelopment agency (Note 17) | - | - | - | - | - |
| Net change in fund balances | <u>\$ 8,459,815</u> | <u>\$ 3,741,692</u> | <u>\$ 5,395,497</u> | <u>\$ (5,779,300)</u> | <u>\$ 23,583,396</u> |
| Debt service as a percentage of noncapital expenditures | 0.0% | 0.0% | 0.0% | 0.0% | 0.7% |

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

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

| Fiscal Year Ended June 30 | Secured | Unsecured | Less: Exemptions (1) | Taxable Assessed Value (2) |
|---------------------------------|----------------|-------------|-------------------------|----------------------------------|
| 2010 | 10,704,716,192 | 193,397,618 | (263,968,225) | 10,634,145,585 |
| 2011 | 10,756,721,712 | 181,357,573 | (259,673,612) | 10,678,405,673 |
| 2012 | 11,099,352,245 | 163,615,245 | (294,418,477) | 10,968,549,013 |
| 2013 | 11,331,341,242 | 153,522,286 | (300,169,006) | 11,184,694,522 |
| 2014 | 11,690,283,468 | 152,053,662 | (307,993,529) | 11,534,343,601 |
| 2015 | 12,492,822,864 | 153,579,513 | (309,102,030) | 12,646,402,377 |
| 2016 | 13,334,274,219 | 147,399,256 | (350,162,998) | 13,481,673,475 |
| 2017 | 13,959,347,366 | 137,076,955 | (210,599,989) | 14,096,424,321 |
| 2018 | 14,716,674,476 | 148,335,423 | (220,753,799) | 14,865,009,899 |
| 2019 | 15,471,407,750 | 151,643,596 | (211,377,405) | 15,623,051,346 |

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

(2) Total includes Nonunitary Taxable Assessed Values.

Note:

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

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

| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|-----------------------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Basic Levy (1) | 1.00000 | 1.00000 | 1.00000 | 1.00000 | 1.00000 | 1.00000 | 1.00000 | 1.00000 | 1.00000 | 1.00000 |
| Brea Olinda Unified | 0.02285 | 0.02426 | 0.02367 | 0.02365 | 0.02470 | 0.02528 | 0.02292 | 0.02298 | 0.02325 | 0.02370 |
| Metropolitan Water District | 0.00430 | 0.00370 | 0.00370 | 0.00350 | 0.00350 | 0.00350 | 0.00350 | 0.00350 | 0.00350 | 0.00350 |
| N. Oc Community College 2002 Bond Series #2003B | 0.00000 | 0.00000 | 0.00000 | 0.00000 | 0.00000 | 0.00000 | 0.00000 | 0.00000 | 0.00000 | 0.00001 |
| N. Orange County Community College | 0.01662 | 0.01758 | 0.01742 | 0.01902 | 0.01704 | 0.01704 | 0.03043 | 0.02885 | 0.02927 | 0.02828 |
| Orange Usd Series 2018 2016 | 0.00000 | 0.00000 | 0.00000 | 0.00000 | 0.00000 | 0.00000 | 0.00000 | 0.00000 | 0.00000 | 0.02685 |
| Placentia Yorba Linda Unified | 0.06166 | 0.05804 | 0.05846 | 0.06203 | 0.06525 | 0.05822 | 0.05665 | 0.05475 | 0.05529 | 0.05261 |
| Rancho Santiago Community College | 0.02735 | 0.03141 | 0.03146 | 0.03241 | 0.03334 | 0.02878 | 0.03063 | 0.02999 | 0.03013 | 0.02875 |
| Total Direct & Overlapping (2) Tax Rates | 1.13278 | 1.13499 | 1.13471 | 1.14061 | 1.14383 | 1.13282 | 1.14413 | 1.14007 | 1.14144 | 1.16370 |
| City's share of 1% Levy per Prop 13 (3) | | | | | | | | | | |
| City | 0.12480 | 0.12480 | 0.12480 | 0.12480 | 0.12480 | 0.12480 | 0.12480 | 0.12480 | 0.10625 | 0.10625 |
| Library | 0.05525 | 0.05525 | 0.05525 | 0.05525 | 0.05525 | 0.05525 | 0.05525 | 0.05525 | 0.05570 | 0.05570 |
| Total City Direct Rate | 0.18005 | 0.18005 | 0.18005 | 0.18005 | 0.18005 | 0.18005 | 0.18005 | 0.18005 | 0.16195 | 0.16195 |
| Redevelopment Rate (4) | 1.00430 | 1.00370 | 1.00370 | | | | | | | |
| Total Direct Rate (5) | 0.26483 | 0.26045 | 0.25500 | 0.25254 | 0.13436 | 0.13453 | 0.13468 | 0.13507 | 0.13557 | 0.13552 |

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

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

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

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

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

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

| | <u>2019</u> | | <u>2010</u> | |
|----------------------------------|------------------------------|----------------------------------------------------------|------------------------------|----------------------------------------------------------|
| | Taxable Assessed Value | Percent of Total City Taxable Assessed Value | Taxable Assessed Value | Percent of Total City Taxable Assessed Value |
| RRE Yorba Linda Holdings LLC | \$ 125,569,754 | 0.80% | - | 0.00% |
| Savi Ranch Property Holdings LLC | 97,874,533 | 0.63% | - | 0.00% |
| Savi Ranch Group LLC | 37,338,009 | 0.24% | - | 0.00% |
| YL Pines LLC | 33,945,830 | 0.22% | 23,044,365 | 0.21% |
| Packing House Yorba Linda LLC | 33,657,589 | 0.22% | - | 0.00% |
| Eastlake Commercial 2007 LLC | 26,354,892 | 0.17% | 22,971,027 | 0.21% |
| BHEG Stonecliff LLC | 26,212,760 | 0.17% | - | 0.00% |
| Savi Ranch Housing Partners LP | 25,344,478 | 0.16% | - | 0.00% |
| Joseph Heritage Healthcare | 24,600,452 | 0.16% | - | 0.00% |
| Trico-Savi Business Park LP | 24,127,039 | 0.15% | 21,234,897 | 0.19% |
| LMI Riverbend LLC | - | 0.00% | 83,646,430 | 0.77% |
| Savi Technology Center LP | - | 0.00% | 81,208,427 | 0.75% |
| Shapell Industries Inc. | - | 0.00% | 30,378,713 | 0.28% |
| MBK Greenbrier LLC | - | 0.00% | 29,601,337 | 0.27% |
| Nobel Biocare USA LLC | - | 0.00% | 29,489,872 | 0.27% |
| Johnson Tractor Company | - | 0.00% | 27,825,697 | 0.26% |
| Catellus Operating LP | - | 0.000% | 20,912,711 | 0.19% |
| | | | | |
| Top Ten Totals | <u>\$ 455,025,336</u> | <u>2.91%</u> | <u>\$ 370,313,476</u> | <u>3.40%</u> |
| | | | | |
| City Totals | <u>\$ 15,623,051,346</u> | | <u>\$ 10,898,113,810</u> | |

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

| Fiscal Year Ended June 30 | Taxes Levied for the Fiscal Year | Collected within the Fiscal Year of Levy | | Collections in Subsequent Years (1) | Total Collections to Date | |
|------------------------------------|-------------------------------------------------------------------------------------------------------------|---------------------------------------------|--------------------|-------------------------------------------|---------------------------|--------------------|
| | | Amount | Percent of Levy | | Amount | Percent of Levy |
| 2010 | This information is not available. The Orange County Auditor-Controller's tax ledger is only available from | | | | | |
| 2011 | 2011 to the present, and the last CAFR prepared by the City was in 2008. | | | | | |
| 2012 | 25,562,306 | 24,512,406 | 95.893% | 326,838 | 24,839,244 | 97.171% |
| 2013 | 25,512,395 | 24,587,570 | 96.375% | 324,932 | 24,912,502 | 97.649% |
| 2014 | 26,114,981 | 25,628,853 | 98.139% | 242,572 | 25,871,425 | 99.067% |
| 2015 | 27,573,088 | 27,075,082 | 98.194% | 195,477 | 27,270,559 | 98.903% |
| 2016 | 27,926,587 | 27,285,154 | 97.703% | 201,624 | 27,486,778 | 98.425% |
| 2017 | 28,894,519 | 28,539,922 | 98.773% | 170,053 | 28,709,974 | 99.361% |
| 2018 | 31,244,974 | 30,898,210 | 98.890% | 116,309 | 31,014,519 | 99.262% |
| 2019 | 32,504,590 | 32,189,975 | 99.032% | 124,953 | 32,314,928 | 99.417% |

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

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

| Fiscal Year Ended June 30 | Governmental Activities | | | Business-type Activities | | Total Primary Government (1) | Percentage of Personal Income | Debt Per Capita |
|---------------------------------|-------------------------|----------------------|----------------------|--------------------------|---------|------------------------------------|-------------------------------------|--------------------|
| | Tax | Lease | Due to | Golf Course | Capital | | | |
| | Allocation Bonds | Revenue Bonds (2) | Other Governments | Revenue Bonds | Leases | | | |
| 2010 | 59,424,531 | - | 17,195,028 | 16,955,000 | 395,069 | 93,969,628 | 3.01% | 1,356.51 |
| 2011 | 77,721,618 | - | 19,024,788 | 16,530,000 | 476,776 | 113,753,182 | 3.66% | 1,729.38 |
| 2012 | - | - | - | 16,090,000 | 311,443 | 16,401,443 | 0.52% | 246.87 |
| 2013 | - | - | - | 15,635,000 | 229,434 | 15,864,434 | 0.50% | 236.54 |
| 2014 | - | - | - | - | 146,885 | 146,885 | 0.00% | 2.19 |
| 2015 | - | - | - | - | - | - | n/a | n/a |
| 2016 | - | - | - | - | - | - | n/a | n/a |
| 2017 | - | - | - | - | - | - | n/a | n/a |
| 2018 | - | - | - | - | - | - | n/a | n/a |
| 2019 | - | 14,645,000 | - | - | - | 14,645,000 | 0.42% | 213.15 |

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

(2) In December 2018, the Yorba Linda Municipal Financing Authority issued \$14,645,000 of lease revenue bonds to fund a portion of the construction costs of the new Yorba Linda Public Library facility.

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

| Fiscal Year Ended June 30 | Certificates of Participation | Lease Revenue Bond | Total | Percent of Assessed Value (3) | Per Capita |
|---------------------------------|-------------------------------------|--------------------------|------------|-------------------------------------|---------------|
| 2010 | 16,955,000 | - | 16,955,000 | 0.16% | 245 |
| 2011 | 16,530,000 | - | 16,530,000 | 0.15% | 251 |
| 2012 | 16,090,000 | - | 16,090,000 | 0.15% | 242 |
| 2013 | 15,635,000 | - | 15,635,000 | 0.14% | 233 |
| 2014 | - | - | - | - | - |
| 2015 | - | - | - | - | - |
| 2016 | - | - | - | - | - |
| 2017 | - | - | - | - | - |
| 2018 | - | - | - | - | - |
| 2019 | - | 14,645,000 | 14,645,000 | 0.09% | 213 |

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

(2) In December 2018, the Yorba Linda Municipal Financing Authority issued \$14,645,000 of lease revenue bonds to fund a portion of the construction costs of the new Yorba Linda Public Library facility.

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

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

2018-2019 Taxable Assessed Valuation: \$12,873,559,604

| | |
|--------------------------------------------|------------------------|
| City Assessed Valuation | \$ 15,619,673,384 |
| Redevelopment Agency Incremental Valuation | <u>(2,746,113,780)</u> |
| | \$ 12,873,559,604 |

| | Percent Applicable (1) | Outstanding Debt 6/30/2019 | Estimated Share of Overlapping Debt |
|------------------------------------------------------|---------------------------|-------------------------------|----------------------------------------------|
| <u>OVERLAPPING DEBT:</u> | | | |
| BREA OLINDA UNIFIED-1999 BOND SR 2003A | 0.103% | 6,099,592 | 6,276 |
| RANCHO SANTIAGO CCD 2002 BOND 2003A | 0.554% | 32,270,000 | 178,675 |
| PLACENTIA-YORBA LINDA U 2002 BOND, SR 2002A | 49.818% | 10,441,162 | 5,201,567 |
| PLACENTIA-YORBA LINDA U 2002 BOND, SR 2004B | 49.818% | 964,744 | 480,615 |
| BREA OLINDA UNIFIED-1999 BOND SR 1999A | 0.103% | 5,009,437 | 5,155 |
| RANCHO SANTIAGO CCD 2002 BOND 04-05 | 0.554% | 40,287,672 | 223,068 |
| PLACENTIA-YORBA LINDA U 2002 BOND, # 2005C | 49.818% | 779,610 | 388,385 |
| RANCHO SANTIAGO CCD 2002 BOND SR 2006C | 0.554% | 107,339,329 | 594,325 |
| PLACENTIA-YORBA LINDA U 2008 BOND SR A | 49.818% | 65,520,000 | 32,640,687 |
| PLACENTIA-YORBA LINDA UNIFIED 2008 BOND SERIES C & D | 49.818% | 26,493,547 | 13,198,528 |
| PLACENTIA-YORBA LINDA USD 2008 BOND SERIES Q | 49.818% | 25,000,000 | 12,454,475 |
| PLACENTIA-YORBA LINDA UNIFIED 2008 BOND SERIES D | 49.818% | 27,278,918 | 13,589,784 |
| PLACENTIA-YORBA LINDA UNIFIED 2008 BOND SERIES E | 49.818% | 12,725,000 | 6,339,328 |
| RANCHO SANTIAGO CCD 2012 GO REF BOND | 0.554% | 54,155,000 | 299,850 |
| ORANGE USD SERIES 2018 2016 | 1.196% | 188,000,000 | 2,248,952 |
| PLACENTIA-YORBA LINDA USD 2012 GO REF BOND | 49.818% | 61,830,000 | 30,802,407 |
| METROPOLITAN WATER DISTRICT | 2.454% | 9,743,755 | 239,139 |
| TOTAL OVERLAPPING DEBT | | | <u>\$ 118,891,215</u> |
| <u>CITY DIRECT DEBT:</u> | | | |
| CITY OF YORBA LINDA LEASE REVENUE BOND | 100% | 14,645,000 | 14,645,000 |
| TOTAL DIRECT AND OVERLAPPING DEBT | | | <u>\$ 133,536,215</u> |

Debt To Assessed Valuation Ratios:

| | |
|------------------|-------|
| Direct Debt | 0.11% |
| Overlapping Debt | 0.92% |
| Total Debt | 1.03% |

(1) this fund is a portion of a larger agency, and is responsible for debt in the areas outside the city.

(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations. Qualified Zone Academy Bonds are included based on principal due at maturity.

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

Legal Debt Margin Calculation for the Current Year

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

| Fiscal Year | Debt Limit | Debt Applicable to Limit | Legal Debt Margin | Debt as Percentage of Limit |
|----------------|---------------|--------------------------------|-------------------------|-----------------------------------|
| 2010 | 398,780,459 | 16,955,000 | 381,825,459 | 4.3% |
| 2011 | 400,440,213 | 16,530,000 | 383,910,213 | 4.1% |
| 2012 | 411,320,588 | 16,090,000 | 395,230,588 | 3.9% |
| 2013 | 419,426,045 | 15,635,000 | 403,791,045 | 3.7% |
| 2014 | 432,537,885 | - | 432,537,885 | 0.0% |
| 2015 | 474,240,089 | - | 474,240,089 | 0.0% |
| 2016 | 505,562,755 | - | 505,562,755 | 0.0% |
| 2017 | 528,615,912 | - | 528,615,912 | 0.0% |
| 2018 | 557,437,871 | - | 557,437,871 | 0.0% |
| 2019 | 585,864,425 | - | 585,864,425 | 0.0% |

CITY OF YORBA LINDA
Pledged Revenue Coverage
Last Ten Fiscal Years

GOLF COUSE REVENUE BONDS (1)

| Fiscal Year Ended June 30 | Golf Course Revenue | Less Operating Expenses | Net Available Revenue | Debt Service | | Coverage |
|---------------------------------|------------------------|-------------------------------|-----------------------------|--------------|----------|----------|
| | | | | Principal | Interest | |
| 2010 | 5,314,506 | 4,550,888 | 763,618 | 415,000 | 782,334 | 0.638 |
| 2011 | 5,202,849 | 4,572,696 | 630,153 | 425,000 | 770,771 | 0.527 |
| 2012 | 5,869,100 | 5,136,187 | 732,913 | 440,000 | 757,356 | 0.612 |
| 2013 | 5,670,123 | 4,847,456 | 822,667 | 455,000 | 742,354 | 0.687 |
| 2014 | | | | | | |
| 2015 | | | | | | |
| 2016 | | | | | | |
| 2017 | | | | | | |
| 2018 | | | | | | |
| 2019 | | | | | | |

TAX ALLOCATION BONDS (2)

| Fiscal Year Ended June 30 | Tax Increment | Debt Service | | Coverage |
|---------------------------------|------------------|--------------|-----------|----------|
| | | Principal | Interest | |
| 2010 | 17,318,273 | 2,535,000 | 2,077,608 | 3.755 |
| 2011 | 16,612,161 | 2,655,000 | 1,943,026 | 3.613 |
| 2012 | | | | |
| 2013 | | | | |
| 2014 | | | | |
| 2015 | | | | |
| 2016 | | | | |
| 2017 | | | | |
| 2018 | | | | |
| 2019 | | | | |

- Notes:
- (1) The Golf Course Revenue Bonds were defeased during fiscal year 2013.
 - (2) The tax Allocation Bonds were transferred to the Successor Agency due to the dissolution of the Redevelopment Agency during fiscal year 2011.

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

| <u>Calendar Year</u> | <u>Population</u> | <u>Personal Income (1,000s)</u> | <u>Per Capita Personal Income</u> | <u>Unemployment Rate</u> | <u>Median Age</u> | <u>% of Pop 25+ with High School Degree</u> | <u>% of Pop 25+ with Bachelor's Degree</u> |
|----------------------|-------------------|---------------------------------|-----------------------------------|--------------------------|-------------------|---------------------------------------------|--------------------------------------------|
| 2009 | 68,314 | 3,184,194 | 46,611 | 6.00% | 40.4 | 94.8% | 45.1% |
| 2010 | 69,273 | 3,126,706 | 45,136 | 6.40% | 41.1 | 95.5% | 45.2% |
| 2011 | 65,777 | 3,107,963 | 47,250 | 5.80% | 41.5 | 95.2% | 46.3% |
| 2012 | 66,437 | 3,146,124 | 47,355 | 3.70% | 41.3 | 95.1% | 46.9% |
| 2013 | 67,069 | 3,204,691 | 47,782 | 3.30% | 41.4 | 95.3% | 47.3% |
| 2014 | 67,055 | 3,158,626 | 47,105 | 4.80% | 41.8 | 95.6% | 48.6% |
| 2015 | 67,637 | 3,174,294 | 46,931 | 3.90% | 41.8 | 95.5% | 49.4% |
| 2016 | 67,890 | 3,213,873 | 47,339 | 3.50% | 42.8 | 95.5% | 51.4% |
| 2017 | 69,121 | 3,250,126 | 47,021 | 3.30% | 42.9 | 95.8% | 52.0% |
| 2018 | 68,706 | 3,453,929 | 50,271 | 2.70% | 43.3 | 95.4% | 53.2% |

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

| Employer | 2019 | | 2016 | |
|-------------------------------------------------|--------------|-------------------------------------|--------------|-------------------------------------|
| | Employees | Percentage of Total City Employment | Employees | Percentage of Total City Employment |
| Vyair Medical Payroll LLC (formerly Carefusion) | 344 | 3.77% | 363 | 4.95% |
| Nobel Biocare U S A, L L C | 329 | 3.60% | 269 | 3.67% |
| Costco Wholesale Corporation # 445 | 308 | 3.37% | 293 | 4.00% |
| Brookdale Yorba Linda | 253 | 2.77% | 188 | 2.57% |
| Office Solutions Business | 167 | 1.83% | 98 | 1.34% |
| Coldwell Banker | 118 | 1.29% | 118 | 1.61% |
| Robert Moreno Insurance Services | 115 | 1.26% | 115 | 1.57% |
| Tokyo Central | 115 | 1.26% | - | 0.00% |
| Vons Grocery Co #3069 | 106 | 1.16% | 86 | 1.17% |
| Kohl's # 755 | 92 | 1.01% | 129 | 1.76% |
| Sprouts Farmers Market | 88 | 0.96% | 78 | 1.06% |
| Haggen 2137 | - | 0.00% | 95 | 1.30% |
| Euroline Steel Windows | 80 | 0.88% | - | 0.00% |
| | <u>2,115</u> | <u>19.40%</u> | <u>1,832</u> | <u>20.05%</u> |

Note: The City of Yorba Linda issued financial statements, but not a CAFR, prior to 2016. Data is therefore not available for this table prior to 2016.

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

| <u>Function/Program</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> |
|----------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| General Government | | | | | | | | | | |
| City Council | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 |
| Administration | 9.00 | 9.00 | 6.60 | 5.20 | 6.00 | 8.00 | 9.00 | 9.00 | 9.96 | 9.48 |
| City Clerk | 4.45 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 |
| Finance | 6.20 | 6.00 | 6.00 | 6.00 | 6.00 | 6.00 | 6.00 | 6.00 | 6.50 | 6.75 |
| Community Development | | | | | | | | | | |
| Planning | 5.45 | 5.00 | 5.50 | 5.20 | 6.20 | 6.20 | 6.20 | 6.20 | 6.98 | 6.98 |
| Building | 8.33 | 8.50 | 8.50 | 8.70 | 8.70 | 8.70 | 8.70 | 8.70 | 10.30 | 10.30 |
| Community Preservation | 2.70 | 3.15 | 3.15 | 3.25 | 3.25 | 3.25 | 3.25 | 3.25 | 3.20 | 3.20 |
| NPDES | 0.65 | 0.30 | 0.30 | 0.30 | 0.30 | 0.30 | 0.30 | 0.30 | - | - |
| Public Works | | | | | | | | | | |
| Administration/Engineering | 8.67 | 6.57 | 6.65 | 6.85 | 6.90 | 6.90 | 6.65 | 6.65 | 6.75 | 7.71 |
| Maintenance | 10.37 | 9.22 | 9.04 | 9.04 | 10.04 | 10.04 | 10.04 | 10.04 | 10.04 | 10.04 |
| NPDES | 0.25 | 0.50 | 0.60 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 |
| Landscape Assessment Dist. | 3.71 | 3.71 | 3.71 | 3.71 | 3.71 | 3.71 | 3.96 | 3.96 | 3.96 | 3.96 |
| Parks & Recreation | | | | | | | | | | |
| Administration | 2.80 | 2.10 | 2.45 | 2.10 | 2.45 | 2.95 | 2.95 | 2.95 | 2.80 | 2.80 |
| Recreation | 31.49 | 29.27 | 29.91 | 29.27 | 29.91 | 29.91 | 29.91 | 29.91 | 32.51 | 32.51 |
| Parks Maintenance | 8.85 | 8.85 | 8.85 | 8.85 | 8.85 | 8.85 | 8.85 | 8.85 | 9.05 | 9.05 |
| Facilities Maintenance | 2.20 | 2.20 | 2.20 | 2.20 | 2.20 | 2.20 | 2.20 | 2.20 | 2.40 | 2.40 |
| Library | 33.69 | 33.76 | 33.76 | 31.55 | 31.55 | 31.55 | 31.55 | 31.55 | 31.32 | 31.32 |
| Total | 143.81 | 136.13 | 135.22 | 131.47 | 135.31 | 137.81 | 138.81 | 138.81 | 145.02 | 145.75 |

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

| | Fiscal Year | | | | | | | | | |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> |
| Parks & Recreation | | | | | | | | | | |
| Number of participants | 14,464 | 14,894 | 14,207 | 13,705 | 13,152 | 11,406 | 9,356 | 11,331 | 10,162 | 10,395 |
| Number of facility rentals | 1,822 | 2,139 | 2,204 | 1,799 | 1,833 | 1,722 | 1,958 | 1,973 | 1,826 | 1,492 |
| Teams in league events | 346 | 270 | 257 | 206 | 155 | 227 | 175 | 148 | 144 | 137 |
| Police (1) | | | | | | | | | | |
| Calls for Service | n/a | n/a | n/a | 10,057 | 17,452 | 18,497 | 18,162 | 19,922 | 22,125 | 20,158 |
| Arrests | n/a | n/a | n/a | 215 | 378 | 435 | 458 | 717 | 442 | 470 |
| Moving Citations | n/a | n/a | n/a | 1,325 | 2,220 | 2,507 | 2,808 | 1,910 | 1,728 | 1,776 |
| Crime reports | n/a | n/a | n/a | 1,884 | 2,344 | 2,408 | 2,705 | 2,541 | 2,640 | 2,715 |
| Parking citations | n/a | n/a | n/a | 88 | 277 | 425 | 419 | 720 | 1,001 | 842 |
| Public Works (2) | | | | | | | | | | |
| Street resurfacing (# streets) | - | 191 | 87 | - | 211 | 84 | 173 | 173 | 182 | 151 |
| Library | | | | | | | | | | |
| Attendance in Library (door count) | 335,797 | 336,386 | 337,211 | 338,579 | 334,942 | 323,415 | 328,646 | 328,646 | 276,051 | 284,628 |
| Number of items checked out | 815,300 | 845,592 | 874,333 | 891,041 | 917,134 | 870,029 | 881,283 | 881,283 | 938,109 | ##### |
| Number of programs | 687 | 779 | 737 | 714 | 601 | 666 | 721 | 721 | 961 | 930 |
| Golf Course | | | | | | | | | | |
| Number of rounds played | 50,211 | 48,846 | 56,352 | 59,096 | 57,476 | 55,755 | 55,483 | 55,483 | 60,355 | 59,237 |

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

| | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> |
|-------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Parks & Recreation | | | | | | | | | | |
| Municipal Parks | 26 | 26 | 27 | 29 | 29 | 29 | 30 | 32 | 33 | 33 |
| Gyms | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Community Center | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Horse Arena | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Municipal Golf Course | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Library | | | | | | | | | | |
| Library Facility | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Museum | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Police | | | | | | | | | | |
| Stations | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Public Works | | | | | | | | | | |
| Streets (centerline miles) | 213 | 213 | 213 | 213 | 213 | 213 | 211 | 211 | 217 | 217 |
| Street Lights | n/a | n/a | n/a | n/a | n/a | n/a | 5,756 | 6096 | 6,139 | 6,139 |
| Traffic Signals | 54 | 54 | 58 | 58 | 61 | 61 | 61 | 64 | 62 | 64 |