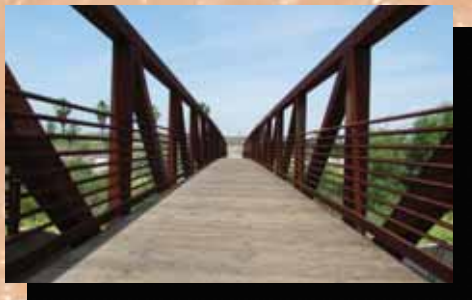




CITY OF ORANGE

CALIFORNIA



*Comprehensive Annual
Financial Report
Year Ended June 30, 2016*

Orange City Council



MAYOR PRO TEM
MARK A. MURPHY



MAYOR
TERESA "TITA" SMITH



COUNCILMEMBER
FRED M. WHITAKER



COUNCILMEMBER
MICHAEL ALVAREZ



COUNCILMEMBER
KIMBERLEE NICHOLS



City of Orange
C a l i f o r n i a

Comprehensive Annual Financial Report
Year Ended June 30, 2016

Prepared by:
FINANCE DEPARTMENT
Will Kolbow, Finance Director

Elected Officials



CITY TREASURER
RICHARD A. ROHM



CITY CLERK
MARY MURPHY

Introductory Section



**CITY OF ORANGE
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FISCAL YEAR ENDED JUNE 30, 2016**

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CITY OF ORANGE

FINANCE DIRECTOR

(714) 744-2235

• www.cityoforange.org

FAX: (714) 744-2245

January 4, 2017

To the Honorable Mayor, City Council and City Manager of the City of Orange, California:

The Comprehensive Annual Financial Report (CAFR) of the City of Orange (City), as prepared by the City's Finance Department, is hereby presented for your information. State law requires that every general-purpose local government issue within six months of the close of each fiscal year, a complete set of audited financial statements. This report fulfills that requirement for the fiscal year ended June 30, 2016.

Responsibility for preparation of the CAFR rests with the City's management. In addition, management assumes full responsibility for the accuracy, completeness, and reliability of the information contained in this report, based upon a comprehensive framework of internal controls that have been established for this purpose. Because the cost of internal controls should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the City of Orange. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have also been included.

The independent accounting firm of White Nelson Diehl Evans LLP (Auditors) performed the annual financial audit, which was designed to meet the requirements of Government Auditing Standards. The Auditors have issued an unmodified ("clean") opinion on the City's financial statements for the year ended June 30, 2016. The Independent Auditors' Report on the CAFR is included at the front of the financial section of this report.

The Management Discussion and Analysis (MD&A) immediately follows the Independent Auditors' Report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

PROFILE OF THE CITY OF ORANGE

The City of Orange, with a present population estimated at 141,420 is situated in central Orange County, approximately 32 miles southeast of Los Angeles. The City's land area is 24 square miles. Its planning area or "sphere of influence" is 62 square miles which includes a portion of 16,000 acres of undeveloped land owned by The Irvine Company.

The City was incorporated in 1888 under the general laws of the State of California. Under a council-manager form of government, a mayor is elected every two years and four council members are elected to four-year terms alternating on a two-year basis. The City Manager, who is the administrative official of the City, is appointed by the City Council.

The City provides a full range of services for its citizens. These services include police, fire, paramedic, emergency transportation, library, recreation and parks, senior services, planning and development, street improvements and lighting, and general administration. The City also operates a water utility and contracts for refuse collection services. In addition, the City provides aid to its citizens in the form of residential and commercial rehabilitation loans and economic development.

The former Orange Redevelopment Agency was a component unit of the City until the implementation of AB IX 26, which dissolved California Redevelopment Agencies effective January 31, 2012 (dissolution date). All funds remaining as of that date were transferred to the Successor Agency public trust fund. The City, per Resolution No. 10625, is the Successor Agency to the former Redevelopment Agency. The Successor Agency's (City Council) approvals are subject to review and confirmation by the Oversight Board (OB) and State Department of Finance (DOF). All transactions effective from the dissolution date and through the "wind-down" period, will be reported in the Successor Agency trust fund.

The annual budget is adopted by July 1st for all funds of the City on a basis consistent with generally accepted accounting principles. The budget is monitored to ensure compliance with legal provisions embodied in the appropriated budget as approved or amended by the City Council throughout the year. City staff is responsible for monitoring the appropriated budgets for all funds. The budget is prepared by fund, department (e.g. police), and activity (e.g. patrol). Transfers of appropriations between funds, between departments within a fund, and between capital outlay or debt service and another object group classification within a department, require City Council approval. All other transfers of appropriations can be made with City management approval.

LOCAL ECONOMY

The local economy in the City of Orange has continued to improve since the Great Recession. The City's largest revenue source, sales tax, increased by \$1.7 million, or 4.2%, in the General Fund from the prior Fiscal Year (FY). Auto sales continue to drive the increase, as well as growth in building and construction. Fuel and service station sales, the largest component of sales tax, have dropped slightly for the second year in a row.

General Fund property tax revenue, increased \$2 million over the prior year. Assessed valuations continue to climb following the decreases during the Recession. In addition, the General Fund will continue to see an increase in residual revenues as a result of the dissolution of the Redevelopment Agency and as activities of the Successor Agency "wind-down".

Interest rates increased slightly in FY 16 with investments earning an average yield of 0.91%. Rates are expected to remain low in FY 17.

RELEVANT FINANCIAL POLICIES

Historically, the City's Reserve Policy provided for as much as a 25% set-aside of budgeted General Fund operating expenditures as a designation of fund balance (Designated for Contingencies), which is included in Unassigned fund balance. This policy was established to provide a contingency in case of a catastrophic, or other severe economic, event. The current set-aside is 18% of FY 17 budgeted General Fund operating expenditures.

LONG-TERM FINANCIAL PLANNING AND MAJOR INITIATIVES

Pursuant to the California Public Employees' Pension Reform Act of 2013 (PEPRA) and related statutory changes, the City implemented a two-tiered retirement system with the California Public Employees Retirement System (CalPERS). This system provides for a second tier of reduced retirement benefits, effective for employees hired after January 1, 2013 who are also new to CalPERS. It includes a retirement benefit of 2% at 62 for miscellaneous employees and 2.7% at 57 for safety employees, and requires employee contribution rates of 6.75% and 12%, respectively. Over the long term, this reduced benefit tier is designed to decrease retirement costs for the City. As of June 30, 2016, there are 123 of the City's 628 covered employees (19.6%) at this lower tier of retirement benefits.

Sales Tax Sharing Program: In May 2013, the City Council adopted Ordinance No. 4-13 establishing a Sales Tax Sharing Program as a new economic development incentive to promote business growth and job creation, and to enhance the economic base through increased sales tax revenue in the City of Orange. Under the Sales Tax Sharing Program, the City may enter into a Participation Agreement with the owners of existing or new local businesses that generate sales tax revenue to provide for economic development incentives. Currently, the City has Participation Agreements with three entities.

Providing for Internal Service Funding (ISF): The City maintains several Internal Service Funds (ISF). The City is working to reduce reserves in the Workers' Compensation and General Liability funds as it strives to close out a number of older claims. Allocations to other internal service funds, including the Employee Accrued Liability Fund (see below), Equipment Maintenance, Equipment Replacement, Information Systems, and Computer Replacement funds, are also recorded to ensure adequate future funding for each of those respective functions.

Retirement Cost Increases: As part of their plan to fully fund all retirement plans within 30 years, CalPERS established a plan to dramatically increase contribution rates over a five-year period, beginning in FY 16. In addition, changes in actuarial assumptions based on life expectancy have increased retirement costs for all agencies. In FY 13, City Council established a contingency reserve in the Employee Accrued Liability Fund which set-aside monies to be used to offset future retirement costs. While these funds have not yet been used, \$6.2 million has been set aside as of June 30, 2016. On July 26, 2016, the City made a prepayment for a total of \$895,212 to help reduce the unfunded retirement liability for both safety and miscellaneous employees.

ACKNOWLEDGEMENTS

The preparation of the CAFR could not have been accomplished without the efficient and dedicated service of the Finance Department staff. We would like to express our appreciation to all members of the Department who assisted and contributed to the preparation of this report, particularly the Accounting division's financial reporting team. We also appreciate the assistance and support received from the Investment Advisory Committee and City departments in planning and conducting the financial operations of the City during this fiscal year, as well as the Mayor and Councilmembers for their steadfast support for maintaining the highest standards of professionalism in the management of the City's finances.

Respectfully submitted,

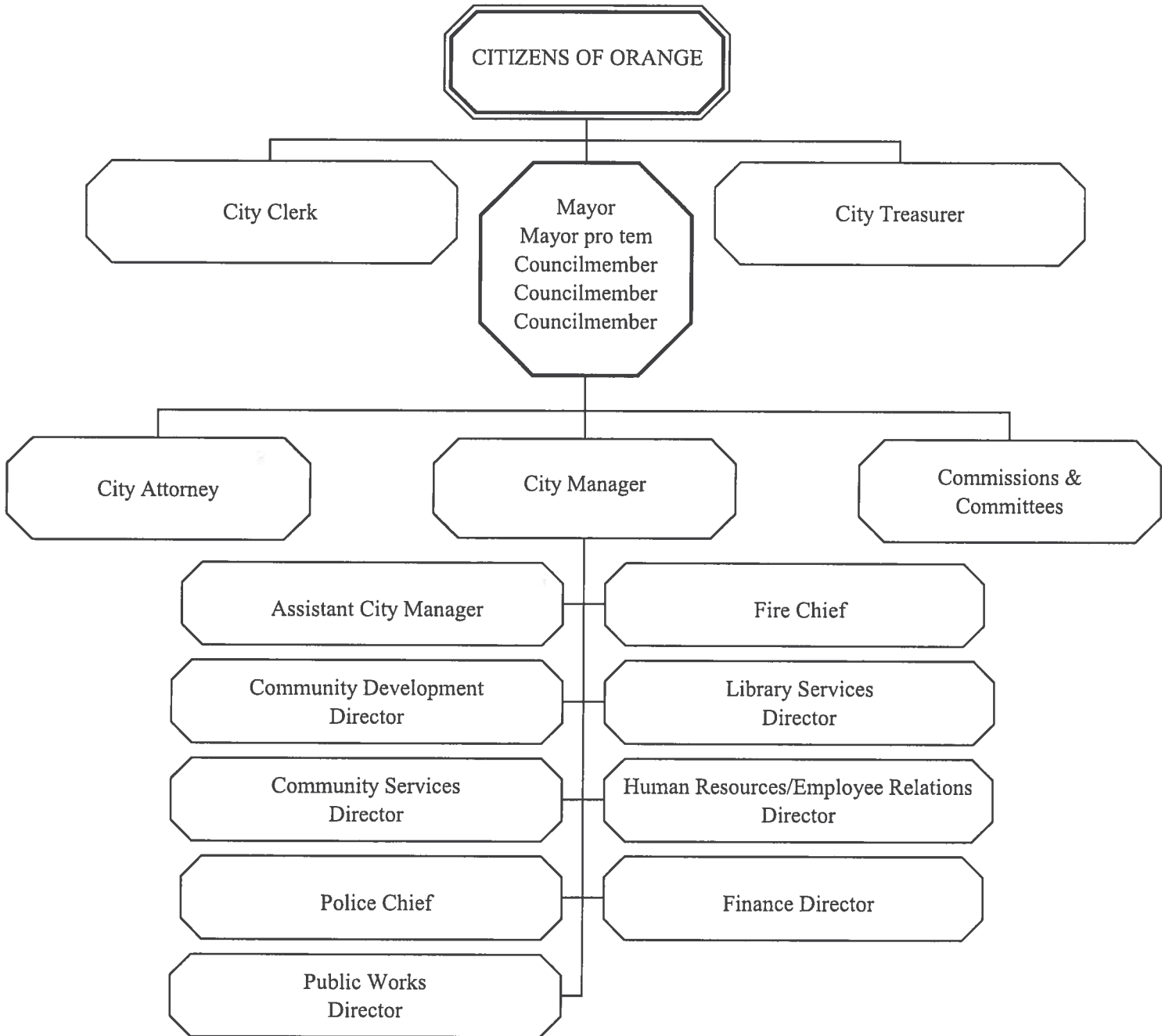


William M. Kolbow, CPA
Finance Director



Katrin O. Bandhauer, CPA
Assistant Finance Director

CITY OF ORANGE



ELECTED POSITIONS

Teresa “Tita” SmithMayor
Mark Murphy.....Mayor pro tem
Fred Whitaker.....Councilmember
Mike Alvarez.....Councilmember
Kim NicholsCouncilmember
Richard A. Rohm.....City Treasurer
Mary Murphy.....City Clerk

ADMINISTRATIVE PERSONNEL

Rick Otto.....City Manager
Wayne Winthers.....City Attorney
Tom Kisela.....Police Chief
Joe De Francesco..... Public Works Director
Jack Thomas..... Fire Chief
Steven Pham.....Human Resources Director
Will Kolbow..... Finance Director
Bonnie Hagan..... Community Services Director
William Crouch..... Community Development Director
Dave Curtis..... Library Services Director

Financial Section



WHITE NELSON DIEHL EVANS LLP
Certified Public Accountants & Consultants

INDEPENDENT AUDITORS' REPORT

To the Honorable City Council
of the City of Orange
Orange, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Orange, California (the City), as of and for the year ended June 30, 2016, and the related notes to the basic 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.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the City'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 City'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, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 13 and 18J to the financial statements, the City has restated the governmental activities, business-type activities, and private-purpose trust fund net position and the fund balance of the general fund, federal, state & local grants special revenue fund, housing successor special revenue fund, and other governmental funds in the fiscal year 2015-2016 financial statements. Our opinions are not modified with respect to this matter.

Other Matters

Report on Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Budgetary Comparison Schedules - General and Major Special Revenue Funds, and the City's Defined Benefit Plan Schedules Required by GASB Statement No. 68, Accounting and Financial Reporting for Pensions - An Amendment of GASB Statement No. 27, identified as Required Supplementary Information (RSI) in the accompanying 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 RSI in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during the audit of the basic financial statements. We do not express an opinion or provide any assurance on the RSI 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 introductory section, combining and individual non-major fund financial statements and schedules (supplementary information), and statistical section, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Other Matters (Continued)

Other Information (Continued)

The supplementary information, as listed in the table of contents, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken 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 express no opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 4, 2017, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

White Nelson Dick Evans LLP

Irvine, California
January 4, 2017

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Management's Discussion and Analysis



MANAGEMENT'S DISCUSSION AND ANALYSIS

The purpose of this Management's Discussion and Analysis is to interpret and summarize the financial changes in the City of Orange Financial Statements for Fiscal Year 2015-16. This analysis will focus on the significant changes in an effort to explain the City's overall financial condition. We encourage readers to consider the information presented here in conjunction with the additional information furnished in our Letter of Transmittal, Notes to the Financial Statements, and the Statistical Section.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's Basic Financial Statements, which are comprised of three components: (1) Government-wide Financial Statements; (2) Fund Financial Statements; and (3) Notes to the Financial Statements. In addition to the Basic Financial Statements and required information, this report also contains other supplementary information.

Government-wide Financial Statements. The Government-wide Financial Statements are designed to provide readers with a broad overview of the City's financial position, in a manner similar to that of a private-sector business. These statements are reported on the full accrual basis of accounting. Thus, revenues and expenses are reported for some items that will not affect cash flows until future fiscal periods.

The Government-wide Financial Statements separate **Governmental Activities** that are principally supported by taxes and revenues from other agencies, from **Business-type Activities** that are intended to recover all, or a significant portion, of their costs through user fees and charges. The Governmental Activities of the City include General Government, Public Safety, Public Works, Community Development, Parks and Library, Economic Development, and Interest on Long-Term Debt, when applicable. The City's two Business-type Activities are Water and Sanitation.

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; the difference between the four is reported as net position. Total assets include all capital items including infrastructure. Evaluating increases or decreases in net position over time will serve as a useful indicator of whether the financial position of the City is improving or declining.

The Statement of Activities presents information on the net cost of each governmental function (activity) during the fiscal year. This statement also identifies the amount of general revenues needed to fully fund each governmental function.

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 state and local governments, uses fund accounting to 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 (General Fund, Special Revenue, Debt Service and Capital Projects Funds) are used to account for the same functions reported as Governmental Activities in the Government-wide Financial Statements. However, unlike the Government-wide Financial Statements, Fund Financial Statements focus on short-term inflows and outflows of spendable resources. These funds are reported using the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. This information is useful in evaluating the City's short-term financing requirements.

The focus of the Fund Financial Statements is narrower than that of the Government-wide Financial Statements. The governmental fund Balance Sheets and the Statement of Revenues, Expenditures, and Changes in Fund Balance, require a reconciliation to facilitate the comparison between the Fund Statements and the Government-wide Statements. This reconciliation is required because the Government-wide Statements are prepared on the full accrual basis of accounting while the Fund Statements are prepared on the modified accrual basis of accounting. These reconciliations can be found in the Fund Financial Statements on pages 23 and 26.

Proprietary Funds are Enterprise and Internal Service Funds. The City uses Enterprise Funds to account for its Water Utility and Sanitation services. Internal Service Funds are used to accumulate and allocate costs internally to various functions. The City uses Internal Service Funds to allocate equipment expenses, equipment replacements, major building improvements, information systems, computer replacements, employee accrued liability and workers' compensation, liability and dental self-insurance costs.

All of the Internal Service Funds are combined into a single, aggregated presentation in the Proprietary Fund Financial Statements. Individual fund data for the Internal Service Funds is provided in the form of combining statements found on pages 124-129.

Fiduciary Funds (Agency and Private-Purpose Trust Funds) are used to account for resources held for the benefit of parties outside of the City such as the collection of charges and fees for other governmental agencies. The Fiduciary Fund resources are not available to support City programs. Fiduciary Funds are reported in Fiduciary Fund Statements of the basic Financial Statements section and are also reported in the Supplementary Schedules section.

Notes to the Financial Statements. The notes provide additional information that is essential to the reader for a full understanding of the data provided in the Government-wide and Fund Financial Statements.

Other Information. In addition to the Basic Financial Statements and accompanying notes, this report also presents certain Supplementary Information such as Budgetary Comparison Schedules for the General Fund and all Major Special Revenue Funds, Schedules of Changes in the Net Pension Liability and Related Ratios and Schedules of Plan Contributions (Required

Supplementary Information). In addition, Budgetary Comparison Schedules for all of the Non-Major Special Revenue, Capital Projects Funds, and Combining Non-Major Statements are provided (Supplementary Schedules). The Statistical Section provides users with statistical information covering five categories, including financial trends, revenue capacity, debt capacity, demographic and economic information, and operating information.

GOVERNMENT-WIDE FINANCIAL HIGHLIGHTS AND ANALYSIS

City of Orange

Net Position

(expressed in thousands of dollars)

	Governmental Activities		Business-type Activities		Total	
	15-16	14-15	15-16	14-15	15-16	14-15
Current and other assets	\$175,759	165,723	24,167	28,022	199,926	193,745
Capital assets	632,246	620,204	137,601	137,329	769,847	757,533
Total assets	<u>808,005</u>	<u>785,927</u>	<u>161,768</u>	<u>165,351</u>	<u>969,773</u>	<u>951,278</u>
Deferred outflows of resources	<u>15,523</u>	<u>13,955</u>	<u>1,284</u>	<u>1,153</u>	<u>16,807</u>	<u>15,108</u>
Long-term liabilities outstanding	23,118	18,974	605	189	23,723	19,163
Net pension liability	179,654	171,980	15,063	14,773	194,717	186,753
Other liabilities	21,127	17,633	5,364	5,995	26,491	23,628
Total liabilities	<u>223,899</u>	<u>208,587</u>	<u>21,032</u>	<u>20,957</u>	<u>244,931</u>	<u>229,544</u>
Deferred inflows of resources	<u>21,111</u>	<u>35,911</u>	<u>1,813</u>	<u>3,236</u>	<u>22,924</u>	<u>39,147</u>
Net Investment in capital assets	632,246	620,204	137,601	137,328	769,847	757,532
Restricted	50,289	56,506	-	189	50,289	56,695
Unrestricted	<u>(104,017)</u>	<u>(121,326)</u>	<u>2,606</u>	<u>4,794</u>	<u>(101,411)</u>	<u>(116,532)</u>
Total net position	<u>\$578,518</u>	<u>555,384</u>	<u>140,207</u>	<u>142,311</u>	<u>718,725</u>	<u>697,695</u>

Governmental Activities:

Assets exceeded liabilities at the close of the fiscal year by \$578.5 million. The majority of this excess is due to the capitalization of the City's infrastructure per GASB Statement No. 34, including streets, sidewalks, rights-of-way, street lights, traffic signals, sewer system, storm drain system, wells and bridges.

Total assets increased by \$22.0 million due to the transfer of properties from the Successor Agency to the City, in accordance with the Long-Range Property Management Plan approved by the State Department of Finance, and to an increase in taxes receivable.

Total liabilities increased by \$15.3 million due to an increase in the City's net pension liability and workers compensation and liability claims payable.

The restricted portion of the City's net position (\$50.3 million) represents resources that are subject to legal outside restrictions by law, constitution, or enabling legislation, and funds committed by City Council for specific purposes.

Business Type Activities:

Total assets and net position decreased by \$3.6 million and \$2.1 million, respectively due to an operating loss in the Sanitation fund.

City of Orange
Changes in Net Position
(expressed in thousands of dollars)

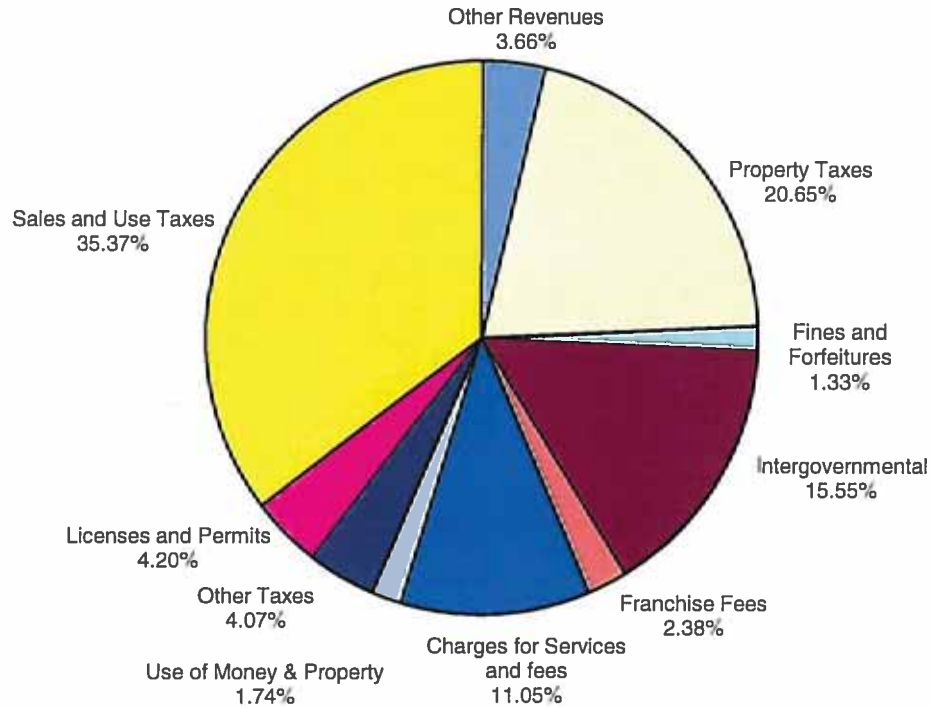
	Governmental Activities		Business-type Activities		Total	
	15-16	14-15 ⁽¹⁾	15-16	14-15 ⁽¹⁾	15-16	14-15 ⁽¹⁾
Program Revenue						
Charges for services	\$20,741	14,680	30,086	33,385	50,827	48,065
Operating grants and contributions	4,398	5,046	-	65	4,398	5,111
Capital grants and contributions	3,845	3,356	463	385	4,308	3,741
General Revenues						
Property Taxes	26,733	24,379	-	-	26,733	24,379
Sales Taxes	45,789	43,929	-	-	45,789	43,929
Other Taxes	8,347	7,741	-	-	8,347	7,741
State Revenue	11,952	11,313	-	-	11,952	11,313
Other	7,522	4,472	241	474	7,763	4,946
Total Revenues	<u>129,327</u>	<u>114,916</u>	<u>30,790</u>	<u>34,309</u>	<u>160,117</u>	<u>149,225</u>
Expenses						
General government	11,523	11,043	-	-	11,523	11,043
Public Safety	68,091	68,075	-	-	68,091	68,075
Public Works	15,344	15,420	-	-	15,344	15,420
Community dev.	3,652	3,760	-	-	3,652	3,760
Parks and library	12,868	14,227	-	-	12,868	14,227
Economic development	2,616	2,026	-	-	2,616	2,026
Sanitation	-	-	7,592	7,690	7,592	7,690
Water	-	-	25,302	28,440	25,302	28,440
Total Expenses	<u>114,094</u>	<u>114,551</u>	<u>32,894</u>	<u>36,130</u>	<u>146,988</u>	<u>150,681</u>
Change in net position before transfers and Extraordinary items	15,233	365	(2,104)	(1,821)	13,129	(1,456)
Extraordinary gain	<u>7,901</u>	<u>15,605</u>	<u>-</u>	<u>-</u>	<u>7,901</u>	<u>15,605</u>
Change in net position	23,134	15,970	(2,104)	(1,821)	21,030	14,149
Net position at beginning of year, as restated	<u>555,384</u>	<u>539,414</u>	<u>142,311</u>	<u>144,132</u>	<u>697,695</u>	<u>683,546</u>
Net position at end of year	<u>\$578,518</u>	<u>555,384</u>	<u>140,207</u>	<u>142,311</u>	<u>718,725</u>	<u>697,695</u>

(1) The amounts presented in Changes in Net Position for 14-15 have been restated with management's best estimate of sanitation fund depreciation and pension expense to more accurately present comparative numbers. See Footnote 13 regarding restatement of beginning net position.

GOVERNMENTAL FUND HIGHLIGHTS AND ANALYSIS

The graph below shows a summary of Governmental Fund type revenues. This includes revenues from the General Fund, Special Revenue Funds, Debt Service Funds, and Capital Project Funds for the Fiscal Year ended June 30, 2016.

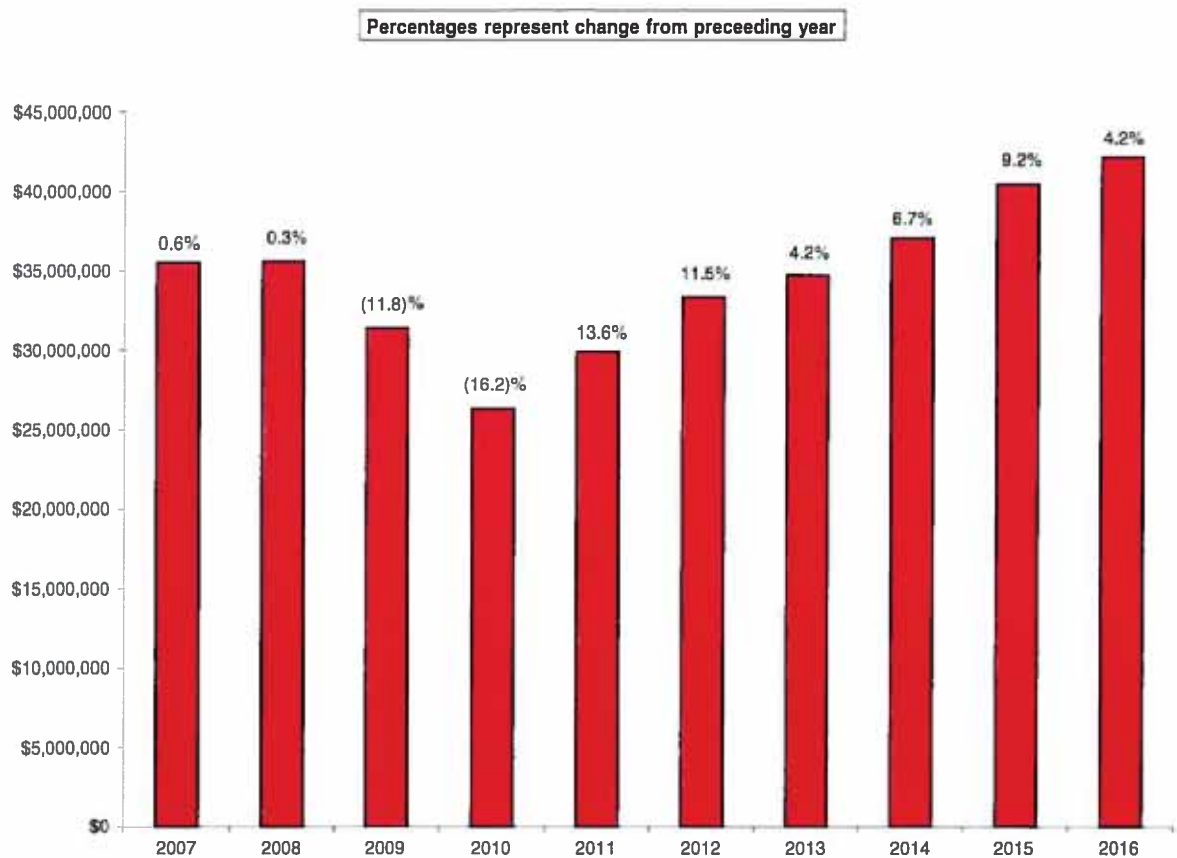
GOVERNMENTAL FUNDS REVENUES



REVENUE SOURCE	INCREASE (DECREASE) FROM 14-15			
	15-16 AMOUNT	14-15 AMOUNT	AMOUNT	%
Property taxes	\$26,733,026	24,378,818	2,354,208	9.7
Sales and use taxes	45,789,026	43,928,900	1,860,126	4.2
Other taxes	5,269,795	4,582,893	686,902	15.0
Franchise fees	3,076,891	3,157,618	(80,727)	(2.6)
Licenses and permits	5,443,388	4,080,299	1,363,089	33.4
Use of money and property	2,248,055	1,581,961	666,094	42.1
Intergovernmental	20,125,635	20,509,144	(383,509)	(1.9)
Charges for services and fees	14,311,067	9,150,202	5,160,865	56.4
Fines and forfeitures	1,725,785	2,138,247	(412,462)	(19.3)
Other revenues	4,732,645	2,421,697	2,310,948	95.4
TOTAL	\$129,455,313	115,929,779	13,525,534	11.67

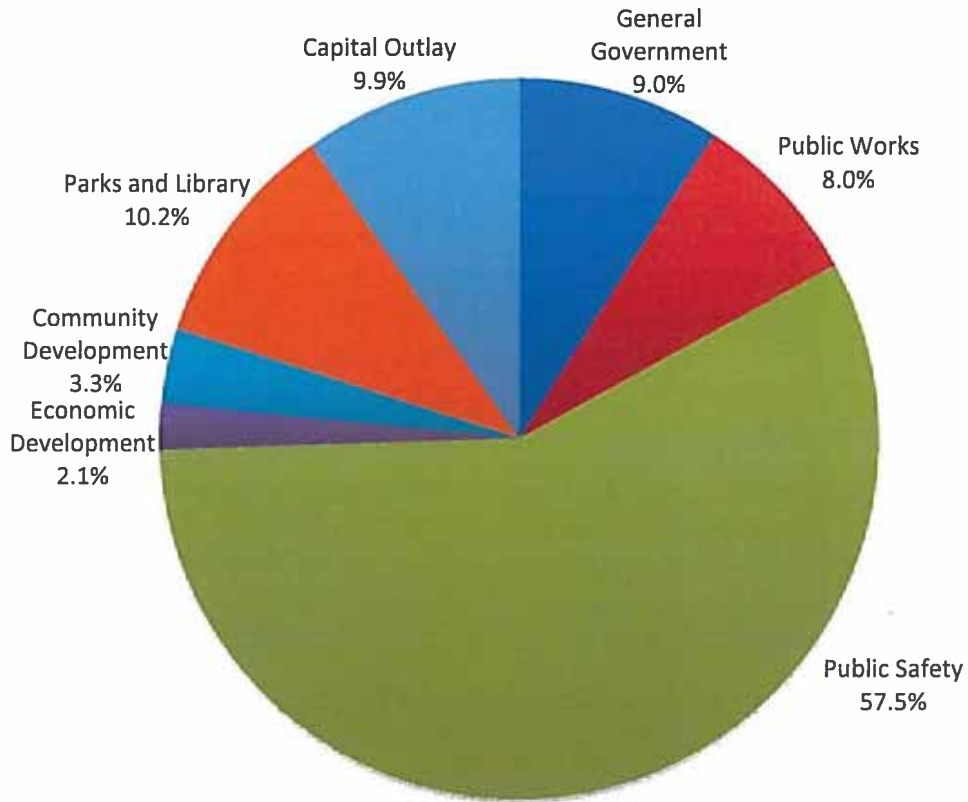
As indicated in the table on the previous page, for the 2015-16 Fiscal Year, License and permits increased 33.4% due to increased building permit activity. Use of money and property increased due to a slight increase in interest rates and increase in rental income resulting from the transfer of rental properties from the Successor Agency to the City. The increase in building activity also resulted in an increase in development related fees, as evidenced by the 56.4% increase in Charges for services and fees. Finally, Other revenue almost doubled due to reimbursements for fire related overtime, and one time receipts related to law suit settlements.

GENERAL FUND SALES TAX REVENUE Fiscal Years 2007-2016



Sales tax is the City's largest revenue source and is directly related to general economic conditions within the City. General Fund sales tax revenue increased by \$1.7 million from the previous year. This increase was due mostly to a better economy, higher wholesale fuel distribution, and an increase in auto sales. The historical change in General Fund sales tax revenue, excluding Measure M and Proposition 172 sales tax revenues (which are restricted for transportation and public safety purposes), is presented in the bar graph above.

GOVERNMENTAL FUNDS EXPENDITURES



FUNCTION	15-16 AMOUNT	14-15 AMOUNT	INCREASE (DECREASE) FROM 14-15	
			AMOUNT	%
General government	\$11,059,999	9,750,112	1,309,887	13.4
Public safety	70,304,539	65,620,597	4,683,942	7.1
Public works	9,732,287	9,942,108	(209,821)	(2.1)
Community development	4,086,895	3,735,548	351,347	9.4
Parks and library	12,464,990	12,796,867	(331,877)	(2.6)
Economic development	2,519,124	557,096	1,962,028	352.2
Capital outlay	12,103,521	11,654,340	449,181	3.9
TOTAL	\$122,271,355	\$114,056,668	8,214,687	7.2%

Overall expenditures increased by \$8.2 million or 7.2% from the prior fiscal year. The \$1.9 million increase in Economic development is a result of discounting certain loans receivable to more accurately reflect their net present value.

FUND BALANCE ANALYSIS OF THE GOVERNMENTAL FUNDS

As noted earlier, the City uses fund accounting to demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the statements presenting the City's governmental funds is to provide information on the short-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's current financial requirements. In particular, unassigned fund balance may serve as a useful measurement of a government's net resources available for spending during the subsequent fiscal year.

At the end of the fiscal year, the City's governmental funds reported combined ending fund balances of \$127.4 million; an increase of \$5.7 million as compared to the prior fiscal year's restated fund balances. This increase is due to the fact that increases in building and development activity related revenues and rental income, resulting in revenues exceeding expenditures.

The General Fund is the major operating fund of the City. The total fund balance of the General Fund was \$34.8 million, an increase of \$3.2 million in the 2015-16 Fiscal Year.

Other General Fund highlights include:

- Unassigned fund balance of \$34.7 million was 34% of total General Fund expenditures.
- Actual General Fund revenues increased \$7.8 million due primarily to an increase in building and development related revenues. The General Fund's original expenditure budget was increased throughout the year by City Council actions totaling \$7.8 million or 7.8%.
- General Fund actual expenditures totaled \$102.2 million as compared with the ending amended budget of \$110.8 million; a savings of \$8.6 million, primarily due to unfilled, budgeted positions throughout the City.

Major Special Revenue Funds highlights include:

- The Sanitation Fund was transferred from a Special Revenue Fund to an Enterprise Fund.
- The write down of loans receivable to net present value in the Federal, State and Local Grant Fund and the Housing Successor Fund (\$1,298,999 and \$5,498,411 respectively) accounted for the decrease in fund balance in these funds.
- A transfer from the General Fund to the Capital Improvement Fund was made to provide funding for General Fund capital projects.

PROPRIETARY FUND HIGHLIGHTS AND ANALYSIS

The Proprietary Funds of the City consist of the Enterprise Funds (Water Fund and Sanitation Fund) and the Internal Service Funds. The Enterprise Funds are reported as Business-Type Activity on the Government-wide Financial Statements. The Internal Service Funds are Governmental Activities and as such, are combined with other Governmental Activities

(Governmental Funds) when presented on the Government-wide Financial Statements. The following are highlights of the Proprietary Funds:

Enterprise Fund - Revenues. Operating revenues decreased approximately \$3.6 million, due mainly to decreased water sales as a result of the drought.

Enterprise Fund - Expenses. Operating expenses for Fiscal Year 2015-16 decreased \$3.2 million over the prior year, due to a decrease in purchased water and replenishment assessment, resulting from the drought.

Enterprise Fund - Net Position. The unrestricted net position at year-end totaled \$2.6 million, a decrease of \$2.2 million from the prior year. While both revenues and expenses decreased from prior year, current expenditures exceeded current revenues by \$2.1 million.

Internal Service Funds - Revenues. During Fiscal Year 2015-16 the Internal Service Funds had total operating revenues of \$13.1 million. This represents an increase of \$1.3 million over the prior year, mainly due to an increase in charges for services revenue.

Internal Service Funds - Expenses. Total operating expenses for Fiscal Year 2015-16 totaled \$15.8 million, an increase of \$2.3 million. The increase was mainly due to higher insurance claims.

Internal Service Funds - Net Position. The unrestricted net position of the Internal Service Funds at year-end totaled \$16.8 million. Total net position decreased \$1.3 million over the prior year, due to the increase in insurance claims.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. The City's Seven Year Capital Improvement Plan estimates spending another \$138 million in Fiscal Years 2016-17 through 2022-23. Funding will come from current fund balances, projected revenues over the next seven years, grants, and private donations.

Capital Assets

(shown in thousands, net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	15-16	14-15 ⁽¹⁾	15-16	14-15 ⁽¹⁾	15-16	14-15
Land	\$80,310	74,597	2,647	2,647	82,957	77,244
Rights of way	344,981	344,981	-	-	344,981	344,981
Infrastructure	115,202	111,270	-	-	115,202	111,270
Structures/improvements	76,871	63,298	52,485	52,580	129,356	115,878
Furniture/fixtures/equip	11,693	11,032	8,193	5,178	19,886	16,210
Construction in Progress	3,189	15,026	4,949	5,982	8,138	21,008
Sewer	-	-	26,669	26,586	26,669	26,586
Storm drains	-	-	42,658	44,356	42,658	44,356
Total	\$632,246	620,204	137,601	137,329	769,847	757,533

- (1) It has been determined that the Sanitation fund meets the criteria of an Enterprise Fund and, as such the fund, including its related capital assets in the net amount of \$70,973,706, has been transferred from a Governmental Fund to a Proprietary Fund (Business-type), resulting in a restatement of beginning balance.

More detailed information on the City's capital asset activity can be found in note 3 on pages 52 through 54.

Long Term Liabilities

The City has no outstanding long term debt. The long term liabilities of the City consist of liabilities for compensated absences and insurance claims.

	Beginning Balance, As Restated	Additions	Deletions	Ending Balance	Amounts Due Within One Year	Amounts Due Beyond One Year
Governmental activities:						
Compensated absences	8,050,194	3,393,251	3,299,323	8,144,122	3,337,818	4,806,304
Claims payable	8,730,405	5,562,344	2,332,137	11,960,612	3,343,632	8,616,980
Total Governmental act.	16,780,599	8,955,595	5,631,460	20,104,734	6,681,450	13,423,284
Business-type activities						
Compensated absences	651,935	200,454	115,724	736,665	131,359	605,306
Total	<u>\$17,432,534</u>	<u>9,156,049</u>	<u>5,747,184</u>	<u>20,841,399</u>	<u>6,812,809</u>	<u>14,028,590</u>

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the City's finances. This financial report can also be found on the City's website at www.cityoforange.org. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to the Finance Department, City of Orange, 300 East Chapman Avenue, Orange, California 92866.

Government-wide Financial Statements



CITY OF ORANGE
Statement of Net Position
June 30, 2016

	Governmental Activities	Business-Type Activities	Totals
ASSETS:			
Cash and investments (note 2)	\$ 129,851,145	18,677,463	148,528,608
Cash and investments with fiscal agt. (note 2)	59,026	-	59,026
Receivables (net of allowance for uncollectibles)			
Accounts	3,119,043	4,626,948	7,745,991
Taxes (note 4)	12,713,532	273	12,713,805
Interest	225,938	32,006	257,944
Intergovernmental	74,715	-	74,715
Inventories	379,030	830,939	1,209,969
Prepaid items	30,000	-	30,000
Loans receivable (net of allowance for net present value) (Note 12)	29,306,122	-	29,306,122
Capital assets, undepreciated (note 3)	428,480,317	7,595,094	436,075,411
Capital assets, net (note 3)	203,765,716	130,005,504	333,771,220
Total assets	<u>808,004,584</u>	<u>161,768,227</u>	<u>969,772,811</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred pension related items	15,523,445	1,284,046	16,807,491
Total deferred outflows of resources	<u>15,523,445</u>	<u>1,284,046</u>	<u>16,807,491</u>
LIABILITIES:			
Accounts payable	3,173,533	5,004,513	8,178,046
Accrued items	5,002,404	-	5,002,404
Deposits payable	189,350	140,597	329,947
Contracts payable	280,977	-	280,977
Due to other agencies	3,154,134	-	3,154,134
Unearned revenue	2,645,874	87,030	2,732,904
Noncurrent liabilities (note 9):			
Net pension liability (note 6)	179,653,522	15,063,208	194,716,730
Other post employment benefits	9,694,870	-	9,694,870
Due within one year	6,681,450	131,359	6,812,809
Due in more than one year	13,423,284	605,306	14,028,590
Total liabilities	<u>223,899,398</u>	<u>21,032,013</u>	<u>244,931,411</u>
DEFERRED INFLOWS OF RESOURCES:			
Deferred pension related items	21,111,021	1,813,230	22,924,251
Total deferred inflows of resources	<u>21,111,021</u>	<u>1,813,230</u>	<u>22,924,251</u>
NET POSITION:			
Net investment in capital assets	632,246,033	137,600,598	769,846,631
Restricted for:			
Specific projects and programs	50,288,584	-	50,288,584
Unrestricted	(104,017,007)	2,606,432	(101,410,575)
Total net position	<u>\$ 578,517,610</u>	<u>140,207,030</u>	<u>718,724,640</u>

See accompanying notes to the financial statements.

CITY OF ORANGE
Statement of Activities
Year ended June 30, 2016

	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 11,523,233	4,975,387	2,615,064	-
Public safety	68,091,154	7,227,522	560,799	74,657
Public works	15,343,879	1,270,412	120,000	3,425,028
Community development	3,651,913	2,825,885	-	-
Parks and library	12,867,558	4,441,478	130,352	318,074
Economic development	2,615,785	-	971,442	27,285
Total governmental activities	<u>114,093,522</u>	<u>20,740,684</u>	<u>4,397,657</u>	<u>3,845,044</u>
Business-type activities:				
Water	25,302,258	25,733,212	-	231,750
Sanitation	7,591,850	4,353,379	-	231,201
Total business-type activities	<u>32,894,108</u>	<u>30,086,591</u>	<u>-</u>	<u>462,951</u>
Totals	<u>\$ 146,987,630</u>	<u>50,827,275</u>	<u>4,397,657</u>	<u>4,307,995</u>

General revenues:

 Taxes (note 4):

 Property taxes

 Sales taxes

 Transient occupancy taxes

 Franchise taxes

 Other taxes

 Use of money and property

 Property tax in lieu of state motor vehicle in lieu (unrestricted)

 Other

 Total general revenues and extraordinary items

 Change in net position, before extraordinary gain/(loss)

 Extraordinary gain/(loss)

 Change in net position

 Net position at beginning of year, as restated (note 13)

 Net position at end of year

See accompanying notes to the financial statements.

Net (Expense) Revenue
and Changes in Net Position

Governmental Activities	Business-type Activities	Totals
(3,932,782)	-	(3,932,782)
(60,228,176)	-	(60,228,176)
(10,528,439)	-	(10,528,439)
(826,028)	-	(826,028)
(7,977,654)	-	(7,977,654)
(1,617,058)	-	(1,617,058)
(85,110,137)	-	(85,110,137)
-	662,704	662,704
-	(3,007,270)	(3,007,270)
-	(2,344,566)	(2,344,566)
(85,110,137)	(2,344,566)	(87,454,703)
26,733,026	-	26,733,026
45,789,026	-	45,789,026
5,211,752	-	5,211,752
3,076,891	-	3,076,891
58,043	-	58,043
2,248,055	240,646	2,488,701
11,951,577	-	11,951,577
5,274,621	-	5,274,621
100,342,991	240,646	100,583,637
15,232,854	(2,103,920)	13,128,934
7,900,901	-	7,900,901
23,133,755	(2,103,920)	21,029,835
555,383,855	142,310,950	697,694,805
\$ 578,517,610	140,207,030	718,724,640

See accompanying notes to the financial statements.

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Fund Financial Statements



Governmental Funds

Major Governmental Funds

Individual funds whose assets, liabilities, revenues or expenditures are at least 10% of the total assets, liabilities, revenues or expenditures of the governmental funds and at least 5% of the total assets, liabilities, revenues or expenditures of the governmental and enterprise funds combined, will be classified as major funds.

The General Fund must be classified as a major fund and is used to account for revenues and expenditures that are not required to be accounted for in another fund.

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than for major capital projects) that are legally restricted to expenditure for specified purposes. The following Special Revenue Funds have been classified as major funds in the accompanying financial statements:

- Federal, State and Local Grants
- Housing Successor
- Measure M

Capital Projects Funds are used to account for the acquisition and construction of capital facilities. The following Capital Projects Funds have been classified as major funds in the accompanying financial statements:

- Capital Improvement

Non-Major Governmental Funds

Other Governmental Funds – These funds constitute all other governmental funds that do not meet the major fund test described above. These funds include Special Revenue Funds and several smaller Capital Projects Funds.

CITY OF ORANGE
Balance Sheet
Governmental Funds
June 30, 2016

	Special Revenue Funds		
	General	Federal, State & Local Grants	Housing Successor
ASSETS:			
Cash and investments (note 2)	\$ 29,461,017	1,516,541	1,711,366
Receivables (net of allowance for estimated uncollectibles):			
Accounts	872,932	14,966	39
Taxes (note 4)	12,035,131	-	-
Interest	130,276	2,479	2,768
Intergovernmental	19,051	55,664	-
Inventories	88,354	-	-
Loans receivable (net of allowance for net present value (note 12))	-	4,389,349	21,553,902
Total assets	<u>42,606,761</u>	<u>5,978,999</u>	<u>23,268,075</u>
LIABILITIES:			
Accounts payable	2,047,707	21,071	-
Accrued items	4,998,517	-	-
Deposits payable	184,810	-	-
Contracts payable	-	56,024	-
Due to other agencies	142,357	3,178	-
Unearned revenue	347,549	-	-
Total liabilities	<u>7,720,940</u>	<u>80,273</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES:			
Unavailable revenues	64,970	-	-
Total deferred inflows of resources	<u>64,970</u>	<u>-</u>	<u>-</u>
FUND BALANCES:			
Nonspendable:			
Inventories	88,354	-	-
Restricted for:			
Special revenue projects	-	5,898,726	23,268,075
Committed	-	-	-
Assigned for:			
Capital projects	-	-	-
Unassigned:	34,732,497	-	-
Total fund balances	<u>34,820,851</u>	<u>5,898,726</u>	<u>23,268,075</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 42,606,761</u>	<u>5,978,999</u>	<u>23,268,075</u>

See accompanying notes to the financial statements.

<u>Measure M</u>	<u>Capital Improvement</u>	<u>Other Governmental Funds</u>	<u>Totals</u>
4,672,897	26,117,533	34,661,380	98,140,734
-	2,122,810	108,296	3,119,043
508,077	-	170,324	12,713,532
7,902	24,892	57,621	225,938
-	-	-	74,715
-	-	-	88,354
-	-	3,362,871	29,306,122
<u>5,188,876</u>	<u>28,265,235</u>	<u>38,360,492</u>	<u>143,668,438</u>
303,029	124,443	441,589	2,937,839
-	-	-	4,998,517
1,450	-	3,090	189,350
74,057	62,986	87,910	280,977
-	3,008,599	-	3,154,134
-	2,237,203	61,122	2,645,874
<u>378,536</u>	<u>5,433,231</u>	<u>593,711</u>	<u>14,206,691</u>
-	1,986,526	-	2,051,496
-	1,986,526	-	2,051,496
-	-	-	88,354
4,810,340	-	16,311,443	50,288,584
-	-	7,886,387	7,886,387
-	20,845,478	13,568,951	34,414,429
-	-	-	34,732,497
<u>4,810,340</u>	<u>20,845,478</u>	<u>37,766,781</u>	<u>127,410,251</u>
<u>5,188,876</u>	<u>28,265,235</u>	<u>38,360,492</u>	<u>143,668,438</u>

See accompanying notes to the financial statements.

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CITY OF ORANGE
 Reconciliation of the Balance Sheet of Governmental Funds
 to the Statement of Net Position
 June 30, 2016

Fund balances of governmental funds \$ 127,410,251

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets net of depreciation have not been included as financial resources in governmental fund activity:

Capital assets less accumulated depreciation	632,246,033
Less capital assets (net) included in internal service funds (below)	(8,847,765)

Compensated absences and other post employment benefits that have not been included in the governmental fund activity:

Compensated absences	(8,144,122)
Other post employment benefits (OPEB)	(9,694,870)

Items related to Net pension liability:

Pension related debt applicable to the City governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Deferred outflows of resources and derred inflows of resources related to penisions are only reported in the Statement of Net Pension as the changes in these amounts affect only the government-wide statements for governmental activities.

Deferred outflow of resources (excluding internal service amount of \$256,809)	15,266,636	
Deferred inflows of resources (excluding internal service amount of \$362,646)	(20,748,375)	
Pension liability (excluding internal service amount of \$3,012,642)	<u>(176,640,880)</u>	(182,122,619)

Certain revenues in the governmental funds are recorded as unavailable revenue using the modified accrual basis and are recognized as revenue under the full accrual basis for reporting in the Government-wide Financial Statements.	2,051,496
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Internal Service Funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the Internal Service Funds are included in the Statement of Net Position because they are not included within the Balance Sheet of the Governmental Funds.	<u>25,619,206</u>
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Net position of governmental activities	<u><u>\$ 578,517,610</u></u>
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See accompanying notes to the financial statements.

CITY OF ORANGE
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year ended June 30, 2016

	Special Revenue Funds		
	General	Federal, State & Local Grants	Housing Successor
REVENUES:			
Taxes (note 4)	\$ 73,120,967	-	-
Franchise fees	2,785,987	-	-
Licenses and permits	5,443,388	-	-
Use of money and property	1,364,340	54,316	134,583
Intergovernmental	13,353,941	1,973,551	-
Charges for services and fees	7,000,239	27,300	-
Fines and forfeitures	1,725,785	-	-
Other revenues (note 5)	3,423,544	-	-
Total revenues	<u>108,218,191</u>	<u>2,055,167</u>	<u>134,583</u>
EXPENDITURES:			
Current:			
General government	10,802,528	-	21,393
Public safety	67,591,325	173,591	-
Public works	7,210,762	-	-
Community development	3,971,673	-	51,736
Parks and library	11,675,323	-	-
Economic development	62,992	576,685	1,879,447
Sanitation	-	-	-
Capital outlay	858,888	1,667,061	-
Total expenditures	<u>102,173,491</u>	<u>2,417,337</u>	<u>1,952,576</u>
Excess (deficiency) of revenues over (under) expenditures	<u>6,044,700</u>	<u>(362,170)</u>	<u>(1,817,993)</u>
OTHER FINANCING SOURCES (USES):			
Transfers in (note 15)	-	-	-
Transfers out (note 15)	<u>(2,827,143)</u>	-	-
Total other financing sources (uses)	<u>(2,827,143)</u>	-	-
Extraordinary gain/(loss)	-	-	-
Net change in fund balances	3,217,557	(362,170)	(1,817,993)
Fund balances, beginning of year, as restated (note 13)	<u>31,603,294</u>	<u>6,260,896</u>	<u>25,086,068</u>
Fund balances, end of year	<u>\$ 34,820,851</u>	<u>5,898,726</u>	<u>23,268,075</u>

See accompanying notes to the financial statements.

Measure M	Capital Improvement	Other Governmental Funds	Totals
2,703,105	-	1,967,775	77,791,847
-	-	290,904	3,076,891
-	-	-	5,443,388
69,159	137,907	487,750	2,248,055
120,352	1,325,805	3,351,986	20,125,635
510	5,760	7,277,258	14,311,067
-	-	-	1,725,785
-	35,450	1,273,651	4,732,645
<u>2,893,126</u>	<u>1,504,922</u>	<u>14,649,324</u>	<u>129,455,313</u>
-	-	236,078	11,059,999
-	-	2,539,623	70,304,539
157,174	-	2,364,351	9,732,287
-	-	63,486	4,086,895
87,863	7,930	693,874	12,464,990
-	-	-	2,519,124
-	-	-	-
<u>2,511,762</u>	<u>3,365,236</u>	<u>3,700,574</u>	<u>12,103,521</u>
<u>2,756,799</u>	<u>3,373,166</u>	<u>9,597,986</u>	<u>122,271,355</u>
<u>136,327</u>	<u>(1,868,244)</u>	<u>5,051,338</u>	<u>7,183,958</u>
-	1,500,000	-	1,500,000
-	(125,000)	-	(2,952,143)
-	1,375,000	-	(1,452,143)
-	31,406	-	31,406
<u>136,327</u>	<u>(461,838)</u>	<u>5,051,338</u>	<u>5,763,221</u>
<u>4,674,013</u>	<u>21,307,316</u>	<u>32,715,443</u>	<u>121,647,030</u>
<u>4,810,340</u>	<u>20,845,478</u>	<u>37,766,781</u>	<u>127,410,251</u>

See accompanying notes to the financial statements.

CITY OF ORANGE
 Reconciliation of the Statement of Revenues, Expenditures,
 and Changes in Fund Balances of Governmental Funds
 to the Statement of Activities
 Year ended June 30, 2016

Net change in fund balances - total governmental funds	\$ 5,763,221
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the costs of those assets are allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays of \$10,163,039 exceeded depreciation of \$(6,176,604), and disposals of \$(594,813). These numbers do not include Internal Service Fund capital outlays of \$2,283,878, depreciation of \$1,275,030 and disposals of \$227,646.	3,391,622
Compensated absences expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. This is the net change in the current period.	(93,928)
Certain revenues in the governmental funds are unavailable using the modified accrual basis and must therefore be recognized as revenue under the full accrual basis for reporting in the Government-wide Financial Statements. This is the net change in unavailable revenue for the current period.	604,639
Other post employee benefits expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	(1,575,910)
Internal Service Funds are used by management to charge the costs of certain activities to individual funds. The net revenues (expenses) of the Internal Service Funds are reported with governmental activities.	(1,268,367)
Extraordinary gains relating to capital assets transferred from the Successor Agency are reported in the Statement of Activities. However, they do not represent current financial resources and, therefore, are not reported in the governmental funds.	7,869,495
Pension obligation expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:	8,442,983
Net change in net position of governmental activities	\$ 23,133,755

See accompanying notes to the financial statements.

CITY OF ORANGE
Statement of Net Position
Proprietary Funds
June 30, 2016

	Business Type Activities - Enterprise Fund			Governmental Activities - Internal Service Funds
	Sanitation	Water	Totals	
ASSETS:				
Current assets:				
Cash and investments (note 2)	\$ 4,544,882	14,132,581	18,677,463	31,710,411
Accounts receivable	428,640	4,198,308	4,626,948	-
Interest receivable	8,541	23,465	32,006	-
Taxes receivable (note 4)	273	-	273	-
Inventories	-	830,939	830,939	290,676
Prepaid items	-	-	-	30,000
Total current assets	<u>4,982,336</u>	<u>19,185,293</u>	<u>24,167,629</u>	<u>32,031,087</u>
Noncurrent assets:				
Cash and investments with fiscal agent (note 2)	-	-	-	59,026
Capital assets, undepreciated (note 3)	7,623	7,587,471	7,595,094	-
Capital assets, net (note 3)	69,326,968	60,678,536	130,005,504	8,847,765
Total noncurrent assets	<u>69,334,591</u>	<u>68,266,007</u>	<u>137,600,598</u>	<u>8,906,791</u>
Total assets	<u>74,316,927</u>	<u>87,451,300</u>	<u>161,768,227</u>	<u>40,937,878</u>
DEFERRED OUTFLOWS OF RESOURCES:				
Deferred pension related items	385,214	898,832	1,284,046	256,809
Total deferred outflows of resources	<u>385,214</u>	<u>898,832</u>	<u>1,284,046</u>	<u>256,809</u>
LIABILITIES:				
Current liabilities:				
Accounts payable	179,139	4,825,374	5,004,513	235,694
Accrued expenses	-	-	-	3,887
Deposits payable	2,678	137,919	140,597	-
Claims payable	-	-	-	3,343,632
Unearned revenue	87,030	-	87,030	-
Compensated absences	37,868	93,491	131,359	-
Total current liabilities	<u>306,715</u>	<u>5,056,784</u>	<u>5,363,499</u>	<u>3,583,213</u>
Long-term liabilities :				
Claims payable (note 7)	-	-	-	8,616,980
Compensated absences	201,405	403,901	605,306	-
Net pension liability	4,518,962	10,544,246	15,063,208	3,012,642
Total long-term liabilities	<u>4,720,367</u>	<u>10,948,147</u>	<u>15,668,514</u>	<u>11,629,622</u>
Total liabilities	<u>5,027,082</u>	<u>16,004,931</u>	<u>21,032,013</u>	<u>15,212,835</u>
DEFERRED INFLOWS OF RESOURCES:				
Deferred pension related items	543,969	1,269,261	1,813,230	362,646
Total deferred inflows of resources	<u>543,969</u>	<u>1,269,261</u>	<u>1,813,230</u>	<u>362,646</u>
NET POSITION:				
Net Investment in capital assets	69,334,591	68,266,007	137,600,598	8,847,765
Unrestricted	(203,501)	2,809,933	2,606,432	16,771,441
Total net position	<u>\$ 69,131,090</u>	<u>71,075,940</u>	<u>140,207,030</u>	<u>25,619,206</u>

See accompanying notes to the financial statements.

CITY OF ORANGE
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
Year ended June 30, 2016

	Business Type Activities - Enterprise Fund			Governmental Activities - Internal Service Funds
	Sanitation	Water	Totals	
OPERATING REVENUES:				
Water sales and services	\$ -	25,403,089	25,403,089	-
Charges for services and fees	4,286,346	130,816	4,417,162	12,891,873
Other revenues	67,033	199,307	266,340	213,767
Total operating revenues	<u>4,353,379</u>	<u>25,733,212</u>	<u>30,086,591</u>	<u>13,105,640</u>
OPERATING EXPENSES:				
Salaries and wages	1,998,483	4,992,677	6,991,160	2,710,254
Maintenance and operations	65,923	13,306,670	13,372,593	2,544,512
Contractual services	1,548,549	2,465,512	4,014,061	2,072,629
Depreciation	2,839,693	2,225,311	5,065,004	1,275,030
Interfund charge for administrative services	910,133	1,727,294	2,637,427	-
Insurance claims and charges	-	-	-	7,204,042
Other expenses	229,069	571,598	800,667	-
Total operating expenses	<u>7,591,850</u>	<u>25,289,062</u>	<u>32,880,912</u>	<u>15,806,467</u>
Operating income (loss)	<u>(3,238,471)</u>	<u>444,150</u>	<u>(2,794,321)</u>	<u>(2,700,827)</u>
NONOPERATING REVENUES (EXPENSES):				
Use of money and property	58,444	182,202	240,646	-
Gain (loss) on retirement of assets		(13,196)	(13,196)	(19,683)
Total nonoperating revenues (expenses)	<u>58,444</u>	<u>169,006</u>	<u>227,450</u>	<u>(19,683)</u>
Income (loss) before capital contributions and transfers	<u>(3,180,027)</u>	<u>613,156</u>	<u>(2,566,871)</u>	<u>(2,720,510)</u>
Capital contributions	231,201	231,750	462,951	-
Transfers in (note 15)	-	-	-	1,452,143
Change in net position	<u>(2,948,826)</u>	<u>844,906</u>	<u>(2,103,920)</u>	<u>(1,268,367)</u>
Net position, beginning of year, as restated (note 13)	72,079,916	70,231,034	142,310,950	26,887,573
Net position, end of year	<u>\$ 69,131,090</u>	<u>71,075,940</u>	<u>140,207,030</u>	<u>25,619,206</u>

See accompanying notes to the financial statements.

CITY OF ORANGE
Statement of Cash Flows
Proprietary Funds
Year ended June 30, 2016

	Business Type Activities - Enterprise Fund			Governmental Activities - Internal Service Funds
	Sanitation	Water	Totals	
Cash flows from operating activities:				
Cash received from customers	\$ 4,393,036	25,119,203	29,512,239	-
Cash received from user departments	-	199,307	199,307	11,477,717
Cash payments to suppliers for goods and services	(1,719,411)	(16,066,355)	(17,785,766)	(7,984,429)
Cash payments to employees for services	(2,439,223)	(5,834,021)	(8,273,244)	(2,958,162)
Cash received (paid) for other activities	(1,067,194)	(2,265,888)	(3,333,082)	899,570
Net cash provided by (used for) operating activities	(832,792)	1,152,246	319,454	1,434,696
Net cash flows from noncapital financing activities:				
Net transfers to/from other funds	-	-	-	1,452,143
Net cash provided by noncapital financing activities	-	-	-	1,452,143
Cash flows from capital and related financing:				
Acquisition and construction of capital assets	(969,377)	(3,917,802)	(4,887,179)	(2,132,486)
Proceeds from sale of capital assets	-	-	-	56,570
Net cash used for capital and related financing activities	(969,377)	(3,917,802)	(4,887,179)	(2,075,916)
Cash flows from investing activities:				
Interest and dividends on investments	60,767	189,070	249,837	-
Net cash provided by investing activities	60,767	189,070	249,837	-
Net increase (decrease) in cash and cash equivalents	(1,741,402)	(2,576,486)	(4,317,888)	810,923
Cash and cash equivalents at beginning of year	6,286,284	16,709,067	22,995,351	30,958,514
Cash and cash equivalents at end of year	\$ 4,544,882	14,132,581	18,677,463	31,769,437
Cash flows from operating activities:				
Operating income (loss)	\$ (3,238,471)	\$ 444,150	(2,794,321)	(2,700,827)
Adjustments to reconcile operating income/(loss) to net cash provided by (used for) operating activities:				
Depreciation	2,839,693	2,225,311	5,065,004	1,275,030
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable	31,141	(414,703)	(383,562)	-
(Increase) decrease in inventory	-	(89,280)	(89,280)	26,067
Increase (decrease) in accounts payable	(104,942)	(201,683)	(306,625)	(143,423)
Increase (decrease) in compensated absences	9,811	74,919	84,730	-
Increase (decrease) in deposits payable	-	(3,211)	(3,211)	-
Increase (decrease) in net pension liability	87,315	203,738	291,053	58,211
Increase (decrease) in deferred inflows	(426,649)	(995,514)	(1,422,163)	(284,433)
Increase (decrease) in deferred outflows	(39,206)	(91,481)	(130,687)	(26,137)
Increase (decrease) in unearned revenue	8,516	-	8,516	-
Increase (decrease) in claims payable	-	-	-	3,230,208
Total adjustments	2,405,679	708,096	3,113,775	4,135,523
Net cash provided by (used for) operating activities	\$ (832,792)	1,152,246	319,454	1,434,696
Noncash investing, capital and related financing activities:				
Capital contributions	\$ 231,201	231,750	462,951	-

See accompanying notes to the financial statements.

CITY OF ORANGE
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2016

	Agency Funds	Private-Purpose Trust Fund Successor Agency Trust Funds
ASSETS:		
Cash and investments (note 2)	\$ 4,494,067	9,037,834
Cash and investments with fiscal agent (note 2)	3,406,461	2,671,254
Accounts receivable	-	261,990
Interest receivable	34,078	4,704
Due from other agencies	-	3,150,955
Loans receivable (net of forgiveness and net present value allocation) (note 18b)	-	705,378
Land held for resale (note 18g)	-	39,881
Capital assets (net of accumulated depreciation)	-	1,467,829
Total assets	7,934,606	17,339,825
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred pension related items		64,202
Deferred loss on bond refunding		400,172
Total deferred outflows of resources		464,374
LIABILITIES:		
Accounts payable	13,340	523,056
Interest payable	-	943,405
Deposits payable	1,595,635	15,000
Due to bondholders	6,325,631	-
Non current liabilities: (note 18e)		
Net pension liability	-	753,160
Unamortized premium		3,313,938
Due in one year	-	3,780,000
Due in more than one year	-	55,245,000
Total liabilities	\$ 7,934,606	64,573,559
DEFERRED INFLOWS OF RESOURCES:		
Deferred inflows of resources		90,662
Total deferred inflows of resources		90,662
NET POSITION		
Held in trust		\$ (46,860,022)

See accompanying notes to the financial statements.

CITY OF ORANGE
Statement of Changes in Fiduciary Net Position
Private-Purpose Trust Funds - Successor Agency Trust Fund
Year ended June 30, 2016

ADDITIONS:	
Other	\$ 600,157
Interest	156,817
Rental Income	133,456
County revenue - RPTTF (note 18)	<u>6,119,818</u>
Total additions	<u>7,010,248</u>
DEDUCTIONS:	
Interest expense	2,457,254
Administrative expenses	79,532
Maintenance and operations expenses	129,507
Contractual services	69,764
Disposition and development agreement payments	871,881
Payment to other agencies	37,324
Adjustment of loans receivable to present value	274,034
City capital improvement projects	<u>107,505</u>
Total deductions	<u>4,026,801</u>
Extraordinary gain/(loss)	<u>(7,900,901)</u>
Changes in net position	(4,917,454)
Net position - beginning of year, as restated (Note 18J)	<u>(41,942,568)</u>
Net position - end of year	<u><u>\$(46,860,022)</u></u>

See accompanying notes to the financial statements.

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Notes to the Financial Statements



CITY OF ORANGE
 In Order of Presentation
 Year ended June 30, 2016

<u>NOTE</u>	<u>DESCRIPTION</u>	<u>PAGE</u>
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1. Significant Accounting Policies

Description of the Reporting Entity

The City of Orange (City) was incorporated in April 1888 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 safety, public works, community development and redevelopment, parks and library, sanitation, and general administrative services.

Effect of New Accounting Standards

GASB Statement No. 72 - "*Fair Value Measurement and Application*". In fiscal year 2015-2016, the City implemented this statement, requiring the use of valuation techniques which are appropriate under the circumstances and are either a market approach, a cost approach or an income approach. GASB Statement No. 72 establishes a hierarchy of inputs used to measure fair value, consisting of three levels. Level 1 inputs are quoted prices in active markets for identical assets or liabilities. Level 2 inputs are inputs (other than quoted prices included within Level 1), which are either directly or indirectly observable for the asset or liability. Level 3 inputs are unobservable inputs, and typically reflect management's estimates of assumptions that market participants would use in pricing the asset or liability. GASB Statement No. 72 also contains note disclosure requirements regarding the hierarchy of valuation inputs and valuation techniques used for the fair value measurements. There was no material impact on the City's financial statements as a result of the implementation of GASB Statement No. 72.

GASB Statement No. 73 - "*Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*", was required to be implemented in the current fiscal year, except for those provisions that address employers, and governmental non-employer contributing entities, for pensions that are not within the scope of Statement 68, which are effective for periods beginning after June 15, 2016, and did not impact the City.

GASB Statement No. 76 - "*The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*", was required to be implemented in the current fiscal year and did not impact the City.

GASB Statement No. 79 - "*Certain External Investment Pools and Pool Participants*", was required to be implemented in the current fiscal year, except for certain provisions on portfolio quality, custodial credit risk, and shadow pricing, which are effective for periods beginning after December 15, 2015, and did not impact the City.

GASB Statement No. 82, "*Pension Issues an Amendment of GASB Statement No. 67, No. 68 and No. 73*", changed the measurement of covered payroll reported in required supplementary information and has been early implemented.

1. Significant Accounting Policies (continued)

Pending Accounting Standards

GASB has issued the following statements, which may impact the City's financial reporting requirements in the future:

- GASB 73 - "*Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*", contains provisions that address employer and governmental non-employer contributing entities for pensions that are not within the scope of GASB 68, effective for periods beginning after June 15, 2016.
- GASB 74 - "*Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*", effective for periods beginning after June 15, 2016.
- GASB 75 - "*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*", effective for periods beginning after June 15, 2017.
- GASB 77 - "*Tax Abatement Disclosure*", effective for periods beginning after December 15, 2015.
- GASB 78 - "*Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*", effective for periods beginning after December 15, 2015.
- GASB 79 - "*Certain External Investment Pools and Pool Participants*", contains certain provisions on portfolio quality, custodial credit risk, and shadow pricing, effective for periods beginning after December 15, 2015.
- GASB 80 - "*Blending Requirements for Certain Component Units*", effective for periods beginning after June 15, 2016.
- GASB 81 - "*Irrevocable Split-Interest Agreements*", effective for periods beginning after December 15, 2016.
- GASB 82 - "*Pension Issues*", effective for periods beginning after June 15, 2016, except for certain provisions on selection of assumptions, which are effective in the first reporting period in which the measurement date of the pension liability is on, or after, June 15, 2017.

Basis of Accounting and Measurement Focus

The *basic financial statements* of the City are composed of the following:

- Government-wide Financial Statements
- Fund Financial Statements
- Notes to the Financial Statements

Government-wide Financial Statements

Government-wide Financial Statements display information about the reporting government as a whole, except for its fiduciary activities. All fiduciary activities are reported only in the fund financial statements. The Government-wide statements include separate columns for the governmental and business-type activities of the primary government. Eliminations have been made in the Statement of Activities so that certain allocated expenses are recorded only

1. Significant Accounting Policies (continued)

once (by the function to which they were allocated). However, general government expenses have not been allocated as indirect expenses to the various functions of the City.

Government-wide Financial Statements are presented using the *economic resources measurement focus* and the *full accrual basis of accounting*. Under the economic resources measurement focus, all (both current and long-term) economic resources and obligations of the reporting government are reported in the Government-wide Financial Statements. *Basis of accounting* refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Under the accrual basis of accounting, revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from non-exchange transactions are recognized in accordance with the requirements of GASB Statement No. 33.

Program revenues include charges for services, operating grants and contributions, capital grants and contributions, special assessments, and payments made by parties outside of the reporting government's citizenry, if that money is restricted to a particular program. Program revenues are netted with program expenses in the Statement of Activities to present the net cost of each program.

Amounts paid to acquire capital assets are capitalized as assets in the Government-wide Financial Statements, rather than reported as an expense. Proceeds of long-term debt are recorded as a liability in the Government-wide Financial Statements, rather than as an "other financing source". Amounts paid to reduce long-term indebtedness of the reporting government are reported as a reduction of the related liability, rather than as an expense.

Fund Financial Statements

The underlying accounting system of the City is organized and operated on the basis of separate funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, deferred inflows of resources, fund equity, revenues and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Fund Financial Statements for the primary government's governmental, proprietary, and fiduciary funds are presented after the Government-wide Financial Statements. These statements display information about major funds individually and non-major funds in the aggregate for governmental and enterprise funds. Fiduciary statements include financial information for fiduciary funds and similar component units. Fiduciary funds of the City primarily represent assets held by the City in a custodial capacity for other individuals or organizations.

1. Significant Accounting Policies (continued)

Governmental Funds

In the Fund Financial Statements, governmental funds are presented using the *modified-accrual basis of accounting*. Their revenues are recognized when they become *measurable* and *available* as net current assets. *Measurable* means that the amounts can be estimated, or otherwise determined. *Available* means that the amounts were collected during the reporting period or soon enough thereafter to be available to finance the expenditures accrued for the reporting period. The City uses an availability period of 120 days for grant revenue and 60 days for all other revenues. Major revenue sources that are susceptible to accrual are sales tax, property tax, motor vehicle in-lieu fees, franchise fees, license and permit fees, charges for services and interest earnings.

Exchange transactions are recognized as revenues in the period in which they are earned (i.e., the related goods or services are provided). *Locally imposed derived tax revenues* are recognized as revenues in the period in which the underlying exchange transaction upon which they are based takes place. *Imposed non-exchange* transactions are recognized as revenues in the period for which they were imposed. If the period of use is not specified, they are recognized as revenues when an enforceable legal claim to the revenues arises or when they are received, whichever occurs first. *Government-mandated and voluntary non-exchange transactions* are recognized as revenues when all applicable eligibility requirements have been met.

Reimbursement grants are those grants for which the recipient government must first incur allowable costs in order to qualify for the reimbursement. For these grants, funds received in advance of incurring the allowable costs are recorded as *unearned revenue* in both the *Fund Financial Statements* and the *Government-wide Financial Statements*. A receivable (and related revenue) is recorded for costs incurred during the year for which reimbursement has not yet been received. In the Fund Financial Statements of governmental funds, however, *unavailable revenue* (rather than revenue) is recorded at the establishment of this receivable if the amount of the reimbursement is not expected to be received during the recipient's availability period.

Allocations are voluntary non-exchange transactions received from other governments that are not in the form of reimbursement grants. The entitlement of the recipient government for the receipt of these funds is not based upon the recipient government first incurring allowable expenditures. These amounts are recorded as revenue when the recipient government becomes entitled to the allocation. Unearned revenue is not recorded in either the Fund Financial Statements or in the Government-wide Financial Statements for receipt of allocations prior to the recording of related expenditures. In some cases the amounts not spent within a specified number of years (the *spending period*) must be returned to the providing agency. The requirement to return unspent funds within the spending period is not considered to be a requirement pertaining to the eligibility of funding and does not affect the recognition of revenue for this funding. This is because there is no requirement to spend the allocated resources in specific amounts or proportions for each of the fiscal years covered by the spending period. The entire allocation may be spent in any of the fiscal years covered by

1. Significant Accounting Policies (continued)

the spending period. Any amounts returned at the end of the spending period are required by generally accepted accounting principles to be recorded at that time as an *expenditure*.

In the Fund Financial Statements, governmental funds are presented using the *current financial resources measurement focus*. This means that only current assets, current liabilities and deferred inflows of resources are generally included on their balance sheets. The reported fund balance is considered to be a measure of “available spendable resources.” Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in fund balance. Accordingly, they are said to present a summary of sources and uses of “available spendable resources” during a period.

Non-current portions of long-term receivables due to governmental funds are reported on their balance sheets in spite of their spending measurement focus and are offset by restricted fund balance. In addition, certain loans have a forgiveness component and/or have a repayment term greater than that of conventional loans. For these loans, an allowance has been recorded to more accurately present the net present value of these receivables.

Due to the nature of their spending measurement focus, expenditure recognition for governmental fund types excludes amounts represented by non-current liabilities. Since they do not affect fund balance, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities.

Amounts expended to acquire capital assets are recorded as *expenditures* in the year that resources were expended, rather than as fund assets. The proceeds of long-term debt are recorded as an *other financing source* rather than as a fund liability. Amounts paid to reduce long-term indebtedness are reported as fund expenditures.

Proprietary and Fiduciary Funds

The City’s Enterprise Funds (Water and Sanitation) and Internal Service Funds are proprietary funds. Proprietary Fund Financial Statements include a Statement of Net Position, a Statement of Revenues, Expenses, and Changes in Fund Net Position, and a Statement of Cash Flows. A column representing internal service funds is also presented in these statements. However, internal service balances and activities have been combined with the governmental activities in the Government-wide Financial Statements.

In the Fund Financial Statements, proprietary funds and fiduciary funds are presented using the *full accrual basis of accounting*. Revenues are recognized when they are earned and expenses are recognized when the related goods or services are delivered. In the Fund Financial Statements, proprietary funds and private-purpose trust funds are presented using the *economic resources measurement focus*. This means that all assets, deferred outflows of resources, liabilities, and deferred inflows of resources (whether current or non-current) associated with their activity are included on their balance sheets. Proprietary fund type

1. Significant Accounting Policies (continued)

operating statements present increases (revenues) and decreases (expenses) in total net position. Agency funds do not have a measurement focus.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies, taxes, and investment earnings, result from non-exchange transactions or ancillary activities. Operating expenses include the cost of sales, maintenance, administration and depreciation on capital assets which are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

Amounts paid to acquire capital assets are capitalized as assets in both the Enterprise and Private Purpose Trust Fund Financial Statements, rather than reported as an expense. Also in these funds, proceeds of long-term debt are recorded as a liability rather than as an "other financing source" and amounts paid to reduce long-term indebtedness are reported as a reduction of the related liability, rather than as an expenditure. Agency funds are custodial in nature (assets equal liabilities) and do not involve the recording of revenues and expenses.

Fund Classifications

The funds designated as major funds are determined by a mathematical calculation consistent with GASB Statement No. 34. The City reports the following major governmental funds:

General Fund. This is the primary operating fund of the City. It is used to account for all revenues and expenditures that are not required to be accounted for in another fund.

Federal, State, and Local Grants Fund. This fund is used to account for grant programs such as Community Development Block Grant, Housing and Urban Development Grant, California Parklands Grant, Citizens Option for Public Safety (COPS) Grant, Traffic Safety Grant, Justice Assistance Grant and others. The major source of revenue for these funds is proceeds from various federal, state and local grants.

Housing Successor Fund. This fund is used to account for low and moderate housing activities as of February 1, 2012, when the City became the successor housing agency to the former Redevelopment Agency, upon its dissolution. Prior to that, these activities were accounted for in the Redevelopment Agency Housing Fund. The primary source of revenue for these funds is principal housing loan repayments.

Measure M Fund. This fund is used to account for receipts and expenditures relating to transportation improvement projects and programs, funded by local ½ cent sales tax.

Capital Improvement Fund. This fund is used to account for general-purpose capital improvement and cooperatively funded projects.

1. Significant Accounting Policies (continued)

The Sanitation fund was formerly reported as a major fund in the Governmental Funds. Effective in 2015-16, this fund is being reported as an Enterprise Fund.

The City reports the following major enterprise funds:

Water Fund. This fund is used to account for the provision of water services to residential, commercial and industrial customers.

Sanitation Fund. This fund is used to account for the provision of sanitation and sewer services to residential, commercial and industrial customers.

The City's fund structure also includes the following fund types:

Internal Service Funds. These funds are used to account for the financing of special activities that provide services within the City. Such activities include: equipment maintenance, equipment replacement, major building improvements, information systems, computer replacement, employee accrued liability, and dental and workers' compensation self-insurance costs.

Private-Purpose Trust Fund. This fund accounts for the assets, deferred outflows of resources, liabilities and deferred inflows of resources of the former Redevelopment Agency. Tax increment revenue, which was formerly allocated by the County to the Redevelopment Agency, is now allocated to the Successor Agency Private-Purpose Trust Fund to fund payments of enforceable obligations until obligations of the former Redevelopment Agency are paid in full and assets have been liquidated.

Agency Funds. These funds are used to account for money and property held by the City as trustee or custodian. These include the employee's flexible benefits plan, funds collected on behalf of the County Sanitation District, and various cash deposits collected for special purposes. Agency funds are also used to account for various assessment districts for which the City acts as an agent for debt service activity.

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the City considered cash and cash equivalents (investments with maturities of three months or less at the time of purchase) as short term, highly liquid investments that are both readily convertible to known amounts of cash and so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. The City follows the practice of pooling the cash and investments of all funds, including the City's Enterprise and Internal Service Funds and Fiduciary Funds. As amounts are available to these funds on demand, all cash and investments are considered to be cash and cash equivalents for Statement of Cash Flows purposes.

1. Significant Accounting Policies (continued)

Investments

Investments are reported at fair value, which is the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date.

Changes in fair value that occur during a fiscal year are recognized as revenues from use of money reported for that fiscal year. Use of money and property includes interest earnings, changes in fair value (realized/unrealized), gains or losses realized upon the liquidation, maturity, or sale of investments, and rental income.

The City pools cash and investments for all funds, except for assets held by fiscal agents. Each fund's share in the pool is displayed in the accompanying financial statements as cash and investments. Investment income earned by the pooled investments is allocated monthly to the various funds based on each fund's prior month-end cash and investment balance.

Inventories and Prepaids

Inventories of office supplies, gasoline and oil are maintained by the General and Internal Service Funds. The inventory maintained by the Water Utility Enterprise Fund consists primarily of water meters, water pipe, valves and fittings. Proprietary Fund inventories are priced at the lower of cost or market, determined on a first-in, first-out basis. The General Fund and Internal Service Funds inventories are valued at cost, determined on a weighted average basis utilizing the consumption method of accounting for inventories.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid, utilizing the consumption method.

Loans Receivable

Non-current portions of long-term receivables due are reported on the Governmental, Government-wide and Fiduciary financial statements. For loans that have a forgiveness component and/or a repayment term greater than that of conventional loans, an allowance is recorded to more accurately present the net present value of these receivables.

Capital Assets

Capital assets (including infrastructure) are recorded at cost where historical records are available and at an estimated original cost where no historical records exist. Contributed capital assets are valued at their acquisition value at the date of contribution. Generally, capital asset purchases in excess of \$5,000 are capitalized if they have an expected useful life of two years or more.

1. Significant Accounting Policies (continued)

Capital assets include additions to public domain (infrastructure), certain improvements including pavement, curb and gutter, sidewalks, traffic control devices, streetlights, sewers, storm drains, bridges and right-of-way within the City. The City has valued and recorded all infrastructure assets, in excess of \$50,000, in their entirety as of June 30, 2016.

Capital assets used in operations are depreciated over their estimated useful lives using the straight-line method in the Government-wide Financial Statements and in the Fund Financial Statements of the Enterprise Funds. Depreciation is charged as an expense against operations and accumulated depreciation is reported on the respective balance sheets. The lives used for depreciation purposes for each capital asset class are:

Structures and improvements	20-50 years
Infrastructure	30-65 years
Wells, reservoirs and tanks	40 years
Reservoirs and tanks	60 years
Water lines/pipelines	60 years
Pumps & booster pumps	60 years
Vehicles and other equipment	2-25 years

Pensions

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

GASB 68 requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used.

Valuation Date (VD)	June 30, 2014
Measurement Date (MD)	June 30, 2015
Measurement Period (MP)	July 1, 2014 to June 30, 2015

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element,

1. Significant Accounting Policies (continued)

Deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has two types of items in this category. Deferred outflows from changes in the net pension liability are the results of contributions made after the measurement period, which are applied against the net pension liability in the following year. Deferred outflows from loss on bond refunding are the result of the unamortized portion of the cost of issuance related to bond issues. Deferred outflows are reported only in the statement of net position, arising under the full accrual basis of accounting.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents 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 that qualify for reporting in this category. The first item, unavailable revenues from various sources: taxes, long-term loans, and grant monies, is reported only in the governmental funds balance sheet, and arises under a modified accrual basis of accounting. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The second item relates to inflows from changes in net pension liability, and is reported only in the statement of net position, arising under the full accrual basis of accounting. These inflows are the result of:

- Changes of Assumptions - This amount is deferred and amortized using an Expected Average Remaining Service Lifetime (EARSL) of 2.2 years for miscellaneous employees and 4.0 years for safety employees.
- Differences between Expected and Actual Experiences - This amount is deferred and amortized using an EARSL of 2.2 years for miscellaneous employees and 4.0 years for safety employees.
- Net difference between Projected and Actual Earnings on Pension Plan Investments - This amount is deferred and amortized on a straight-line basis over 5 years.

Compensated Absences

The employee benefits payable liability is recorded for unused vacation and similar compensatory leave balances. The employees' entitlement to these balances is attributable to services already rendered and it is probable that virtually all of these balances will be liquidated by either paid time off or payments upon termination or retirement.

A liability is recorded for unused sick leave balances only to the extent that it is probable that the unused balances will result in termination payments. Other amounts of unused sick leave are excluded from the liability since their payment is contingent solely upon the occurrence of a future event (illness) that is outside the control of the City and the employee.

1. Significant Accounting Policies (continued)

These leave balances are accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Net Position

Net position is the excess of all the City's assets over all its liabilities, regardless of fund. Net position is divided into three captions. These captions apply only to net position, which is determined only at the government-wide level and in the proprietary funds and fiduciary funds. These captions are described below.

Net investment in capital assets: the portion of net position which is represented by the current net book value of the City's capital assets, less the outstanding balance of any debt issued to finance these assets.

Restricted: the portion of net position which is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws, or other restrictions which the City cannot unilaterally alter. These principally include developer fees received for use on capital projects, debt service requirements, funds restricted for low-and moderate housing, grant funds and legally restricted sales tax revenues.

Unrestricted: the portion of net position which is not restricted as to use.

Net Position Flow Assumption

Sometimes the government 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. When a fund consists of both restricted and unrestricted resources, expenses are considered to be applied first to the restricted, then to the unrestricted.

Fund Balance Flow Assumptions

Sometimes the government 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. When a fund consists of a combination of resources, expenses are considered paid first from restricted resources, then from committed resources, followed by assigned resources. Unassigned fund balance is applied last.

1. Significant Accounting Policies (continued)

Fund Equity

In the fund financial statements, government funds report the following fund balance classification:

Nonspendable include 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 include 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 include amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest authority, City Council. The formal action that is required to be taken to establish, modify, or rescind a fund balance commitment is through the City's budget, which is adopted annually through a City Council Resolution.

Assigned include amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. By reporting particular amounts that are not restricted or committed in a particular fund, the government has assigned those amounts to the purposes of the respective funds. The formal action that is required to be taken to establish, modify, or rescind a fund balance assignment is through the City's budget, which is adopted annually through a City Council Resolution.

Unassigned include the residual amounts that have not been restricted, committed, or assigned to specific purposes. Any negative amounts in governmental funds are reported in unassigned fund balance. Only the General Fund can have a positive unassigned fund balance.

Use of Estimates

The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and deferred inflow/outflows of resources at the reporting date and revenue and expenses during the reporting period. Actual results could differ from those estimates.

2. Cash and Investments

Cash and investments are presented in the accompanying statements as follows:

Statement of Net Position:	
Cash and investments	\$148,528,608
Cash and investments with fiscal agent	59,026
Statement of Fiduciary Net Position	
Cash and investments	13,531,901
Cash and investments with fiscal agent	6,077,715
	<hr/>
Total cash and investments	\$ 168,197,250

Cash and investments at June 30, 2016 consisted of the following:

Petty Cash	\$ 37,770
Bank Balance (net of outstanding checks)	(230,186)
Investments	168,389,666
	<hr/>
Total	\$ 168,197,250

Investments Authorized by the California Government Code and the City's Investment Policy

Under the provisions of the City's investment policy as amended periodically by Council, and in accordance with Section 53601 of the California Government Code, the City may invest in the following types of investments:

- United States Treasury notes, bonds, bills or certificates of indebtedness, or other securities for which the full faith and credit of the United States are pledged for the payment of principal and interest (Limits: Maximum time to maturity at purchase 5 years).
- Obligations or other instruments issued by any federal agency, or United States government-sponsored enterprise (Limits: Maximum time to maturity at purchase 5 years; maximum concentration 70% of portfolio with no more than 35% of total portfolio in any single agency; and excluding Government National Mortgage Association bonds).
- Money market mutual funds that invest only in securities and obligations of the United States government (Limits: Maximum 90 days weighted average maturity; maximum \$15 million or 20% of portfolio, whichever is less).
- State of California Local Agency Investment Fund (Limits: Maximum 35% of total portfolio. This maximum limit is increased to 40% of total portfolio when there is an influx of large deposits resulting from called bonds. The 40% limit is allowed for the next 30 days after the bonds are called so that the City can purchase other investments to bring the allowable percentage back to the 35%).

2. Cash and Investments (continued)

- Certificates of Deposit approved by the California AB 2011 (Limits: maximum concentrate of 30% of total portfolio).
- Commercial Paper of prime quality having the highest ranking or the highest letter and number rating provided by a national rating agency (Limits: Maximum maturity of 270 days or less, maximum 20% of portfolio and no more than 5% of the book value of the portfolio to a single issuer).
- Medium-term notes issued by corporations or depository institutions organized and operating within the United States (Limits: Maximum time to maturity at purchase 5 years; maximum concentration 20% of portfolio at time of purchase; must be rated "AA-" or better by a nationally recognized rating agency).

The City is a 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. The balance available for withdrawal is based on the accounting records maintained by LAIF. The LAIF investment portfolio consists primarily of U.S. treasuries, federal agency securities, certificates of deposit, time deposits, and commercial paper.

Investments Authorized by Debt Agreements

Investments of debt proceeds held by bond trustee are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the City's investment policy. The investments authorized by these debt agreements include Money Market Mutual Funds, Federal Agencies with maturity dates not to exceed 5 years, Treasury Bonds and Guaranteed Investment Contracts and have maturity dates of up to 30 years.

Risk Disclosures

Interest Rate Risk. As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy requires, at the time of the purchase (investment), at least 25%, and no more than 50%, of the City's investment portfolio be invested from one to 365 days; no more than 50% of the portfolio be invested from 366 to 730 days; no more than 35% of the portfolio be invested from 731 to 1,095 days; no more than 30% of the

Portfolio be invested from 1,096 to 1,460 days; and no more than 30% of the portfolio be invested from 1,461 to 1,825 days.

2. Cash and Investments (continued)

At June 30, 2016 the City Treasury had the following investment maturities:

Investment Type	Fair Value	Investment Maturities (In Years)				
		< 1	1 to 2	2 to 3	3 to 5	>5
Federal Home Loan Bank	\$ 15,004,930	5,004,660	10,000,270	-	-	-
Federal Home Loan Mtg. Corp.	5,003,450	-	-	-	5,003,450	-
Federal National Mtg. Corp.	52,105,724	-	9,001,935	-	43,103,789	-
Federal Farm Credit Bank	34,075,633	18,064,248	-	-	16,011,385	-
Medium Term Note:						
Berkshire Hathaway	6,037,746	-	6,037,746	-	-	-
Commercial Paper:						
UBS Finance	4,999,609	4,999,609	-	-	-	-
Local Agency Investment Fund	42,226,216	42,226,216	-	-	-	-
Money Market Mutual Funds	2,873,647	2,873,647	-	-	-	-
Held by trustee:						
US Bank: (Money Market Mutual Funds)						
First American:						
Prime Fund	34,133	34,133	-	-	-	-
Treasury Fund	78,750	78,750	-	-	-	-
Government Fund	523,428	523,428	-	-	-	-
U.S. Treasury Bond	1,659,340	-	-	-	-	1,659,340
Federal Home Loan Mtg. Corp.	2,201,210	2,201,210	-	-	-	-
Federal National Mtg. Corp.	1,565,850	-	-	-	1,565,850	-
Total	\$168,389,666	76,005,901	25,039,951	-	65,684,474	1,659,340

Credit Risk. 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. It is the City's policy to limit its investments to the investment types with ratings identified under the *Authorized Investments* sections above.

At June 30, 2016 the City's credit risks, expressed on a percentage basis, are as follows:

Credit Quality Distribution for Securities with Credit Exposure as a Percentage of Total Investments			
Investment Type	Minimum Rating	S & P Rating	% of Investments
Federal Home Loan Bank	Not applicable	AA+	8.91%
Federal Home Loan Mtg. Corp	Not applicable	AA+	2.97%
Federal National Mtg. Assn.	Not applicable	AA+	30.94%
Federal Farm Credit Bank	Not applicable	AA+	20.23%
Medium Term Note:			
Berkshire Hathaway	AA-	AA	3.59%
Commercial Paper:			
UBS Finance	A1	A1	2.97%
Local Agency Investment Fund	Not rated	Not rated	25.08%
Money Market Mutual Fund	Not applicable	AAA	1.71%
Held by trustee:			
U.S. Bank (Money Market Mutual Funds):			
First American Prime Fund	Not applicable	AAA	.02%
First American Treasury Fund	Not applicable	AAA	.05%
First American Government Fund	Not applicable	AAA	.31%
U.S. Treasury Bond	Exempt	Exempt	.98%
Federal Home Loan Mtg. Corp.	Not applicable	AA+	1.31%
Federal National Mtg. Assn.	Not applicable	AA+	.93%
Total			100.00%

2. Cash and Investments (continued)

Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributed to the magnitude of an entity's investment in a single issuer. The City's policy as to limitations on the amount that can be invested in any one issuer is identified under the *Authorized Investments* section above. Investments in any one issuer (excluding U.S. Treasury securities and external investment pools which are exempt) can be identified in the table above under *Credit Risk*.

Custodial Credit Risk. 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 its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code requires California banks and savings and loan associations to secure a city's deposits by pledging government securities as collateral. The market value of pledged securities must equal at least 110% of a city's deposits. California law also allows financial institutions to secure city deposits by pledging first trust deed mortgage notes having a value of 150% of a city's total deposits. Cities may waive collateral requirements for deposits that are fully insured up to \$250,000 by federal depository insurance. The City has not waived this requirement.

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The City's policy is for all securities owned by the City to be held in safekeeping by the City's custodial bank, a third party bank trust department, acting as agent for the City under the terms of a custody agreement.

The City follows the practice of pooling cash and investments of all funds except for funds required to be held by outside fiscal or other agents under provisions of the U.S. Department of Housing and Urban Development or provisions of bond indentures.

Fair Value Measurements

The City categorizes its fair value measurement within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the relative inputs used to measure the fair value of the investments. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are described as follows:

- Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets in active markets that the City has the ability to access.

2. Cash and Investments (continued)

Level 2: Inputs to the valuation methodology include:

- Quoted prices for similar assets in active markets;
- Quoted prices for identical or similar assets in inactive markets;
- Inputs other than quoted prices that are observable for the asset;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement. Unobservable inputs reflect the City's own assumptions about the inputs market participants would use in pricing the asset (including assumptions about risk). Unobservable inputs are developed based on the best information available in the circumstances and may include the City's own data.

The asset's level within the hierarchy is based on the lowest level of input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The determination of what constitutes observable requires judgment by the City's management. City management considers observable data to be that market data which is readily available, regularly distributed or updated, reliable, and verifiable, not proprietary, and provided by multiple independent sources that are actively involved in the relevant market.

The categorization of an investment within the hierarchy is based upon the relative observability of the inputs to its fair value measurement and does not necessarily correspond to City management's perceived risk of that investment.

The methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. The use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

When available, quoted prices are used to determine fair value. When quoted prices in active markets are available, investments are classified within Level 1 of the fair value hierarchy. When quoted prices in active markets are not available, fair values are based on evaluated prices received by City's third party custodian.

The following is a description of the recurring valuation methods and assumptions used by the City to estimate the fair value of the investments:

For a large portion of the City's portfolio, the City's custodian applies their leveling methodology across all securities in a specific sector (i.e. U.S. Government Sponsored

2. Cash and Investments (continued)

Agency Securities). Inputs to their pricing models are based on observable market inputs in active markets. These investments are categorized as Level 2.

The City has no investments categorized in Level 3. When valuing Level 3 securities, the inputs or methodology are not necessarily an indication of the risks associated with investing in those securities. Changes in valuation techniques may result in transfers into or out of an assigned level within the disclosure hierarchy.

Investment Type	Quoted Prices Level 1	Observable Inputs Level 2	Unobservable Inputs Level 3	Total
FHLB	-	15,004,930	-	15,004,930
FHLMC	-	5,003,450	-	5,003,450
FNMA	-	52,105,724	-	52,105,724
FFCB	-	34,075,633	-	34,075,633
Medium Term Note:				
Berkshire Hathaway	-	6,037,746	-	6,037,746
Commercial Paper:				
UBS Finance	-	4,999,609	-	4,999,609
U.S. Treasury Bond	-	1,659,340	-	1,659,340
Federal Home Loan Mtg. Corp.	-	2,201,210	-	2,201,210
Federal National Mtg. Assn.	-	1,565,850	-	5,565,850
Total Leveled Investments	\$ -	\$122,653,492	\$ -	\$ 122,653,492
Local Agcy. Investment Fund*				42,226,216
Money Market Mutual Funds*				2,873,647
Held by trustee:				
US Bank (Money Market Mutual Funds):				
First American:				
Prime Fund*				34,133
Treasury Fund*				78,750
Government Fund*				523,428
Total Investment portfolio				<u>\$ 168,389,666</u>

*Not subject to fair value measurements.

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3. Capital Assets

Capital asset activity for the year ended June 30, 2016 was as follows:

Governmental activities:

	Beginning Balance, as restated (1)	Transfer from Successor Agency (2)	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:					
Land	\$ 74,596,839	5,712,884	-	-	80,309,723
Rights of way	344,981,102	-	500	300	344,981,302
Construction in progress	15,026,079	-	4,281,403	16,118,190	3,189,292
Total capital assets, not being depreciated	434,604,020	5,712,884	4,281,903	16,118,490	428,480,317
Capital assets, being depreciated:					
Infrastructure	186,998,316	-	7,962,757	1,520,980	193,440,093
Structures and improvements	91,687,084	2,666,988	13,333,987	-	107,688,059
Furniture, fixtures and equipment	36,675,576	-	2,986,460	1,016,303	38,645,733
Total capital assets, being depreciated	315,360,976	2,666,988	24,283,204	2,537,283	339,773,885
Less accumulated depreciation for:					
Infrastructure	75,728,703	-	3,437,916	928,263	78,238,356
Structures and improvements	28,389,014	510,375	1,917,289	-	30,816,678
Furniture, fixtures and equipment	25,643,567	-	2,096,429	786,861	26,953,135
Total accumulated depreciation	129,761,284	510,375	7,451,634	1,715,124	136,008,169
Total capital assets, being depreciated, net	185,599,692	2,156,613	16,831,570	822,159	203,765,716
Governmental activities capital assets, net	\$620,203,712	7,869,497	21,113,473	16,940,649	632,246,033

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3. Capital Assets (continued)

Business-type activities:

	Beginning balance, as restated (1)	Increase	Decrease	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 2,646,932	-	-	2,646,932
Construction in Progress	5,981,755	4,047,518	5,081,111	4,948,162
Total capital assets, not being depreciated	8,628,687	4,047,518	5,081,111	7,595,094
Capital assets, being depreciated:				
Bldgs and structures	2,300,389	-	-	2,300,389
Improvements other than buildings:				
Wells	6,296,518	48,599	-	6,345,117
Water tanks	14,916,691	805,614	85,800	15,636,505
Water lines	97,229,174	1,146,270	140,192	98,235,252
Sewer	64,841,681	1,053,217	-	65,894,898
Storm drains	111,144,363	171,981	-	111,316,344
Machinery and Equipment	7,243,402	3,158,043	65,606	10,335,839
Total capital assets being depreciated	303,972,218	6,383,724	291,598	310,064,344
Less accumulated depreciation for:				
Bldgs and structures	1,212,177	99,196	-	1,311,373
Improvements other than buildings:				
Wells	2,201,551	150,213	-	2,351,764
Water tanks	6,901,522	246,807	74,791	7,073,538
Water Lines	57,847,386	1,588,055	140,011	59,295,430
Sewer	38,255,885	969,588	-	39,225,473
Storm drains	66,788,696	1,870,105	-	68,658,801
Machinery and Equipment	2,065,020	141,040	63,599	2,142,461
Total accumulated Depreciation	175,272,237	5,065,004	278,401	180,058,840
Total capital assets, being depreciated, net	128,699,981	1,318,720	13,197	130,005,504
Business-type activities capital assets, net	\$ 137,328,668	5,366,238	5,094,308	137,600,598

- (1) It has been determined that the Sanitation fund meets the criteria of an Enterprise Fund and, as such the fund, including its related capital assets in the net amount of \$70,973,706, has been transferred from a Governmental Fund to a Proprietary Fund (Business-type), resulting in a restatement of beginning balance.
- (2) In accordance with the Long Range Property Management Plan approved by the State Department of Finance, the Successor Agency transferred 10 properties to the City. The total book value of the transfer was \$7,869,497, comprised of a \$4,275,335 transfer from Capital Assets and \$3,594,162 from Land Held for Resale. See Note 18d and 18g for additional information.

3. Capital Assets (continued)

At June 30, 2016, the City had an outstanding purchase order commitment for the Pavement Management Program project in the amount of \$3,370,107. A breakdown of this commitment by fund is as follows:

Non-Major Special Revenue	\$3,370,107
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Depreciation expense was charged to the following functions in the Statement of Activities:

	Governmental Activities	Business-Type Activities
General government	\$ 184,192	-
Public safety	1,023,607	-
Public works	3,580,378	-
Community development	4,469	-
Parks and library	1,261,208	-
Economic development	122,750	-
Internal Service Funds	1,275,030	-
Water	-	2,225,311
Sanitation	-	2,839,693
	<hr/>	<hr/>
Total	\$7,451,634	5,065,004

4. Taxes

Property taxes are attached as an enforceable lien on property as of January 1. Taxes are levied on July 1 and are payable in two installments on December 10 and April 10.

Any unpaid amounts at the end of the fiscal year are recorded as taxes receivable in accordance with the City's accrued revenue policy as stated in Note 1. The County of Orange bills and collects the property taxes and subsequently remits the amount due to the City of Orange in installments during the year. Historically, the City has received substantially all of the taxes levied within two years from the date they are levied.

The County is permitted by State Law (Article XIII A of the California Constitution) to levy property taxes at one percent (1%) of full market value at time of purchase and can increase the property's value no more than two percent (2%) per year. The City receives a share of this basic levy proportionate to what it received in the 1976 to 1978 period.

In March 2004, voters approved Proposition 57, the California Economic Recovery Bond Act, which allowed the State to sell bonds to reduce the State budget deficit. The legislature then enacted provisions that would change how sales and use taxes and other revenues are distributed to schools and local governments on or after July 1, 2004, to generate a dedicated revenue stream for repayment of the bonds. These changes will remain in effect until the State Director of Finance notifies the Board of Equalization that the State's bond obligations have been satisfied.

4. Taxes (continued)

Under this revenue distribution method, commonly referred to as the “triple flip”, the following changes have occurred:

- Local sales and use tax revenues decreased, beginning July 1, 2004. While the statewide base sales and use tax rate has remained at 7.25%, the local government portion of the statewide rate has decreased from 1.00% to 0.75%, and the State portion has increased from 6.25% to 6.50%.
- Local sales and use tax losses to local agencies have been offset by property tax revenues. The State has directed the County Auditor-Controller to use property tax revenues to reimburse local governmental agencies. They have set aside funds from the Education Revenue Augmentation Fund (ERAF) and placed them in a Sales and Use Tax Compensation Fund. The State Director of Finance has instructed the County Auditor-Controller to allocate revenues from the Sales and Use Tax Compensation Fund to the county and to cities within the county in January and May of each year.
- The State General Fund revenues have been used to help schools. Since a portion of ERAF has been set aside to offset sales and use tax losses, schools have received less revenue from county property taxes. The State has used its General Fund revenues to protect the Proposition 98 minimum funding guarantee to the schools.

5. Other Revenues

Other revenues in the General Fund consist mainly of reimbursement for the Annual Street Fair, reimbursements from the Office of Emergency Services and project reimbursements for salaries and benefits.

6. Retirement Plan

Plan Description, Benefits Provided and Employees Covered

The City contributes to the California Public Employees' Retirement System (CalPERS), an agent multiple-employer public employee defined benefit pension plan (the Plan). CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and their beneficiaries. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by state statute and memoranda of understanding with employee bargaining units. A full description of the pension plan regarding number of employees covered, benefit provisions, assumptions (for funding, but not accounting purposes), and membership information are listed in the CalPERS June 30, 2013 Annual Actuarial Valuation Report. Details of the benefits provided can be obtained in

6. Retirement Plan (continued)

Appendix B of the actuarial valuation report. This report and CalPERS' audited financial statements are publicly available reports that can be obtained at CalPERS' website under Employers.

The Plan provides benefits for two membership classifications, Miscellaneous and Safety, and those benefits are tiered based upon date of CalPERS membership. Safety membership is extended to those in active law enforcement and fire suppression, while all others are classified as Miscellaneous members. Assembly Bill (AB) 340, also known as the Public Employees' Pension Reform Act (PEPRA), created new benefit formulas and a final compensation period as well as new contribution requirements for new employees. For the purpose of PEPRA, "new employees" are those hired on or after January 1, 2013, and had never been a member of CalPERS previously. All employees hired prior to January 1, 2013, or whom, regardless of their hire date had previously been a member of CalPERS, will continue to be covered under the pre-PEPRA plan. All "new employees", per PEPRA, will not be eligible for this plan, and instead will be covered under the PEPRA tiered plan. A summary of the plan benefits is provided below:

	<u>Miscellaneous</u>	
	<u>Prior to January 1, 2013</u>	<u>On or After January 1, 2013</u>
Hire Date		
Benefit formula	2.7% @ 55	2% @ 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 67	52 - 67
Monthly benefits, as a % of eligible compensation	2.0% - 2.7%	1.0% - 2.5%
Required employee contribution rates	8%	6.75%
Required employer contribution rates	24.923%	24.923%

	<u>Safety</u>	
	<u>Prior to January 1, 2013</u>	<u>On or After January 1, 2013</u>
Hire Date		
Benefit formula	3.0% @ 50	2.7% @ 57
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 55	50 - 57
Monthly benefits, as a % of eligible compensation	3.00%	2.0% - 2.7%
Required employee contribution rates	9%	12%
Required employer contribution rates	36.314%	36.314%

At June 30, 2014 (the valuation date applicable to FY 2015-16), the following employees were covered by the benefit terms of the Plan:

	<u>Misc.</u>	<u>Safety</u>
Inactive employees or beneficiaries currently receiving benefits	589	409
Inactive employees entitled to but not yet receiving benefits	442	96
Active employees	<u>345</u>	<u>262</u>
Total	<u>1,376</u>	<u>767</u>

6. Retirement Plan (continued)

Contribution Description

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Employer contribution rates may change if plan contracts are amended. It is the responsibility of the employer to make necessary accounting adjustments to reflect the impact due to any Employer Paid Member Contributions or situations where members are paying a portion of the employer contribution.

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

For the measurement period ended June 30, 2015 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2014 annual actuarial valuation's total pension liability. The June 30, 2014 total pension liabilities in the actuarial valuations were based on the following actuarial methods and assumptions:

	<u>Miscellaneous</u>	<u>Safety</u>
Valuation Date	June 30, 2014	June 30, 2014
Measurement Date	June 30, 2015	June 30, 2015
Actuarial Cost Method	Entry Age Normal Cost Method	Entry Age Normal Cost Method
Actuarial Assumptions		
Discount Rate	7.65%	7.65%
Inflation	2.75%	2.75%
Projected Salary Increases	(1)	(1)
Investment Rate of Return	7.5% (2)	7.5% (2)
Mortality Rate	(3)	(3)

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

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

(3) The probabilities of mortality are derived using CalPERS' membership data for all funds. The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 experience study report.

All other actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website under Forms and Publications.

6. Retirement Plan (continued)

Change of Assumptions

GASB 68, paragraph 68, states that the long-term expected rate of return should be determined net of pension plan investment expenses, but without reduction for pension plan administrative expense. The discount rate of 7.50% used for the June 30, 2014 measurement date was net of administrative expenses. The discount rate of 7.65% used for the June 30, 2015 measurement date is without reduction of pension plan administrative expense.

Discount Rate

The discount rate used to measure the total pension liability was 7.65 percent for each Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing of the Plans, the test revealed the assets would not run out. Therefore, the current 7.65 percent discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long-term expected discount rate of 7.65 percent is applied to all plans in the Public Employees Retirement Fund (PERF). 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 pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

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

The following table 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.

6. Retirement Plan (continued)

Asset Class	Current Target Allocation	Real Return Years 1 - 10 (1)	Real Return Years 11+ (2)
Global Equity	51.00%	5.25%	5.71%
Global Fixed Income	19.00	0.99	2.43
Inflation Sensitive	6.00	0.45	3.36
Private Equity	10.00	6.83	6.95
Real Estate	10.00	4.50	5.13
Infrastructure and Forestland	2.00	4.50	5.09
Liquidity	2.00	-0.55	-1.05
Total	100.00%		

(1) An expected inflation of 2.5% used for this period

(2) An expected inflation of 3.0% used for this period

Pension Plan Fiduciary Net Position

The plan fiduciary net position disclosed in the GASB 68 accounting valuation report may differ from the plan assets reported in the funding actuarial valuation report due to several reasons. First, for the accounting valuations, CalPERS must keep items such as deficiency reserves and fiduciary self-insurance included as assets. These amounts are excluded for rate setting purposes in the funding actuarial valuation. In addition, differences may result from early Comprehensive Annual Financial Report closing and final reconciled reserves.

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6. Retirement Plan (continued)

Changes in the Net Pension Liability-Miscellaneous Plan

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

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Assets) (c)=(a)-(b)
Balance at: 6/30/2014 (Valuation Date)	\$ 308,174,791	\$ 234,314,016	\$ 73,860,775
Changes Recognized for the Measurement Period:			
Service Cost	4,546,279		4,546,279
Interest on the Total Pension Liability	22,231,986		22,231,986
Changes of Benefit Terms	-		-
Difference between Expected and Actual Experience	(7,188,831)		(7,188,831)
Changes of Assumptions	(5,284,506)		(5,284,506)
Plan to Plan Resource Movement		(4,435)	4,435
Contribution from the Employer		5,766,795	(5,766,795)
Contributions from Employees		2,104,640	(2,104,640)
Net Investment Income		5,258,066	(5,258,066)
Benefit Payments including Refunds of Employee Contributions	(14,720,766)	(14,720,766)	-
Administrative Expense		(275,403)	275,403
Net Changes During 2014-15	(415,838)	(1,871,103)	1,455,265
Balance at: 6/30/2015 (Measurement Date)	307,758,953	232,442,913	75,316,040

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

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

	Discount Rate - 1% (6.65%)	Current Discount Rate (7.65%)	Discount Rate +1% (8.65%)
Plan's Net Pension Liability/(Assets)	\$ 115,181,267	\$ 75,316,040	\$ 42,342,836

6. Retirement Plan (continued)

Changes in the Net Pension Liability-Safety Plan

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

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Assets) (c)=(a)-(b)
Balance at: 6/30/2014 (Valuation Date)	\$448,353,590	\$334,723,624	\$ 113,629,966
Changes Recognized for the Measurement Period:			
Service Cost	7,510,097		7,510,097
Interest on the Total Pension Liability	32,660,257		32,660,257
Changes of Benefit Terms	-		-
Difference between Expected and Actual Experience	(6,412,547)		(6,412,547)
Changes of Assumptions	(8,155,227)		(8,155,227)
Contribution from the Employer		9,399,041	(9,399,041)
Contributions from Employees		2,736,436	(2,736,436)
Net Investment Income		7,317,523	(7,317,523)
Benefit Payments including Refunds of Employee Contributions	(21,218,801)	(21,218,801)	-
Administrative Expense		(374,304)	374,304
Net Changes During 2014-15	4,383,779	(2,140,105)	6,523,884
Balance at: 6/30/2015 (Measurement Date)	452,737,369	332,583,519	120,153,850

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

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

	Discount Rate - 1% (6.65%)	Current Discount Rate (7.65%)	Discount Rate +1% (8.65%)
Plan's Net Pension Liability/(Assets)	\$ 182,121,002	\$ 120,153,850	\$ 69,376,712

6. Retirement Plan (continued)

Recognition of Gains and Losses

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

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

The amortization period differs depending on the source of the gain or loss:

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

The expected average remaining service lifetime (EARSL) is calculated by dividing the total future service years by the total number of plan participants (active, inactive, and retired). Note that inactive employees and retirees have remaining service lifetimes equal to 0. Also note that total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

The EARSL for the Miscellaneous Plan for the 2014-15 measurement period is 2.2 years, which was obtained by dividing the total service years of 3,002 (the sum of remaining service lifetimes of the active employees) by 1,376 (the total number of participants: active, inactive, and retired).

The EARSL for the Safety Plan for the 2014-15 measurement period is 4.0 years, which was obtained by dividing the total service years of 3,084 (the sum of remaining service lifetimes of the active employees) by 767 (the total number of participants: active, inactive, and retired).

Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions

As of the start of the measurement period (July 1, 2014), the net pension liability is \$73,860,775 for the Miscellaneous Plan and \$113,629,966 for the Safety Plan.

6. Retirement Plan (continued)

For the measurement period ending June 30, 2015 (the measurement date), the City of Orange incurred a pension expense of \$111,251 for the Miscellaneous Plan and \$6,740,265 for the Safety Plan, allocated as follows:

	Governmental Activities	Business-type Activities	Fiduciary Funds	Totals
Miscellaneous Plan	\$ 87,888	\$ 22,250	\$ 1,113	\$ 111,251
Safety Plan	6,740,265			6,740,265
Total Pension Expense	\$ 6,828,153	\$ 22,250	\$ 1,113	\$ 6,851,516

As of the end of the measurement period (June 30, 2015) and as presented in the June 30, 2016 Statement of Net Position, the net pension liability is \$75,316,040 for the Miscellaneous Plan and \$120,153,850 for the Safety Plan, allocated as follows:

	Governmental Activities	Business-type Activities	Fiduciary Funds	Totals
Miscellaneous Plan	\$ 59,499,672	\$ 15,063,208	\$ 753,160	\$ 75,316,040
Safety Plan	120,153,850			120,153,850
Total Pension Expense	\$179,653,522	\$ 15,063,208	\$ 753,160	\$195,469,890

As of the fiscal year ended June 30, 2016, the City of Orange has deferred outflows and deferred inflows of resources related to pensions as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 16,871,693	\$ -
Change of Assumptions		\$ (8,998,878)
Differences between Expected and Actual Experiences		\$ (8,730,591)
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	(5,285,444)
Total	\$ 16,871,693	\$ (23,014,913)

\$16,871,693 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 year ended June 30, 2017.

6. Retirement Plan (continued)

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
2016	\$ (13,089,778)
2017	\$ (8,554,021)
2018	\$ (7,420,076)
2019	\$ 6,048,962
2020	-
Thereafter	-

7. Insurance Programs

The City is exposed to various risks of loss related to torts, theft, damage and destruction of assets, errors and omissions, road and walkway design hazards, vehicle accidents, and natural disasters for which the City maintains various insurance programs. The City has entered into contracts with outside vendors to supervise and administer these programs. In addition, the City completes an annual actuarial analysis for the Workers' Compensation and Liability Funds to determine appropriate funding levels.

General Liability

The City is self-insured for General and Auto Liability claims up to \$350,000 per occurrence. For amounts in excess of \$350,000 and up to \$3,000,000 the City participates in a public entity risk pool maintained through the California Insurance Pool Authority (CIPA). CIPA is a consortium of California cities under one joint powers authority agreement, which was established to pool resources, share risks, purchase excess insurance, and to share costs for professional risk management and claims administration. For amounts in excess of \$3,000,000, the pool purchases commercial insurance and has coverage up to \$33,000,000.

Workers' Compensation

The City has a self-insurance program for any liability to City employees arising under the Workers' Compensation laws of the State of California. The City pays up to \$500,000 per occurrence. For amounts in excess of \$500,000 and up to \$3,000,000, the City participates in CIPA. For amounts in excess of \$3,000,000, the pool purchases commercial insurance and has coverage up to \$53,000,000 per occurrence.

Liabilities are recorded when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been

7. Insurance Programs (continued)

incurred but not reported (IBNR). The liability for claims and judgments is reported in the appropriate Internal Service Fund. An amount for current claims payable is calculated based on the current year expenses and the remainder is shown as noncurrent claims payable. Changes in claims payable for the year ended June 30, 2015 and June 30, 2016 are as follows:

	General Liability	Workers' Compensation	Totals
Unpaid claims, July 1, 2014	\$ 782,948	7,120,398	7,903,346
Incurred claims	381,414	2,096,776	2,478,190
Less claim payments	(325,098)	(1,326,033)	(1,651,131)
Unpaid claims, June 30, 2015	839,264	7,891,141	8,730,405
Less current portion of unpaid claims	(391,028)	(2,578,136)	(2,969,164)
Noncurrent unpaid claims, June 30, 2015	<u>\$ 448,236</u>	<u>5,313,005</u>	<u>5,761,241</u>
Unpaid claims, July 1 2015	\$839,264	7,891,141	8,730,405
Incurred claims	1,631,685	3,930,659	5,562,344
Less claims payments	(400,619)	(1,931,518)	(2,332,137)
Unpaid claims, June 30, 2016	2,070,330	9,890,282	11,960,612
Less current portion of unpaid claim	(543,680)	(2,799,952)	(3,343,632)
Noncurrent unpaid claims, June 30, 2016	<u>\$ 1,526,650</u>	<u>7,090,330</u>	<u>8,616,980</u>

8. Other Post Employment Benefits (OPEB)

Plan Description

The City provides the minimum legally required post employment health care benefits for eligible City retirees and their dependents through the California Public Employees' Retirement System (CalPERS). Retirees from the City enrolled in the Public Employees Medical and Hospital Insurance Program (PEMHCA), an single-employer post employment benefits plan through CalPERS, are eligible for these benefits.

Funding Policy

These health insurance benefits are authorized through City Resolutions/Memorandas of Understanding defining health care benefits and contribution levels and through the contractual agreement between the City and CalPERS. The City contributes \$125 per month for each retiree and the retiree is responsible for the balance of the premium amount. The City finances the plan on a pay as you go basis. For the year ended June 30, 2016, the City recognized \$347,373 in expenditures, net of retiree contributions. In addition there was an implicit subsidy of \$625,606, for a total benefits payment of \$972,979. There were 258 retired eligible employees who participated in the plan.

8. Other Post Employment Benefits (OPEB) (continued)

The annual OPEB cost is equal to the employer's annual required contribution to the plan (ARC), with certain adjustments if the employer has a net OPEB obligation for past under or over contributions. The ARC is defined as the employer's required contributions for the year, calculated in accordance with certain parameters, and includes, (a) the normal cost for the year, and (b) a component for amortization of the total unfunded actuarial accrued liabilities (or funding excess) of the plan over a period not to exceed thirty years.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for the benefits.

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 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 actuarial liabilities and the actuarial assets, consistent with the long-term perspective of the calculations.

The cost method for valuation of liabilities used for this valuation is the **entry age normal** method. This is one of a family of valuation methods known as projected benefits methods. The chief characteristic of projected benefits methods is that the actuarial present value of all plan benefits is determined as of the valuation date and then allocated between the period before and after the valuation date. The present value of plan benefits earned prior to the valuation date is called the **actuarial liability**. The present value of plan benefits to be earned after the valuation date is called the **present value of future normal costs**.

Under the entry age normal actuarial cost method, an individual entry age normal cost ratio is determined for each participant by taking the value, as of his entry age in the plan, of the participant's projected further benefits (assuming the current plan benefit provisions had always been in existence), and dividing it by the value, as of the valuation date, of the participant's future service. This ratio for each participant is then multiplied by the present value, as of the valuation date, of the participant's future service. The sum of these values for all active participants is the plan's present value (as of the valuation date) of future normal costs. The excess of the present value of all plan benefits over the present value of future normal costs is the actuarial liability. The difference between the actuarial liability and the value of the plan assets as of the valuation date is the **unfunded actuarial liability**.

8. Other Post Employment Benefits (OPEB) (continued)

Asset Valuation Method

The benefits are currently funded on a pay-as-you-go basis and there are currently no plan assets. The City's Unfunded Actuarial Liability provided below is based on an actuarial valuation performed as of June 30, 2016. GASB requires that a valuation be done bi-ennially. At June 30, 2018, an updated actuarial will be performed and the City's unfunded liability will be updated. The City's annual OPEB cost for the current year and the related information is also presented on the following page.

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8. Other Post Employment Benefits (OPEB) (continued)

Present Value of Future Benefits on June 30, 2016	
Actives	\$26,745,737
Terminated Vesteds	0
Retirees	12,832,931
Total	<u>\$39,578,668</u>
Present Value of Future Normal Costs on June 30, 2016	
Actives	\$9,584,657
Terminated Vesteds	0
Retirees	0
Total	<u>\$9,584,657</u>
Actuarial Liability on June 30, 2016	
Actives	\$17,161,080
Terminated Vesteds	0
Retirees	12,832,931
Total	<u>\$29,994,011</u>
Normal Costs on June 30, 2016 (Level Dollars)	\$1,025,808
Actuarial Value of Assets on June 30, 2016	\$0
Unfunded Actuarial Liability	\$29,994,011
Annual Required Contribution (ARC) for FY15-16	
Normal Cost	\$1,025,808
Amortization of Unfunded Actuarial Liability	1,667,843
ARC for FY 2015-16	<u>2,693,651</u>
Interest on prior year net OPEB obligation	324,758
Adjustment to Annual Required Contribution	(469,520)
Total Annual OPEB Cost (AOC)	<u>\$2,548,889</u>
Actual Premium Payments	
Amount	(\$953,901)
Interest	(19,078)
Total	<u>(\$972,979)</u>
Increase in Net OPEB Obligation	\$1,575,910
Net OPEB Obligation – Beginning of Year	<u>8,118,960</u>
Net OPEB Obligation on June 30, 2016	<u><u>\$9,694,870</u></u>

8. Other Post Employment Benefits (OPEB) (continued)

Actuarial Methods and Assumptions

Projections of benefits are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits in force at the valuation date. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Significant methods and assumptions were as follows:

Valuation Date: June 30, 2016
 Actuarial Cost Method: Entry Age Normal
 Asset Valuation Method: Not Applicable

Actuarial Assumptions:
 Investment Rate of Return: 4.00% annual return net of administrative and investment related expenses

Medical Inflation Rate: *Employer Contribution to CalPERS:*
 3.50% annually

Age Adjusted Medical Per Member Per Month Costs:
 8.90% in 2016, 6.00% in 2017, 5.20% in 2018, then grading to 4.30% in 2019 and thereafter.

Amortization Method: Level Dollar

Amortization Period: 30 years, open

Schedule of Funding Progress (using 4.00% annual return assumption) – Total

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)
6/30/2012	-	\$ 11,873,809	11,873,809	0%
6/30/2014	-	27,592,127	27,592,127	0%
6/30/2016	-	29,994,011	29,994,011	0%

Schedule of Employer Contributions

Fiscal Year Ending	Annual OPEB Cost	Actual Contribution (1)	Percent Funded	Net Increase/(Decrease) OPEB Obligation
06/30/2014	\$2,251,241	355,984	16%	1,895,257
06/30/2015	2,310,558	376,897	16%	1,933,661
06/30/2016	2,548,889	972,979	38%	1,575,910

(1) Includes interest earned on contributions

9. Long-Term Liabilities

Following is a reconciliation of long-term liabilities for the year ended June 30, 2016:

	Beginning Balance, As Restated	Additions	Deletions	Ending Balance	Amounts Due Within One Year	Amounts Due Beyond One Year
Governmental activities:						
Compensated absences	8,050,194	3,393,251	3,299,323	8,144,122	3,337,818	4,806,304
Claims payable	8,730,405	5,562,344	2,332,137	11,960,612	3,343,632	8,616,980
Total Governmental act.	16,780,599	8,955,595	5,631,460	20,104,734	6,681,450	13,423,284
Business-type activities						
Compensated absences	651,935	200,454	115,724	736,665	131,359	605,306
Total	\$17,432,534	9,156,049	5,747,184	20,841,399	6,812,809	14,028,590

The above liabilities are paid for from the Internal Service Funds. Compensated absences are paid from the Employee Accrued Liability fund and claims payable are paid from the Workers' Compensation fund and the Liability fund.

10. Community Facilities and Assessment Districts and Other Revenue Bond Issues

In July 1996, Special Assessment District 95-1 bonds in the amount of \$1,200,000 were issued to finance the acquisition of public improvements to Sycamore Crossing. The interest rate on the debt is variable, ranging from 6.75% to 6.875%. The bonds are scheduled to mature in September 2021.

In February 2004, Community Facilities District No. 91-2 issued refunding bonds in the amount of \$37,530,000 to finance the acquisition and/or construction of public improvements. In April 2013, bonds in the amount of \$28,810,000 were issued to refund these bonds. The interest rate on the debt is variable, ranging from 2% to 5%. The bonds are scheduled to mature in October 2030.

In March 2015, Community Facilities District 06-1 issued 2015 Special Tax Refunding Bonds in the amount of \$23,920,000. Proceeds of the bonds were used to a) refund all of the outstanding Community Facilities District No. 06-1 2010 Special Tax Bonds, which were originally issued to finance the acquisition of a park site and construction of public improvements, b) make a deposit into the Reserve Fund established under the Fiscal Agent Agreement and c) pay costs of issuance. The interest rate on the debt is variable, ranging from 2% to 5%. The bonds are scheduled to mature in October 2034.

10. Community Facilities and Assessment Districts and Other Revenue Bond Issues (continued)

A schedule of additions and deletions to these bonds is as follows:

Description	Beginning Balance	Additions	Deletions	Ending Balance
Sycamore Crossing				
A.D. 95-1	\$ 415,000	-	50,000	365,000
Serrano Heights				
C.F.D. 91-2	27,690,000	-	895,000	26,795,000
Del Rio C.F.D. 06-1, 2015				
Special Tax Refunding	23,920,000	-	185,000	23,735,000
Total	\$52,025,000	-	1,130,000	50,895,000

The City has no obligation or duty to pay any delinquency out of any available funds of the City. The City is only acting as an agent for the property owners in collecting the assessments and then seeing that the debt service payments are made, and neither the faith and credit, nor the taxing power of the City, is pledged to the payment of the bonds. Therefore, the bond indebtedness is not shown in the City's financial statements.

11. Joint Ventures

The City is a participant in the Anaheim-Garden Grove-Orange Fire Training Facility Authority, a joint powers authority created to finance fire training. These cities have one representative each on the Authority's three-member Board of Directors. The City's share of the Authority's costs is included in the accompanying financial statements as expenditures of the General Fund and is immaterial to the operations of the City. Separate financial statements may be obtained for the Fire Training Facility Authority from the City of Garden Grove.

In addition to the Fire Training Facility Authority, the Cities of Orange, Anaheim, Fountain Valley, Fullerton, Garden Grove, Brea, Huntington Beach and Newport Beach have formed a regional dispatch operation to provide dispatch services for those cities.

The City of Orange's share of costs for these dispatch services is immaterial to the operations of the City. The financial management and administration of this operation is the responsibility of the City of Anaheim. Separate financial statements may be obtained for the Metro Cities Fire Authority from the City of Anaheim.

12. Loans Receivable

With the dissolution of the Redevelopment Agency effective January 31, 2012, the City Council adopted a resolution authorizing the City to become the Successor Housing Agency and enabling the City to retain housing assets and functions of the Redevelopment Agency. The Successor Housing Agency provides housing loans for the rehabilitation and expansion

12. Loans Receivable (continued)

of housing for low and moderate-income families in the City. Housing rehabilitation loans are for the purpose of rehabilitating and upgrading existing housing due to structural deficiencies. Housing loans also assist in the construction of new multi-family housing projects or the rehabilitation of existing multi-family units.

Additionally, the former Redevelopment Agency issued several promissory notes, pursuant to and in implementation of the “Affordable Housing Resale Restrictions Option to Designate Eligible Purchaser with Alternative Option to Purchase and Option to Purchase Upon Default”. These notes do not actually represent cash paid to the borrowers, but represent the subsidy constructively received by the borrower as a result of borrowers’ purchase of the property at a price below its fair market value. No repayment of these notes is due by the borrower until the Affordable Term of the loan date (45 years commencing from the loan date), or upon sale of the property or default, as described in the note. At June 30, 2016, the outstanding amount for these loans was \$1,012,000. Due to the length of the deferral and the uncertainty of repayment on these loans, the outstanding balance is offset by an allowance for the full amount of the note.

In May 2013, the City entered into a Refinancing Agreement that provides for the Developer of the Serrano Woods Affordable Housing Project to restructure the permanent financing for the Serrano Woods project while maintaining compliance with affordable housing requirements. This Refinancing Agreement provided for a City loan from the In-lieu Housing funds in the amount of \$4,300,000. The balance of the loan at June 30, 2016 is \$4,294,710.

Under the HOME and CDBG programs, the City provides housing loans to eligible City of Orange residents and low income housing projects.

Outstanding loan balances, net of allowances for net present value, for these housing loans at June 30, 2016 are comprised of the following:

	<u>Short-term</u>	<u>Long-term</u>	<u>Total</u>
Successor Housing loans	\$ 39,713	21,514,189	21,553,902
In-lieu loan	-	3,362,871	3,362,871
HOME loans	10,970	3,793,151	3,804,121
CDBG loans	-	585,228	585,228
	<hr/>	<hr/>	<hr/>
Total Loans	\$ 50,683	29,255,439	29,306,122
	<hr/>	<hr/>	<hr/>

13. Restatement of Beginning Fund Balance/Net Position

The accompanying Fund Financial Statements reflect adjustments that resulted in a restatement of certain beginning fund balances/net position. The following schedule summarizes the effects of the prior period adjustments to the beginning fund balances/net position as of July 1, 2015:

Government-wide Financial Statements:

Activity	Beginning Net Position, as Previously Reported	Adjustment of Prior Year Revenue / Expenditure	Beginning Net Position, as Restated
Governmental	\$632,836,363	(77,452,508)	555,383,855
Business-Type	70,231,034	72,079,916	142,310,950
Totals	\$703,067,397	(5,372,592)	697,694,805

Fund Financial Statements:

Governmental Funds

Activity	Beginning Fund Balance, as Previously Reported	Adjustment of Prior Year Revenue / Expense	Beginning Fund Balance, as Restated
Federal, State & Local Grants	\$7,107,618	(846,722)	6,260,896
Housing Successor	28,743,585	(3,657,517)	25,086,068
Other Governmental	33,736,537	(1,021,094)	32,715,443
Successor Agency Trust Fund	(41,725,423)	(3,162,432)	(44,887,855)
Totals	\$27,862,317	(8,687,765)	19,174,552

Proprietary Funds

Activity	Beginning Net Position as Previously Reported	Adjustment of Prior Year Revenue / Expenditure	Beginning Net Position, as Restated
Enterprise Funds	\$70,231,034	72,079,916	142,310,950

Private-Purpose Trust Funds

Activity	Beginning Net Position as Previously Reported	Adjustment of Prior Year Revenue / Expenditure	Beginning Net Position, as Restated
Successor Agency Trust Fund	\$(41,725,923)	(216,645)	(41,942,568)

The above adjustment in the Government-wide financial statements is the result of a transfer of the Sanitation Fund and the Sewer Construction Fund from Governmental Funds to an Enterprise Funds, and the recording of prior year allowance for net present value of loans receivable. The adjustment in the Business-Type financial statements is the result of a

13. Restatement of Beginning Fund Balance/Net Position (continued)

transfer of the Sanitation Fund and the Sewer Construction Fund from Governmental Funds to an Enterprise Funds. The adjustment in the Federal State & Local Grants, the Housing Successor and the Other Governmental funds is the result of the recording of prior year allowance for net present value of loans receivable and the result of the transfer of the Sewer Construction fund from the Other Governmental Funds to Enterprise Funds.

14. Extraordinary Gains

In accordance with the Long-Range Property Management Plan, 10 properties with a net book value of \$7,869,495, designated as governmental use by the City and approved by the State Department of Finance, were transferred from the Successor Agency to the City. In addition, \$31,406 in unspent bond proceeds were transferred form the Successor Agency to the City to fund the capital improvements consistent with the original bond covenants. These transactions resulting in a \$7,900,901 extraordinary loss to the Successor Agency and a \$7,900,901 extraordinary gain in the Statement of Activities.

15. Transfers

Transfers between funds for the year ended June 30, 2016 are as follows:

Transfers Out	Transfers In		Totals
	Capital Imp. Fund	Internal Serv. Fund	
General Fund (1)	1,500,000	1,327,143	2,827,143
Capital Imp. Fund (2)		125,000	125,000
Totals	\$1,500,000	1,452,143	2,952,143

Interfund transfers were used to (1) fund general funded capital projects, future contributions toward pension liability, and vehicle replacements: and (2) fund improvements to City facilities.

16. Deficit Equity Balances

The Equipment Maintenance Internal Service Fund had a deficit net position of \$1.2 million, due to the implementation of GASB 68, which requires the recording of the fund's unfunded net pension liability of \$3.0 million. The Workers' Compensation Internal Service Fund had a deficit net position of \$1.3 million due the year-end recording of actuarial determined future claims payable. It is the City's policy not to fund these deficits, since neither of these items represent tangible expenses.

17. Contingencies

The City is involved in pending lawsuits of a nature common to many similar jurisdictions. City Management estimates that these potential claims against the City, not covered by insurance, will not have a material adverse effect on the financial position of the City.

18. Successor Agency Trust for Assets of Former Redevelopment Agency

On December 29, 2011, 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 Orange 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 10, 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 10625.

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).

In future fiscal years, successor agencies will only be allocated Redevelopment Property Tax Trust Fund (RPTTF) 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.

The Bill directs the State Controller of the State of California to review the propriety of any transfers of assets between redevelopment agencies and other public bodies that occurred after January 1, 2011. If the public body that received such transfers is not contractually committed to a third party for the expenditure or encumbrance of those assets, the State Controller is required to order the available assets to be transferred to the public body designated as the successor agency by the Bill.

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 a legal entity as of February 1, 2012. The assets and activities of the dissolved redevelopment agency are now reported in a fiduciary fund (private-purpose trust fund) in the financial statements of the City.

18. Successor Agency Trust for Assets of Former Redevelopment Agency (continued)

Subsequent redevelopment dissolution legislation, including Assembly Bill 1484 (enacted on June 29, 2012) and Assembly Bill 1963 (enacted on July 18, 2014), further revised how implementation of redevelopment dissolution activities would be administered by the Successor Agency and Oversight Board and expanded further oversight and authority to the State Department of Finance and State Controller's Office.

In September 2015, the Legislature passed, and the Governor signed, SB 107, which made additional changes to the Dissolution Act.

Pursuant to Assembly Bills 1484 and 1963, the remaining Successor Agency Assets have been summarized in the Long Range Property Management Plan ("LRPMP"). Following approval of the LRPMP by the Oversight Board at its December 3, 2014 meeting, the LRPMP was transmitted to the State Department of Finance on December 4, 2014 and was approved as proposed on December 10, 2015. In accordance with this plan, a total of 22 properties, designated as governmental use, were transferred to the City; 12 in 2014-15 and an additional 10 in 2015-16. See Note 4 for additional information.

A. Cash and investments

Cash and investments reported in the accompanying financial statements consisted of the following:

Cash and investments pooled with the City	\$ 9,037,834
Cash and investments with fiscal agent	<u>2,671,254</u>
Total Cash	<u>\$ 11,709,088</u>

B. Loans Receivable

Commercial loans were issued to private businesses to fund development projects within the former Orange Merged and Amended Redevelopment Project Area through a variety of commercial rehabilitation loan programs. The loans bear interest rates ranging from 0% to 7.5% per annum and are to be repaid in installments over an established time period, if not fully or partially forgiven. The majority of loans are repaid in monthly or yearly installments.

In addition, loans were issued under the Small Business Assistance (SBA) Programs. The programs are intended to promote and encourage property owners and tenants to rehabilitate commercial, retail and/or industrial properties located within the former Orange Merged and Amended Redevelopment Project Area. The SBA Programs are comprised of seven loan programs designed to provide incentives to property owners and tenants to upgrade signage, enhance landscaping, improve exterior facades, and other property improvements.

18. Successor Agency Trust for Assets of Former Redevelopment Agency (continued)

The seven SBA programs are as follows:

- Landscape Incentive - interest-free, 50/50 matching loan up to \$60,000, 50% of which can be forgiven upon meeting certain performance conditions.
- Signage Incentive - interest-free, 50/50 matching loan up to \$30,000, 50% of which can be forgiven upon meeting certain performance conditions.
- Restaurant Equipment Incentive - loans up to \$30,000 to install grease interceptors in restaurants, 50% of which can be forgiven upon meeting certain performance conditions.
- Property Improvement - interest-free loan up to \$250,000 to upgrade building facades, parking, lighting, and related improvements. Upon timely repayment of the first 75% of the loan balance, the remaining 25% is forgiven.
- Old Towne Retail - a 3% interest loan up to \$100,000 to bring older buildings into conformance with the current Uniform Building Code, 50% of which can be forgiven upon meeting certain performance conditions.
- Hotel Rehabilitation Loan – loan to assist in the retention, attraction and expansion of hospitality uses seeking to upgrade existing and/or construct new facilities in the Project Area.

A summary of the outstanding balances, net of allowances for forgiveness and net present value, at June 30, 2016 is as follows:

Commercial loans	\$ 401,768
SBA loans	<u>303,610</u>
Total	\$ <u>705,378</u>

C. Due from Other Agencies

In April 2008, the former Redevelopment Agency Board entered into a Promissory Note with the City of Orange to finance a portion of the cost of construction of the Grijalva Park at Santiago Creek Gymnasium/Sports Center in the amount of \$4,250,000. Effective January 31, 2012, with the dissolution of Redevelopment Agency, this Promissory Note is now between the Successor Agency and the City. The balance outstanding at June 30, 2016 is \$3,008,599, plus accrued interest of \$142,356.

18. Successor Agency Trust for Assets of Former Redevelopment Agency (continued)

D. Capital Assets

An analysis of capital assets as of June 30, 2016 is as follows:

	Balance July 1, 2015	Additions	Deletions	Transfer to the City (1)	Balance June 30, 2016
Nondepreciable Assets:					
Land	\$ 2,118,722	-	-	2,118,722	-
Construction in progress	962,893	504,936	-	-	1,467,829
Total nondepreciable assets	3,081,615	504,936	-	2,118,722	1,467,829
Depreciable Assets:					
Infrastructure	-	-	-	-	-
Structures & improvements	2,666,988	-	-	2,666,988	-
Total depreciable assets	2,666,988	-	-	2,666,988	-
Total Capital Assets	5,748,603	504,936	-	4,785,710	1,467,829
Less Accumulated Depreciation	510,375	-	-	510,375	-
Capital Assets, Net	\$ 5,238,228	504,936	-	4,275,335	1,467,829

(1) Properties with a net book value of \$4,275,335, designated as governmental use by the City and approved by the State Department of Finance, were transferred from the Successor Agency to the City.

E. Long-Term Debt

A description of long-term debt outstanding (excluding defeased debt) of the Successor Agency as of June 30, 2016, follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Amounts Due Within One Year	Amounts Due Beyond One Year
Governmental activities:						
Tax allocation bonds	\$ 62,670,000	-	3,645,000	59,025,000	3,780,000	55,245,000
Total	\$ 62,670,000	-	3,645,000	59,025,000	3,780,000	55,245,000

18. Successor Agency Trust for Assets of Former Redevelopment Agency (continued)

Tax Allocation Bonds

On May 1, 2008, to provide funds for redevelopment purposes, the Agency sold \$33,450,000 of Orange Merged and Amended Redevelopment Project Area 2008 Tax Allocation Bonds, Series A, maturing September 1, 2037. The issue is comprised of serial bonds and term bonds. The serial bonds are payable in annual installments of \$555,000 to \$1,620,000 and mature in the years prior to 2030. The term bonds are payable in annual installments of \$1,700,000 to \$2,355,000 and mature in the years 2031 to 2037. Interest rates on the bonds range from 4.00% to 4.75%. Funds are maintained in a cash reserves account sufficient to cover the maximum annual debt service. The bonds outstanding at June 30, 2016 were \$27,575,000.

To provide funds to refund the Tustin Street Redevelopment Project 1997 Taxable Tax Allocation Parity Bonds, Series B, the Agency sold Orange Merged and Amended Redevelopment Project Area 2008 Taxable Tax Allocation Refunding Bonds, Series B, on May 1, 2008, in the amount of \$6,180,000 maturing September 1, 2027. The initial bonds were issued for redevelopment purposes. The current issue is comprised of serial bonds and term bonds. The serial bonds are payable in annual installments of \$85,000 to \$395,000 and mature in the years prior to 2020. The term bonds are payable in annual installments of \$410,000 to \$635,000 and mature in the years 2021 to 2027. Interest rates on the refunding bonds range from 5.00% to 6.20%. Funds are maintained in a cash reserves account sufficient to cover the maximum annual debt service. The bonds outstanding at June 30, 2016 were \$5,345,000.

In December 2014, to provide funds to a) advance refund the outstanding Tustin Street Redevelopment Project 1997 Tax Allocation Parity Bonds, Series A, issued by the Former Agency in the original principal amount of \$3,280,000 and the outstanding Orange Merged and Amended Redevelopment Project Area 2003 Tax Allocation Refunding Bonds, Series A issued by the former Agency in the original principal amount of \$45,915,000, b) acquire a debt service reserve fund surety bond for the debt service reserve account under the Indenture, and c) provide for the cost of issuing the 2014 bonds, the Successor Agency issued Orange Merged and Amended Redevelopment Project Area 2014 Tax Allocation Refunding Bonds, Series A in the amount of \$28,850,000. The 2014 bonds are payable in annual installments of \$2,745,000 to \$3,845,000 and mature 2023. Interest rates on the bonds range from 3.00% to 5.0%. In lieu of cash funding the Reserve Account, The Successor Agency purchased the Reserve Fund Insurance Policy to satisfy the "Reserve Requirement" as defined in the Indenture. The bonds outstanding at June 30, 2016 were \$26,105,000.

18. Successor Agency Trust for Assets of Former Redevelopment Agency (continued)

Annual requirements to amortize all tax allocation bonds, notes payable, leases payable, and certificates of participation outstanding as of June 30, 2016 are as follows:

Year Ending June 30	Tax Allocation Bonds	
	Principal	Interest
2017	3,780,000	2,753,937
2018	3,755,000	2,586,341
2019	3,935,000	2,399,050
2020	4,135,000	2,202,213
2021	4,350,000	1,995,231
2022-2026	16,960,000	6,853,039
2027-2031	7,730,000	4,309,492
2032-2036	9,780,000	2,276,975
2037-2039	4,600,000	221,113
Total	<u>\$59,025,000</u>	<u>25,597,391</u>

F. Insurance

The Successor Agency of the former RDA is covered by insurance policies of the City of Orange as of June 30, 2016.

G. Land Held for Resale

The following is a reconciliation of land held for resale for the year ended June 30, 2016:

Description	Beginning Balance	Additions	Deletions	Transfer to the City (1)	Ending Balance
Water Street	1,813,881	-	-	1,813,881	-
State College Blvd.	569,428	-	-	569,428	-
70 State College / I-5	39,881	-	-	-	39,881
West Chapman / I-5	110,853	-	-	110,853	-
123 & 129 N. Cypress Street	1,100,000	-	-	1,100,000	-
Total	<u>\$ 3,634,043</u>	-	-	<u>3,594,162</u>	<u>39,881</u>

(1) Properties valued at \$3,594,162, designated as governmental use by the City and approved by the State Department of Finance, were transferred from the Successor Agency to the City.

H. Leases

The OSA no longer has any leases. All leased properties held by the OSA were transferred to the City in December 2015. See Note 4 for additional information regarding the transfer of property from the OSA to the City. These leases are immaterial to the City.

I. Extraordinary Loss

In December 2015, the State Department of Finance approved the Long Range Property Management Plan as submitted which provides for the Successor Agency to transfer

18. Successor Agency Trust for Assets of Former Redevelopment Agency (continued)

properties designated as governmental use to the City. In 2015-16, the Successor Agency transferred a number of eligible properties to the city. In addition, the Successor Agency transferred \$31,406 in unspent bond proceeds to the City. These transfer resulted in the booking of an extraordinary gain of \$7,900,901 to the City in the Statement of Activities, and an extraordinary loss of the same amount to the Successor Agency.

J. Restatement of beginning net position

Activity	Beginning Net Position as Previously Reported	Adjustment of Prior Year Revenue / Expenditure	Beginning Net Position, as Restated
Successor Agency Trust Funds	\$(41,725,923)	(216,645)	(41,942,568)

This restatement is a result of recording prior year allowance for net present value of loans receivable.

19. Expenditures in Excess of Appropriations

Expenditures for the year ended June 30, 2016 exceeded appropriations in the following departments:

	Final Budget	Actual Expenditures	Variance
Federal, State and Local Grants			
Economic Development (1)	536,020	576,685	(40,665)
Housing Successor			
Finance (2)	21,158	21,393	(235)
Community development (2)	51,477	51,736	(359)
Economic development (1)	42,528	1,879,447	(1,836,919)
Housing in Lieu			
Community development (1)	-	63,486	(63,486)

The above variances are due to the following:

- (1) An accounting adjustment to housing loans receivable to properly present the balances at their net present value.
- (2) Payroll benefit costs coming in slightly higher than estimated.

20. Subsequent Events

In preparing these financial statements, the City has evaluated events and transactions for potential recognition or disclosure through December 21, 2016, the date the financial statements were available to be issued. No events or transactions were identified that required recognition or disclosure.

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Required Supplementary Information



General Fund

General Fund – This fund has been classified as a major fund and is used to account for revenues and expenditures that are not required to be accounted for in another fund.

Special Revenue Fund

Federal, State and Local Grants – This fund is used to account for grant programs such as Community Development Block Grant, Housing and Urban Development Grant, California Parklands Grant, Citizens Option for Public Safety (COPS) Grant, Traffic Safety Grant, Justice Assistance Grant and others.

Successor Housing Agency – This fund is used to account for low and moderate housing activities as of February 1, 2012, when the City became the successor housing agency to the former Redevelopment Agency, upon its dissolution. Prior to that, these activities were accounted for in the Redevelopment Agency Housing fund.

Measure M – This fund is used to account for receipts and expenditures relating to transportation improvement projects and programs, funded by local ½ cent sales tax.

CITY OF ORANGE
Budgetary Comparison Schedule
General Fund
Year ended June 30, 2016

	2016			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES:				
Taxes	\$ 71,923,460	71,923,460	73,120,967	1,197,507
Franchise fees	2,797,280	2,797,280	2,785,987	(11,293)
Licenses and permits	4,263,000	4,263,000	5,443,388	1,180,388
Use of money and property	854,353	854,353	1,364,340	509,987
Intergovernmental	12,892,013	13,099,190	13,353,941	254,751
Charges for services and fees	6,623,155	6,623,155	7,000,239	377,084
Fines and forfeitures	2,212,500	2,212,500	1,725,785	(486,715)
Other revenues	812,045	1,600,819	3,423,544	1,822,725
Total revenues	<u>102,377,806</u>	<u>103,373,757</u>	<u>108,218,191</u>	<u>4,844,434</u>
EXPENDITURES:				
General government:				
City council	9,615	9,615	6,439	3,176
City manager	6,009,959	6,173,239	4,965,998	1,207,241
City attorney	966,224	1,190,327	826,630	363,697
City clerk	785,500	792,771	546,512	246,259
Finance	3,291,598	3,329,075	3,065,020	264,055
Human Resources	1,388,291	1,403,440	1,391,929	11,511
Public safety:				
Police	41,396,950	42,702,866	40,291,887	2,410,979
Fire	26,448,203	27,694,617	27,299,438	395,179
Public works	7,775,860	8,038,926	7,210,762	828,164
Community development	4,263,499	4,485,471	3,971,673	513,798
Parks and library:				
Library	4,501,332	4,679,515	4,302,884	376,631
Community services	8,233,846	8,637,299	7,372,439	1,264,860
Economic development	59,798	85,808	62,992	22,816
Capital outlay	282,283	1,625,760	858,888	766,872
Total expenditures	<u>105,412,958</u>	<u>110,848,729</u>	<u>102,173,491</u>	<u>8,675,238</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,035,152)</u>	<u>(7,474,972)</u>	<u>6,044,700</u>	<u>13,519,672</u>
OTHER FINANCING SOURCES				
(USES):				
Transfer (out)	<u>(1,400,000)</u>	<u>(2,827,143)</u>	<u>(2,827,143)</u>	<u>-</u>
Total other financing sources (uses)	<u>(1,400,000)</u>	<u>(2,827,143)</u>	<u>(2,827,143)</u>	<u>-</u>
Net change in fund balances	(4,435,152)	(10,302,115)	3,217,557	13,519,672
Fund balances, beginning of year	31,603,294	31,603,294	31,603,294	-
Fund balances, end of year	<u>\$ 27,168,142</u>	<u>21,301,179</u>	<u>34,820,851</u>	<u>13,519,672</u>

See accompanying notes to the financial statements.

CITY OF ORANGE
 Budgetary Comparison Schedule
 Federal, State and Local Grants
 Year ended June 30, 2016

	2016			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES:				
Use of money and property	\$ 20,357	20,357	54,316	33,959
Intergovernmental	522,850	1,668,039	1,973,551	305,512
Charges for services	30,000	30,000	27,300	(2,700)
Total revenues	<u>573,207</u>	<u>1,718,396</u>	<u>2,055,167</u>	<u>336,771</u>
EXPENDITURES:				
Current:				
Public safety:				
Police	172,449	175,308	173,591	1,717
Economic development	141,548	536,020	576,685	(40,665)
Capital outlay	1,302,652	3,245,160	1,667,061	1,578,099
Total expenditures	<u>1,616,649</u>	<u>3,956,488</u>	<u>2,417,337</u>	<u>1,539,151</u>
Net change in fund balances	(1,043,442)	(2,238,092)	(362,170)	1,875,922
Fund balances, beginning of year, as restated	<u>6,260,896</u>	<u>6,260,896</u>	<u>6,260,896</u>	-
Fund balances, end of year	<u>\$ 5,217,454</u>	<u>4,022,804</u>	<u>5,898,726</u>	<u>1,875,922</u>

See accompanying notes to the financial statements.

CITY OF ORANGE
 Budgetary Comparison Schedule
 Housing Successor
 Year ended June 30, 2016

	2016			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES:				
Use of money and property	\$ 64,548	64,548	134,583	70,035
Total revenues	<u>64,548</u>	<u>64,548</u>	<u>134,583</u>	<u>70,035</u>
EXPENDITURES:				
Current:				
General government:				
City manager	13,565	13,755	-	13,755
Finance	20,884	21,158	21,393	(235)
Community development	50,856	51,477	51,736	(259)
Economic development	42,528	42,528	1,879,447	(1,836,919)
Total expenditures	<u>127,833</u>	<u>128,918</u>	<u>1,952,576</u>	<u>(1,823,658)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(63,285)</u>	<u>(64,370)</u>	<u>(1,817,993)</u>	<u>(1,753,623)</u>
Net change in fund balances	(63,285)	(64,370)	(1,817,993)	(1,753,623)
Fund balances, beginning of year, as restated	<u>25,086,068</u>	<u>25,086,068</u>	<u>25,086,068</u>	<u>-</u>
Fund balances, end of year	<u>\$ 25,022,783</u>	<u>25,021,698</u>	<u>23,268,075</u>	<u>(1,753,623)</u>

See accompanying notes to the financial statements.

CITY OF ORANGE
 Budgetary Comparison Schedule
 Measure M
 Year ended June 30, 2016

	2016			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES:				
Taxes	\$ 2,779,664	2,779,664	2,703,105	(76,559)
Use of money and property	47,037	47,037	69,159	22,122
Intergovernmental	110,000	110,000	120,352	10,352
Charges for services and fees	750	750	510	(240)
Other revenue	2,000	2,000	-	(2,000)
Total revenues	<u>2,939,451</u>	<u>2,939,451</u>	<u>2,893,126</u>	<u>(46,325)</u>
EXPENDITURES:				
Current:				
Public works	372,255	372,255	157,174	215,081
Parks and library	110,000	245,557	87,863	157,694
Capital outlay	3,076,178	6,278,577	2,511,762	3,766,815
Total expenditures	<u>3,558,433</u>	<u>6,896,389</u>	<u>2,756,799</u>	<u>4,139,590</u>
Net change in fund balances	(618,982)	(3,956,938)	136,327	4,093,265
Fund balances, beginning of year	<u>4,674,013</u>	<u>4,674,013</u>	<u>4,674,013</u>	<u>-</u>
Fund balances, end of year	<u><u>\$ 4,055,031</u></u>	<u><u>717,075</u></u>	<u><u>4,810,340</u></u>	<u><u>4,093,265</u></u>

See accompanying notes to the financial statements.

CITY OF ORANGE
Miscellaneous Plan
Schedule of Changes in the Net Pension Liability and Related Ratios
As of June 30, For the Last Ten Fiscal Years (1)

Fiscal year ended	2016	2015
Measurement period	2015	2014
TOTAL PENSION LIABILITY		
Service Cost	\$ 4,546,279	4,911,456
Interest	22,231,986	21,813,800
Difference Between expected and Actual Experience	(7,188,831)	-
Changes in Assumptions	(5,284,506)	-
Benefit Payments, Including Refunds of employee Contribution:	(14,720,766)	(13,890,809)
Net Change in Total Pension Liability	\$ (415,838)	12,834,447
Total Pension Liability - Beginning	308,174,791	295,340,344
Total Pension Liability - Ending (a)	<u>\$ 307,758,953</u>	<u>308,174,791</u>
PLAN FIDUCIARY NET POSITION		
Contribution - Employer	\$ 5,766,795	4,836,725
Contribution - Employee	2,104,640	2,042,395
Net Investment Income (2)	4,982,663	35,349,001
Benefit Payments, Including Refunds of Employee Contribution	(14,720,766)	(13,890,809)
Other Changes in Fiduciary Net Position	(4,435)	-
Net Change in Fiduciary Net Position	\$ (1,871,103)	28,337,312
Plan Fiduciary Net Position - Beginning	234,314,016	205,976,704
Plan Fiduciary Net Position - Ending (b)	<u>\$ 232,442,913</u>	<u>234,314,016</u>
Plan Net Pension Liability/(Assets) - Ending (a) - (b)	<u>\$ 75,316,040</u>	<u>73,860,775</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.53%	76.03%
Covered-Employee Payroll	\$ 25,364,199	\$ 26,155,370
Plan Net Pension Liability/(Asset) as a Percentage of Covered-Employee Payroll	296.94%	282.39%

(1) Historical information is required only for measurement for which GASB 68 is applicable. Fiscal Year 2015 was the first year of implementation, therefore only two years are shown.

(2) Net of administrative expenses.

Notes to Schedule:

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

Changes of Assumptions: The discount rate was changed from 7.5% (net of administrative expense) to 7.65%

CITY OF ORANGE
Miscellaneous Plan
Schedule of Plan Contributions
As of June 30, For the Last Ten Fiscal Years (1)

Fiscal year ended	2016	2015
Actuarially Determined Contribution	\$ 6,420,229	5,766,795
Contribution in Relation to the Actuarially Determined Contribution	(6,420,229)	(5,766,795)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>-</u>
Covered-Employee Payroll	25,760,260	25,364,199
Contributions as a Percentage of Covered-Employee Payroll	24.923%	22.736%

(1) Historical information is required only for measurement for which GASB 68 is applicable. Fiscal Year 2015 was the first year of implementation, therefore only two years are shown.

Note to Schedule:

Valuation Date:	June 30, 2013	June 30, 2012
Methods and assumptions used to determine contribution rates:		
Actuarial cost method	Entry age normal*	
Amortization method	Level percentage of payroll, closed*	
Assets valuation method	Market Value**	
Inflation	2.75%*	
Salary Increases	3.3% to 14.2% depending on Age, Service, and type of employment*	
Investment rate of return	7.50% net of pension investment and administrative expenses, including inflation.*	
Retirement age	Hire date prior to January 1, 2013: 50-67 Hire date on or after January 1, 2013: 52-67	
Mortality	Mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board, first used in the June 30, 2009 valuation. For purposes of the post-retirement mortality rates, those revised rates include 5 years of projected on-going mortality improvement using Scale AA published by the Society of Actuaries until June 30, 2010. There is no margin for future mortality improvement beyond the valuation date*	

*The valuation for 06/30/12 (applicable to fiscal year ended 06/30/15) included the same actuarial assumptions.

**The valuation for 06/30/12 (applicable to fiscal year ended 06/30/15) valued assets using a 15 year smoothed market method.

CITY OF ORANGE
Safety Plan
Schedule of Changes in the Net Pension Liability and Related Ratios
As of June 30, For the Last Ten Fiscal Years (1)

Fiscal year ended	2016	2015
Measurement period	2015	2014
TOTAL PENSION LIABILITY		
Service Cost	\$ 7,510,097	8,277,333
Interest	32,660,257	31,691,919
Changes of Benefits Terms	-	-
Difference Between expected and Actual Experience	(6,412,547)	-
Changes in Assumptions	(8,155,227)	-
Benefit Payments, Including Refunds of employee Contribution	(21,218,801)	(20,071,826)
Net Change in Total Pension Liability	\$ 4,383,779	19,897,426
Total Pension Liability - Beginning	448,353,590	428,456,164
Total Pension Liability - Ending (a)	<u>\$ 452,737,369</u>	<u>448,353,590</u>
PLAN FIDUCIARY NET POSITION		
Contribution - Employer	\$ 9,399,041	8,394,155
Contribution - Employee	2,736,436	2,571,235
Net Investment Income (2)	6,943,219	50,548,509
Benefit Payments, Including Refunds of Employee Contributor	(21,218,801)	(20,071,826)
Net Change in Fiduciary Net Position	\$ (2,140,105)	41,442,073
Plan Fiduciary Net Position - Beginning	334,723,624	293,281,551
Plan Fiduciary Net Position - Ending (b)	<u>\$ 332,583,519</u>	<u>334,723,624</u>
Plan Net Pension Liability/(Assets) - Ending (a) - (b)	<u>\$ 120,153,850</u>	<u>113,629,966</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	73.46%	74.66%
Covered-Employee Payroll	\$ 28,144,560	29,790,653
Plan Net Pension Liability/(Asset) as a Percentage of Covered-Employee Payroll	426.92%	381.43%

(1) Historical information is required only for measurement for which GASB 68 is applicable. Fiscal Year 2015 was the first year of implementation, therefore only two years are shown.

(2) Net of administrative expenses.

Notes to Schedule:

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

Changes of Assumptions: The discount rate was changed from 7.5% (net of administrative expense) to 7.65%.

CITY OF ORANGE
Safety Plan
Schedule of Plan Contributions
As of June 30, For the Last Ten Fiscal Years (1)

Fiscal year ended	2016	2015
Actuarially Determined Contribution	\$ 10,451,464	9,399,041
Contribution in Relation to the Actuarially Determined Contribution Deficiency (Excess)	(10,451,464)	(9,399,041)
	<u>\$ -</u>	<u>-</u>
Covered-Employee Payroll	\$ 28,780,810	28,144,568
Contributions as a Percentage of Covered-Employee Payroll)	36.314%	33.396%

(1) Historical information is required only for measurement for which GASB 68 is applicable. Fiscal Year 2015 was the first year of implementation, therefore only two years are shown.

Note to Schedule:

Valuation Date:	June 30, 2013	June 30, 2012
Methods and assumptions used to determine contribution rates:		
Actuarial cost method	Entry age normal*	
Amortization method	Level percentage of payroll, closed*	
Assets valuation method	Market Value**	
Inflation	2.75%*	
Salary Increases	3.3% to 14.2% depending on Age, Service, and type of employment*	
Investment rate of return	7.50% net of pension investment and administrative expenses, including inflation*	
Retirement age	Hire date prior to January 1, 2013: 50-55 Hire date on or after January 1, 2013: 50-57	
Mortality	Mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board, first used in the June 30, 2009 valuation. For purposes of the post-retirement mortality rates, those revised rates include 5 years of projected on-going mortality improvement using Scale AA published by the Society of Actuaries until June 30, 2010. There is no margin for future mortality improvement beyond the valuation date*	

*The valuation for 06/30/12 (applicable to fiscal year ended 06/30/15) included the same actuarial assumptions.

**The valuation for 06/30/12 (applicable to fiscal year ended 06/30/15) valued assets using a 15 year smoothed market method.

CITY OF ORANGE
Notes to Required Supplementary Information
Year ended June 30, 2016

1. Budgetary Accounting

Annual budgets are adopted by July 1 of each year on a basis consistent with generally accepted accounting principles for all governmental funds. The budget is monitored to ensure compliance with legal provisions embodied in the appropriated budget as approved or amended by the City Council throughout the year. Department heads are responsible for monitoring their department's appropriated budget.

Legal level of Control – The legal level of budgetary control is at the department level within each fund. Transfers of appropriations between funds, between departments within a fund, and between capital outlay or debt service and another object group classification within a department, require City Council approval. All other transfers of appropriations can be made with City management approval.

The City Council approved increases in appropriations during the year in the amount of \$5,435,771 in the General Fund, \$14,300,188 in the Special Revenue Funds and \$31,560,270 in the Capital Projects Funds. Unencumbered appropriations of the governmental funds automatically lapse at the end of the fiscal year. Ongoing, unfulfilled encumbrances and their appropriations automatically carry over and will be honored during the subsequent year.

Supplementary Schedules



CITY OF ORANGE
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2016

	Special Revenue Funds	Capital Projects Funds	Totals
	<u> </u>	<u> </u>	<u> </u>
ASSETS:			
Cash and investments	\$ 21,055,096	13,606,284	34,661,380
Receivables (net of allowance for estimated uncollectibles):			
Accounts	106,626	1,670	108,296
Taxes	170,324	-	170,324
Interest	34,530	23,091	57,621
Loans receivable (net of allowance for net present value)	<u>3,362,871</u>	<u>-</u>	<u>3,362,871</u>
Total assets	<u>24,729,447</u>	<u>13,631,045</u>	<u>38,360,492</u>
LIABILITIES AND FUND BALANCES:			
Liabilities:			
Accounts payable	392,072	49,517	441,589
Deposits payable	3,090	-	3,090
Contracts payable	75,333	12,577	87,910
Unearned revenue	<u>61,122</u>	<u>-</u>	<u>61,122</u>
Total liabilities	<u>531,617</u>	<u>62,094</u>	<u>593,711</u>
FUND BALANCES:			
Restricted:			
Special revenue projects	16,311,443	-	16,311,443
Committed			
	7,886,387	-	7,886,387
Assigned:			
Capital projects	<u>-</u>	<u>13,568,951</u>	<u>13,568,951</u>
Total fund balances	<u>24,197,830</u>	<u>13,568,951</u>	<u>37,766,781</u>
Total liabilities and fund balances	<u>\$ 24,729,447</u>	<u>13,631,045</u>	<u>38,360,492</u>

See accompanying notes to the financial statements.

CITY OF ORANGE
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
Year ended June 30, 2016

	Special Revenue Funds	Capital Projects Funds	Totals
REVENUES:			
Taxes	\$ 1,967,775	-	1,967,775
Franchise fees	290,904	-	290,904
Use of money and property	279,866	207,884	487,750
Intergovernmental	3,351,986	-	3,351,986
Charges for services and fees	3,033,157	4,244,101	7,277,258
Other revenues	1,272,436	1,215	1,273,651
Total revenues	<u>10,196,124</u>	<u>4,453,200</u>	<u>14,649,324</u>
EXPENDITURES:			
Current:			
General government	236,078	-	236,078
Public safety	2,539,623	-	2,539,623
Public works	2,364,351	-	2,364,351
Community development	63,486	-	63,486
Parks and library	693,874	-	693,874
Capital outlay	<u>2,650,160</u>	<u>1,050,414</u>	<u>3,700,574</u>
Total expenditures	<u>8,547,572</u>	<u>1,050,414</u>	<u>9,597,986</u>
Net change in fund balances	1,648,552	3,402,786	5,051,338
Fund balances, beginning of year, as restated	<u>22,549,278</u>	<u>10,166,165</u>	<u>32,715,443</u>
Fund balances, end of year	<u>\$ 24,197,830</u>	<u>13,568,951</u>	<u>37,766,781</u>

See accompanying notes to the financial statements.

Non-Major Special Revenue Funds

The following Special Revenue Funds have been classified as non-major funds in the accompanying financial statements and budgetary comparison schedules:

Transportation System Improvement Program (TSIP) – This fund is used to account for the collection of fees assessed to developers and expenditures made to improve the City's transportation system.

EMT Transport – This fund is used to account for the receipts and expenditures related to ambulance transportation.

Gas Tax – This fund is used to account for receipts and expenditures of money apportioned under Streets and Highway Code Sections 2105, 2106 and 2107 of the State of California.

Proposition 172 – This fund is used to account for sales tax restricted by voter mandate for public safety service enhancements.

Air Pollution Reduction – This fund is used to account for revenues and expenditures related to air pollution reduction programs pursuant to the California Clean Air Act of 1988.

Asset Seizure – This fund is used to account for assets seized as a result of drug enforcement efforts.

O.C.P.T. Building Maintenance – This fund is used to account for lease payments and maintenance on the Headstart/Preschool building.

Landscape Maintenance Assessment Districts – This fund is used to account for the collection of assessments from property owners and the associated city expenditures for the maintenance of landscaped areas within the districts.

1% PEG Program – This fund is used to account for Public Education and Government (PEG) access fees paid to the City by cable providers. These revenues are restricted by State regulations for the exclusive use of the City's Government Access and Local Access programming.

Housing in Lieu – This fund is used to account for the collection of developer affordable housing in-lieu fees and other transactions related to the creation of new affordable housing units.

CITY OF ORANGE
Combining Balance Sheet
Non-Major Special Revenue Funds
June 30, 2016

	Transportation System Improvement Program	EMT Transport	Gas Tax	Proposition 172	Air Pollution Reduction
ASSETS:					
Cash and investments	\$ 7,244,688	789,663	6,435,508	1,536,980	110,989
Receivables (net of allowance for estimated uncollectibles):					
Accounts	-	3,385	7,852	-	47,933
Taxes	-	-	-	165,237	-
Interest	11,811	1,194	10,624	2,538	138
Loans receivable (net of allowance for present value)	-	-	-	-	-
Total assets	<u>7,256,499</u>	<u>794,242</u>	<u>6,453,984</u>	<u>1,704,755</u>	<u>159,060</u>
LIABILITIES AND FUND BALANCES:					
Liabilities:					
Accounts payable	203,833	42,150	40,383	4,625	25
Deposits payable	-	-	3,090	-	-
Contracts payable	5,369	-	67,702	-	-
Unearned revenue	-	-	-	-	-
Total liabilities	<u>209,202</u>	<u>42,150</u>	<u>111,175</u>	<u>4,625</u>	<u>25</u>
FUND BALANCES:					
Restricted:					
Special revenue projects	-	-	6,342,809	1,700,130	159,035
Committed	<u>7,047,297</u>	<u>752,092</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>7,047,297</u>	<u>752,092</u>	<u>6,342,809</u>	<u>1,700,130</u>	<u>159,035</u>
Total liabilities and fund balances	<u>\$ 7,256,499</u>	<u>794,242</u>	<u>6,453,984</u>	<u>1,704,755</u>	<u>159,060</u>

See accompanying notes to the financial statements.

<u>Asset Seizure</u>	<u>O.C.P.T. Building Maintenance</u>	<u>Landscape Maintenance Assessment Districts</u>	<u>1% PEG Program</u>	<u>Housing in Lieu</u>	<u>Total Special Revenue Funds</u>
2,956,480	86,852	811,516	859,821	222,599	21,055,096
-	-	-	47,456	-	106,626
-	-	5,087	-	-	170,324
4,836	146	1,522	1,348	373	34,530
-	-	-	-	3,362,871	3,362,871
<u>2,961,316</u>	<u>86,998</u>	<u>818,125</u>	<u>908,625</u>	<u>3,585,843</u>	<u>24,729,447</u>
2,028	-	71,027	28,001	-	392,072
-	-	-	-	-	3,090
-	-	2,262	-	-	75,333
61,122	-	-	-	-	61,122
<u>63,150</u>	<u>-</u>	<u>73,289</u>	<u>28,001</u>	<u>-</u>	<u>531,617</u>
2,898,166	-	744,836	880,624	3,585,843	16,311,443
-	86,998	-	-	-	7,886,387
<u>2,898,166</u>	<u>86,998</u>	<u>744,836</u>	<u>880,624</u>	<u>3,585,843</u>	<u>24,197,830</u>
<u>2,961,316</u>	<u>86,998</u>	<u>818,125</u>	<u>908,625</u>	<u>3,585,843</u>	<u>24,729,447</u>

See accompanying notes to the financial statements.

CITY OF ORANGE
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Special Revenue Funds
Year ended June 30, 2016

	Transportation System Improvement Program	EMT Transport	Gas Tax	Proposition 172
REVENUES:				
Taxes	\$ -	-	-	924,572
Franchise fees	-	-	-	-
Use of money and property	72,395	7,167	130,749	15,182
Intergovernmental	-	74,657	3,098,834	-
Charges for services and fees	938,421	2,094,736	-	-
Other revenues	933	1,530	34,942	1,467
Total revenues	<u>1,011,749</u>	<u>2,178,090</u>	<u>3,264,525</u>	<u>941,221</u>
EXPENDITURES:				
Current:				
General government	-	-	-	-
Public safety	-	1,951,935	-	395,350
Public works	-	-	2,360,251	-
Community development	-	-	-	-
Parks and library	-	-	-	-
Capital outlay	<u>559,783</u>	<u>37,430</u>	<u>1,605,832</u>	<u>210,505</u>
Total expenditures	<u>559,783</u>	<u>1,989,365</u>	<u>3,966,083</u>	<u>605,855</u>
Net change in fund balances	451,966	188,725	(701,558)	335,366
Fund balances, beginning of year, as restated	<u>6,595,331</u>	<u>563,367</u>	<u>7,044,367</u>	<u>1,364,764</u>
Fund balances, end of year	<u><u>\$ 7,047,297</u></u>	<u><u>752,092</u></u>	<u><u>6,342,809</u></u>	<u><u>1,700,130</u></u>

See accompanying notes to the financial statements.

<u>Air Pollution Reduction</u>	<u>Asset Seizure</u>	<u>O.C.P.T. Building Maint.</u>	<u>Landscape Maint. Assessment Districts</u>	<u>1% PEG Program</u>	<u>Housing in Lieu</u>	<u>Total Special Revenue Funds</u>
-	-	-	1,043,203	-	-	1,967,775
-	-	-	-	290,904	-	290,904
888	22,558	13,954	6,503	8,137	2,333	279,866
178,495	-	-	-	-	-	3,351,986
-	-	-	-	-	-	3,033,157
-	1,233,564	-	-	-	-	1,272,436
<u>179,383</u>	<u>1,256,122</u>	<u>13,954</u>	<u>1,049,706</u>	<u>299,041</u>	<u>2,333</u>	<u>10,196,124</u>
120,385	-	-	-	115,693	-	236,078
4,791	187,547	-	-	-	-	2,539,623
-	-	4,100	-	-	-	2,364,351
-	-	-	-	-	63,486	63,486
-	-	-	693,874	-	-	693,874
15,407	120,115	11,719	54,422	34,947	-	2,650,160
<u>140,583</u>	<u>307,662</u>	<u>15,819</u>	<u>748,296</u>	<u>150,640</u>	<u>63,486</u>	<u>8,547,572</u>
38,800	948,460	(1,865)	301,410	148,401	(61,153)	1,648,552
120,235	1,949,706	88,863	443,426	732,223	3,646,996	22,549,278
<u>159,035</u>	<u>2,898,166</u>	<u>86,998</u>	<u>744,836</u>	<u>880,624</u>	<u>3,585,843</u>	<u>24,197,830</u>

See accompanying notes to the financial statements.

CITY OF ORANGE
 Budgetary Comparison Schedule
 Transportation System Improvement Program
 Year ended June 30, 2016

	2016			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES:				
Use of money and property	\$ 45,344	45,344	72,395	27,051
Charges for services and fees	990,399	990,399	938,421	(51,978)
Other revenues	-	-	933	-
Total revenues	<u>1,035,743</u>	<u>1,035,743</u>	<u>1,011,749</u>	<u>(23,994)</u>
EXPENDITURES:				
Capital outlay	<u>1,102,782</u>	<u>5,586,386</u>	<u>559,783</u>	<u>5,026,603</u>
Net change in fund balances	(67,039)	(4,550,643)	451,966	5,002,609
Fund balances, beginning of year	<u>6,595,331</u>	<u>6,595,331</u>	<u>6,595,331</u>	-
Fund balances, end of year	<u>\$ 6,528,292</u>	<u>2,044,688</u>	<u>7,047,297</u>	<u>5,002,609</u>

See accompanying notes to the financial statements.

CITY OF ORANGE
 Budgetary Comparison Schedule
 EMT Transport
 Year ended June 30, 2016

	2016			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES:				
Use of money and property	\$ 1,159	1,159	7,167	6,008
Intergovernmental	66,124	66,124	74,657	8,533
Charges for services and fees	1,950,000	1,950,000	2,094,736	144,736
Other revenue	-	-	1,530	1,530
Total revenues	<u>2,017,283</u>	<u>2,017,283</u>	<u>2,178,090</u>	<u>160,807</u>
EXPENDITURES:				
Current:				
Public safety:				
Fire	1,864,442	2,006,917	1,951,935	54,982
Capital outlay	-	37,439	37,430	9
Net change in fund balances	152,841	(27,073)	188,725	105,816
Fund balances, beginning of year	<u>563,367</u>	<u>563,367</u>	<u>563,367</u>	-
Fund balances, end of year	<u><u>\$ 716,208</u></u>	<u><u>536,294</u></u>	<u><u>752,092</u></u>	<u><u>105,816</u></u>

See accompanying notes to the financial statements.

CITY OF ORANGE
 Budgetary Comparison Schedule
 Gas Tax
 Year ended June 30, 2016

	2016			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES:				
Use of money and property	\$ 95,994	95,994	130,749	34,755
Intergovernmental	3,011,577	3,011,577	3,098,834	87,257
Charges for services and fees	5,000	5,000	-	(5,000)
Other revenues	3,000	3,000	34,942	31,942
Total revenues	<u>3,115,571</u>	<u>3,115,571</u>	<u>3,264,525</u>	<u>148,954</u>
EXPENDITURES:				
Current:				
Public works	2,581,245	2,592,910	2,360,251	232,659
Capital outlay	2,820,578	5,975,075	1,605,832	4,369,243
Total expenditures	<u>5,401,823</u>	<u>8,567,985</u>	<u>3,966,083</u>	<u>4,601,902</u>
Net change in fund balances	(2,286,252)	(5,452,414)	(701,558)	4,750,856
Fund balances, beginning of year	<u>7,044,367</u>	<u>7,044,367</u>	<u>7,044,367</u>	-
Fund balances, end of year	<u><u>\$ 4,758,115</u></u>	<u><u>1,591,953</u></u>	<u><u>6,342,809</u></u>	<u><u>4,750,856</u></u>

See accompanying notes to the financial statements.

CITY OF ORANGE
 Budgetary Comparison Schedule
 Proposition 172
 Year ended June 30, 2016

	2016			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES:				
Taxes	\$ 959,398	959,398	924,572	(34,826)
Use of money and property	10,156	10,156	15,182	5,026
Other revenue	-	-	1,467	1,467
Total revenues	<u>969,554</u>	<u>969,554</u>	<u>941,221</u>	<u>(28,333)</u>
EXPENDITURES:				
Current:				
Public safety:				
Police	354,046	359,160	344,089	15,071
Fire	51,305	51,305	51,261	44
Capital outlay	426,600	622,724	210,505	412,219
Total expenditures	<u>831,951</u>	<u>1,033,189</u>	<u>605,855</u>	<u>427,334</u>
Excess (deficiency) of revenues over (under) expenditures	137,603	(63,635)	335,366	399,001
Fund balances, beginning of year	<u>1,364,764</u>	<u>1,364,764</u>	<u>1,364,764</u>	-
Fund balances, end of year	<u>\$ 1,502,367</u>	<u>1,301,129</u>	<u>1,700,130</u>	<u>399,001</u>

See accompanying notes to the financial statements.

CITY OF ORANGE
Budgetary Comparison Schedule
Air Pollution Reduction
Year ended June 30, 2016

	2016			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES:				
Use of money and property	\$ 337	337	888	551
Intergovernmental	213,300	213,300	178,495	(34,805)
Total revenues	<u>213,637</u>	<u>213,637</u>	<u>179,383</u>	<u>(34,254)</u>
EXPENDITURES:				
Current:				
General government:				
Human Resources	141,838	142,755	120,385	22,370
Public safety:				
Police	11,000	11,000	4,791	6,209
Capital outlay	<u>30,000</u>	<u>50,071</u>	<u>15,407</u>	<u>34,664</u>
Total expenditures	<u>182,838</u>	<u>203,826</u>	<u>140,583</u>	<u>63,243</u>
Net changes in fund balances	30,799	9,811	38,800	28,989
Fund balances, beginning of year	<u>120,235</u>	<u>120,235</u>	<u>120,235</u>	<u>-</u>
Fund balances, end of year	<u>\$ 151,034</u>	<u>130,046</u>	<u>159,035</u>	<u>28,989</u>

See accompanying notes to the financial statements.

CITY OF ORANGE
 Budgetary Comparison Schedule
 Asset Seizure
 Year ended June 30, 2016

	2016			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES:				
Use of money and property	\$ 14,411	14,411	22,558	8,147
Other revenues	337,000	337,000	1,233,564	896,564
Total revenues	<u>351,411</u>	<u>351,411</u>	<u>1,256,122</u>	<u>904,711</u>
EXPENDITURES:				
Current:				
Public safety:				
Police	198,833	239,829	187,547	52,282
Capital outlay	39,000	126,683	120,115	6,568
Total expenditures	<u>237,833</u>	<u>366,512</u>	<u>307,662</u>	<u>58,850</u>
Net change in fund balances	113,578	(15,101)	948,460	963,561
Fund balances, beginning of year	<u>1,949,706</u>	<u>1,949,706</u>	<u>1,949,706</u>	<u>-</u>
Fund balances, end of year	<u>\$ 2,063,284</u>	<u>1,934,605</u>	<u>2,898,166</u>	<u>963,561</u>

See accompanying notes to the financial statements.

CITY OF ORANGE
 Budgetary Comparison Schedule
 O.C.P.T. Building Maintenance
 Year ended June 30, 2016

	2016			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES:				
Use of money and property	\$ 13,918	13,918	13,954	36
EXPENDITURES:				
Current:				
Public works	13,120	13,120	4,100	9,020
Capital outlay	30,000	40,597	11,719	28,878
Total expenditures	43,120	53,717	15,819	37,898
Net change in fund balances	(29,202)	(39,799)	(1,865)	37,934
Fund balances, beginning of year	88,863	88,863	88,863	-
Fund balances, end of year	\$ 59,661	49,064	86,998	37,934

See accompanying notes to the financial statements.

CITY OF ORANGE
 Budgetary Comparison Schedule
 Landscape Maintenance Assessment Districts
 Year ended June 30, 2016

	2016			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES:				
Taxes	\$ 623,158	1,038,511	1,043,203	4,692
Use of money and property	2,260	3,502	6,503	3,001
Total revenues	<u>625,418</u>	<u>1,042,013</u>	<u>1,049,706</u>	<u>7,693</u>
EXPENDITURES:				
Current:				
Parks and library:				
Community services	739,587	993,324	693,874	299,450
Capital outlay	-	122,677	54,422	68,255
Total expenditures	<u>739,587</u>	<u>1,116,001</u>	<u>748,296</u>	<u>367,705</u>
Net change in fund balances	(114,169)	(73,988)	301,410	375,398
Fund balances, beginning of year	443,426	443,426	443,426	-
Fund balances, end of year	<u>\$ 329,257</u>	<u>369,438</u>	<u>744,836</u>	<u>375,398</u>

See accompanying notes to the financial statements.

CITY OF ORANGE
 Budgetary Comparison Schedule
 1% PEG Program
 Year ended June 30, 2016

	2016			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES:				
Franchise fees	\$ 282,000	282,000	290,904	8,904
Use of money and property	4,725	4,725	8,137	3,412
Total revenues	<u>286,725</u>	<u>286,725</u>	<u>299,041</u>	<u>12,316</u>
EXPENDITURES:				
Current:				
General government:				
City manager	100,000	165,000	115,693	49,307
Capital outlay	<u>150,000</u>	<u>176,151</u>	<u>34,947</u>	<u>141,204</u>
Total expenditures	<u>250,000</u>	<u>341,151</u>	<u>150,640</u>	<u>190,511</u>
Net change in fund balances	36,725	(54,426)	148,401	202,827
Fund balances, beginning of year	<u>732,223</u>	<u>732,223</u>	<u>732,223</u>	-
Fund balances, end of year	<u>\$ 768,948</u>	<u>677,797</u>	<u>880,624</u>	<u>202,827</u>

See accompanying notes to the financial statements.

CITY OF ORANGE
 Budgetary Comparison Schedule
 Housing in Lieu
 Year ended June 30, 2016

	2016			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES:				
Use of money and property	\$ 1,377	1,377	2,333	956
Total revenues	1,377	1,377	2,333	956
EXPENDITURES:				
Current:				
Community development	-	-	63,486	(63,486)
Total expenditures	-	-	63,486	(63,486)
Net change in fund balances	1,377	1,377	(61,153)	(62,530)
Fund balances, beginning of year, as restated	3,646,996	3,646,996	3,646,996	-
Fund balances, end of year	<u>\$ 3,648,373</u>	<u>3,648,373</u>	<u>3,585,843</u>	<u>(62,530)</u>

See accompanying notes to the financial statements.

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Major and Non-Major Capital Projects Funds

The following Capital Projects Funds have been classified as major funds in the accompanying Budgetary Comparison Schedule:

Capital Improvement – This fund is used to account for general purpose capital improvement and cooperatively funded projects.

The following Capital Projects Funds have been classified as non-major funds in the accompanying financial statements and Budgetary Comparison Schedules:

Fire Facilities Fees – This fund is used to account for fees collected from the developers to improve the fire protection within specified areas.

Police Facilities Fees – This fund is used to account for fees collected from developers to construct or improve police facilities.

Library Facilities Fees – This fund is used to account for fees collected from developers to construct or improve library facilities.

Drainage District – This fund is used to account for the construction of major storm drains identified in the master plan for storm drains.

Park Acquisition, Development and Maintenance – This fund is used to account for the acquisition, development and maintenance of parks that are financed by developer fees.

CITY OF ORANGE
Combining Balance Sheet
Non-Major Capital Project Funds
June 30, 2016

	Fire Facilities Fees	Police Facilities Fees	Library Facilities Fees	Drainage District
ASSETS:				
Cash and investments	\$ 3,725,433	368,957	834,448	3,882
Accounts receivable	-	-	-	-
Interest receivable	6,336	607	1,474	7
Total assets	<u>3,731,769</u>	<u>369,564</u>	<u>835,922</u>	<u>3,889</u>
LIABILITIES AND FUND BALANCES:				
Liabilities:				
Accounts payable	204	-	-	-
Contracts payable	<u>5,925</u>	<u>-</u>	<u>4,848</u>	<u>-</u>
Total liabilities	<u>6,129</u>	<u>-</u>	<u>4,848</u>	<u>-</u>
FUND BALANCES:				
Assigned:				
Capital projects	<u>3,725,640</u>	<u>369,564</u>	<u>831,074</u>	<u>3,889</u>
Total fund balances	<u>3,725,640</u>	<u>369,564</u>	<u>831,074</u>	<u>3,889</u>
Total liabilities and fund balances	<u>\$ 3,731,769</u>	<u>369,564</u>	<u>835,922</u>	<u>3,889</u>

See accompanying notes to the financial statements.

Park Acquisition, Development and Maintenance	Total Capital Projects Funds
8,673,564	13,606,284
1,670	1,670
<u>14,667</u>	<u>23,091</u>
<u>8,689,901</u>	<u>13,631,045</u>
49,313	49,517
<u>1,804</u>	<u>12,577</u>
<u>51,117</u>	<u>62,094</u>
<u>8,638,784</u>	<u>13,568,951</u>
<u>8,638,784</u>	<u>13,568,951</u>
<u>8,689,901</u>	<u>13,631,045</u>

See accompanying notes to the financial statements.

CITY OF ORANGE
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Capital Project Funds
Year ended June 30, 2016

	Fire Facilities Fees	Police Facilities Fees	Library Facilities Fees	Drainage District
REVENUES:				
Use of money and property	\$ 39,381	2,982	8,334	41
Charges for services and fees	480,524	213,346	227,233	-
Other revenues	-	-	-	-
Total revenues	<u>519,905</u>	<u>216,328</u>	<u>235,567</u>	<u>41</u>
EXPENDITURES:				
Capital outlay	<u>588,208</u>	-	64,562	-
Total expenditures	<u>588,208</u>	-	64,562	-
Net change in fund balances	(68,303)	216,328	171,005	41
Fund balances, beginning of year, as restated	<u>3,793,943</u>	<u>153,236</u>	<u>660,069</u>	<u>3,848</u>
Fund balances, end of year	<u>\$ 3,725,640</u>	<u>369,564</u>	<u>831,074</u>	<u>3,889</u>

See accompanying notes to the financial statements.

Park Acquisition, Development and Maintenance	Total Capital Project Funds
157,146	207,884
3,322,998	4,244,101
1,215	1,215
<u>3,481,359</u>	<u>4,453,200</u>
 397,644	 1,050,414
<u>397,644</u>	<u>1,050,414</u>
3,083,715	3,402,786
<u>5,555,069</u>	<u>10,166,165</u>
<u>8,638,784</u>	<u>13,568,951</u>

See accompanying notes to the financial statements.

CITY OF ORANGE
 Budgetary Comparison Schedule
 Capital Improvement
 Year ended June 30, 2016

	2016			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES:				
Use of money and property	\$ 94,119	94,119	137,907	43,788
Intergovernmental	2,341,662	2,486,662	1,325,805	(1,160,857)
Charges for services and fees	8,000	8,000	5,760	(2,240)
Other revenues	-	35,450	35,450	-
Total revenues	<u>2,443,781</u>	<u>2,624,231</u>	<u>1,504,922</u>	<u>(1,119,309)</u>
EXPENDITURES:				
Current:				
Parks and library	8,000	8,000	7,930	70
Capital outlay	10,811,669	39,753,520	3,365,236	36,388,284
Total expenditures	<u>10,819,669</u>	<u>39,761,520</u>	<u>3,373,166</u>	<u>36,388,354</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(8,375,888)</u>	<u>(37,137,289)</u>	<u>(1,868,244)</u>	<u>35,269,045</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	1,500,000	1,500,000	-
Transfers out	(125,000)	(125,000)	(125,000)	-
Total other financing sources (uses)	<u>(125,000)</u>	<u>1,375,000</u>	<u>1,375,000</u>	<u>-</u>
Extraordinary gain	-	-	31,406	31,406
Net change in fund balances	<u>(8,500,888)</u>	<u>(35,762,289)</u>	<u>(461,838)</u>	<u>35,300,451</u>
Fund balances, beginning of year	<u>21,307,316</u>	<u>21,307,316</u>	<u>21,307,316</u>	<u>-</u>
Fund balances, end of year	<u>\$ 12,806,428</u>	<u>(14,454,973)</u>	<u>20,845,478</u>	<u>35,300,451</u>

See accompanying notes to the financial statements.

CITY OF ORANGE
 Budgetary Comparison Schedule
 Fire Facilities Fees
 Year ended June 30, 2016

	2016			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES:				
Use of money and property	\$ 24,725	24,725	39,381	14,656
Charges for services and fees	420,655	420,655	480,524	59,869
Total revenues	<u>445,380</u>	<u>445,380</u>	<u>519,905</u>	<u>74,525</u>
EXPENDITURES:				
Capital outlay	728,464	2,025,663	588,208	1,437,455
Net change in fund balances	(283,084)	(1,580,283)	(68,303)	1,511,980
Fund balances, beginning of year	3,793,943	3,793,943	3,793,943	-
Fund balances, end of year	<u><u>\$ 3,510,859</u></u>	<u><u>2,213,660</u></u>	<u><u>3,725,640</u></u>	<u><u>1,511,980</u></u>

See accompanying notes to the financial statements.

CITY OF ORANGE
 Budgetary Comparison Schedule
 Police Facilities Fees
 Year ended June 30, 2016

	2016			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES:				
Use of money and property	\$ 1,178	1,178	2,982	1,804
Charges for services and fees	75,000	75,000	213,346	138,346
Total revenues	<u>76,178</u>	<u>76,178</u>	<u>216,328</u>	<u>140,150</u>
EXPENDITURES:				
Current:				
Public safety:				
Police	6,680	6,680	-	6,680
Total expenditures	<u>6,680</u>	<u>6,680</u>	<u>-</u>	<u>6,680</u>
Net change in fund balances	69,498	69,498	216,328	146,830
Fund balances, beginning of year	153,236	153,236	153,236	-
Fund balances, end of year	<u>\$ 222,734</u>	<u>222,734</u>	<u>369,564</u>	<u>146,830</u>

See accompanying notes to the financial statements.

CITY OF ORANGE
 Budgetary Comparison Schedule
 Library Facilities Fees
 Year ended June 30, 2016

	2016			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES:				
Use of money and property	\$ 4,668	4,668	8,334	3,666
Charges for services and fees	205,704	205,704	227,233	21,529
Total revenues	<u>210,372</u>	<u>210,372</u>	<u>235,567</u>	<u>25,195</u>
EXPENDITURES:				
Capital outlay	230,000	581,386	64,562	516,824
Total expenditures	<u>230,000</u>	<u>581,386</u>	<u>64,562</u>	<u>516,824</u>
Net change in fund balances	(19,628)	(371,014)	171,005	542,019
Fund balances, beginning of year	<u>660,069</u>	<u>660,069</u>	<u>660,069</u>	<u>-</u>
Fund balances, end of year	<u><u>\$ 640,441</u></u>	<u><u>289,055</u></u>	<u><u>831,074</u></u>	<u><u>542,019</u></u>

See accompanying notes to the financial statements.

CITY OF ORANGE
 Budgetary Comparison Schedule
 Drainage District
 Year ended June 30, 2016

	2016			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES:				
Use of money and property	\$ 24	24	41	17
Net change in fund balances	24	24	41	17
Fund balances, beginning of year	3,848	3,848	3,848	-
Fund balances, end of year	<u>\$ 3,872</u>	<u>3,872</u>	<u>3,889</u>	<u>17</u>

See accompanying notes to the financial statements.

CITY OF ORANGE
 Budgetary Comparison Schedule
 Park Acquisition, Development and Maintenance
 Year ended June 30, 2016

	2016			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES:				
Use of money and property	\$ 125,363	125,363	157,146	31,783
Charges for services and fees	4,058,342	4,058,342	3,322,998	(735,344)
Other revenue			1,215	
Total revenues	<u>4,183,705</u>	<u>4,183,705</u>	<u>3,481,359</u>	<u>(702,346)</u>
EXPENDITURES:				
Capital outlay	820,217	1,790,051	397,644	1,392,407
Total expenditures	<u>820,217</u>	<u>1,790,051</u>	<u>397,644</u>	<u>1,392,407</u>
Net change in fund balances	3,363,488	2,393,654	3,083,715	690,061
Fund balances, beginning of year	<u>5,555,069</u>	<u>5,555,069</u>	<u>5,555,069</u>	<u>-</u>
Fund balances, end of year	<u>\$ 8,918,557</u>	<u>7,948,723</u>	<u>8,638,784</u>	<u>690,061</u>

See accompanying notes to the financial statements.

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Internal Service Funds

Internal Service Funds are used to account for the financing of special activities and services provided by one department of a government to another. The following Internal Service Funds are included in the accompanying financial statements:

Equipment Maintenance – This fund is used to account for the operating costs of the City's rolling stock.

Equipment Replacement – This fund is used to account for the replacement costs of the City's rolling stock.

Major Building Improvements – This fund is used to account for replacement costs of the City's building improvements.

Workers' Compensation – This fund is used to account for workers' compensation claims, premiums and administrative costs, and to maintain a sinking fund for future claims.

Liability – This fund is used to account for liability claims, premiums and administrative costs.

Dental – This fund is used to maintain a sinking fund for future claims.

Employee Accrued Liability – This fund is used to account for the City's vacation, sick and compensation time payouts for all City departments.

Information Systems – This fund is used to account for the development, administration and maintenance of the City's information management services.

Computer Replacement – This fund is used to account for the replacement costs of the City's computers.

CITY OF ORANGE
Combining Statement of Net Position
Internal Service Funds
June 30, 2016

	Equipment Maintenance	Equipment Replacement	Major Building Improvements	Workers' Compensation
ASSETS:				
Current assets:				
Cash and investments	\$ 1,538,968	9,109,923	240,787	8,575,917
Inventories	290,676	-	-	-
Prepaid items	-	-	-	-
Noncurrent assets:				
Cash and investments with fiscal agent	-	-	-	59,026
Capital assets, net	181,978	8,665,787	-	-
Total assets	<u>2,011,622</u>	<u>17,775,710</u>	<u>240,787</u>	<u>8,634,943</u>
DEFERRED OUTFLOWS OF RESOURCES:				
Deferred pension related items	256,809	-	-	-
Total deferred outflows of resources	<u>256,809</u>	<u>-</u>	<u>-</u>	<u>-</u>
LIABILITIES:				
Current liabilities:				
Accounts payable	89,033	30,762	10,840	3,660
Accrued expenses	-	-	-	3,887
Claims payable	-	-	-	2,799,952
Long-term liabilities:				
Claims payable	-	-	-	7,090,330
Net pension liability	3,012,642	-	-	-
Total liabilities	<u>3,101,675</u>	<u>30,762</u>	<u>10,840</u>	<u>9,897,829</u>
DEFERRED INFLOWS OF RESOURCES:				
Deferred pension related items	362,646	-	-	-
Total deferred inflows of resources	<u>362,646</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION:				
Investment in capital assets	181,978	8,665,787	-	-
Unrestricted (note 16)	(1,377,868)	9,079,161	229,947	(1,262,886)
Total net position	<u>\$ (1,195,890)</u>	<u>17,744,948</u>	<u>229,947</u>	<u>(1,262,886)</u>

See accompanying notes to the financial statements.

<u>Self-Insurance Funds</u>		<u>Employee Accrued Liability</u>	<u>Information Systems</u>	<u>Computer Replacement</u>	<u>Totals</u>
<u>Liability</u>	<u>Dental</u>				
2,518,756	310,181	6,426,350	561,963	2,427,566	31,710,411
-	-	-	-	-	290,676
-	30,000	-	-	-	30,000
-	-	-	-	-	59,026
-	-	-	-	-	8,847,765
<u>2,518,756</u>	<u>340,181</u>	<u>6,426,350</u>	<u>561,963</u>	<u>2,427,566</u>	<u>40,937,878</u>
-	-	-	-	-	256,809
-	-	-	-	-	256,809
37,359	36,648	-	26,993	399	235,694
-	-	-	-	-	3,887
543,680	-	-	-	-	3,343,632
-	-	-	-	-	-
1,526,650	-	-	-	-	8,616,980
-	-	-	-	-	3,012,642
<u>2,107,689</u>	<u>36,648</u>	<u>-</u>	<u>26,993</u>	<u>399</u>	<u>15,212,835</u>
-	-	-	-	-	362,646
-	-	-	-	-	362,646
-	-	-	-	-	8,847,765
<u>411,067</u>	<u>303,533</u>	<u>6,426,350</u>	<u>534,970</u>	<u>2,427,167</u>	<u>16,771,441</u>
<u>411,067</u>	<u>303,533</u>	<u>6,426,350</u>	<u>534,970</u>	<u>2,427,167</u>	<u>25,619,206</u>

See accompanying notes to the financial statements.

CITY OF ORANGE
Combining Statement of Revenues, Expenses and Changes in Net Position
Internal Service Funds
Year ended June 30, 2016

	Equipment Maintenance	Equipment Replacement	Major Building Improvements	Workers' Compensation
OPERATING REVENUES:				
Charges for services and fees	\$ 2,660,227	1,446,086	-	3,272,477
Other revenues	947	22,606	-	144,404
Total operating revenues	<u>2,661,174</u>	<u>1,468,692</u>	<u>-</u>	<u>3,416,881</u>
OPERATING EXPENSES:				
Salaries and wages	614,252	-	-	331,884
Maintenance and operations	1,395,545	75,144	27,906	171,963
Contractual services	77,529	-	-	11,789
Depreciation	16,220	1,258,810	-	-
Insurance claims and charges	-	-	-	4,531,089
Total operating expenses	<u>2,103,546</u>	<u>1,333,954</u>	<u>27,906</u>	<u>5,046,725</u>
Operating income (loss)	<u>557,628</u>	<u>134,738</u>	<u>(27,906)</u>	<u>(1,629,844)</u>
NONOPERATING REVENUES (EXPENSES):				
Gain (loss) on retirement of assets	<u>(23,628)</u>	3,945	-	-
Total nonoperating revenues (expenses)	<u>(23,628)</u>	3,945	-	-
Income (loss) before transfers	534,000	138,683	(27,906)	(1,629,844)
Transfers in	171,458	155,685	125,000	-
Change in net position	705,458	294,368	97,094	(1,629,844)
Net position, beginning of year	<u>(1,901,348)</u>	<u>17,450,580</u>	<u>132,853</u>	<u>366,958</u>
Net position, end of year	<u>\$ (1,195,890)</u>	<u>17,744,948</u>	<u>229,947</u>	<u>(1,262,886)</u>

See accompanying notes to the financial statements.

<u>Self-Insurance Funds</u>		Employee	Information	Computer	
<u>Liability</u>	<u>Dental</u>	<u>Accrued Liability</u>	<u>Systems</u>	<u>Replacement</u>	<u>Totals</u>
1,436,981	421,924	1,470,736	1,929,659	253,783	12,891,873
39,155	-	-	6,655	-	213,767
<u>1,476,136</u>	<u>421,924</u>	<u>1,470,736</u>	<u>1,936,314</u>	<u>253,783</u>	<u>13,105,640</u>
416,588	-	1,273,188	72,748	1,594	2,710,254
97,170	11,669	1,159	123,480	640,476	2,544,512
151,367	49,025	-	1,782,919	-	2,072,629
-	-	-	-	-	1,275,030
<u>2,339,610</u>	<u>314,411</u>	<u>18,932</u>	<u>-</u>	<u>-</u>	<u>7,204,042</u>
<u>3,004,735</u>	<u>375,105</u>	<u>1,293,279</u>	<u>1,979,147</u>	<u>642,070</u>	<u>15,806,467</u>
<u>(1,528,599)</u>	<u>46,819</u>	<u>177,457</u>	<u>(42,833)</u>	<u>(388,287)</u>	<u>(2,700,827)</u>
-	-	-	-	-	(19,683)
-	-	-	-	-	(19,683)
<u>(1,528,599)</u>	<u>46,819</u>	<u>177,457</u>	<u>(42,833)</u>	<u>(388,287)</u>	<u>(2,720,510)</u>
-	-	1,000,000	-	-	1,452,143
<u>(1,528,599)</u>	<u>46,819</u>	<u>1,177,457</u>	<u>(42,833)</u>	<u>(388,287)</u>	<u>(1,268,367)</u>
<u>1,939,666</u>	<u>256,714</u>	<u>5,248,893</u>	<u>577,803</u>	<u>2,815,454</u>	<u>26,887,573</u>
<u>411,067</u>	<u>303,533</u>	<u>6,426,350</u>	<u>534,970</u>	<u>2,427,167</u>	<u>25,619,206</u>

See accompanying notes to the financial statements.

CITY OF ORANGE
Combining Statement of Cash Flows
Internal Service Funds
Year ended June 30, 2016

	Equipment Maintenance	Equipment Replacement	Major Building Improvements	Workers' Compensation
Cash flows from operating activities:				
Cash received from user departments	\$ 1,062,513	1,446,085	-	3,416,881
Cash payments to suppliers for goods and services	(1,481,732)	(57,958)	(10,946)	(2,714,346)
Cash payments to employees for services	(862,161)	-	-	(331,884)
Cash received (paid) for other activities	1,618,279	27,378	(27,906)	-
Net cash provided by (used for) operating activities	<u>336,899</u>	<u>1,415,505</u>	<u>(38,852)</u>	<u>370,651</u>
Net cash flows from noncapital financing activities:				
Transfers in (out) from other funds	171,458	155,685	125,000	-
Net cash provided by noncapital financing activities	<u>171,458</u>	<u>155,685</u>	<u>125,000</u>	<u>-</u>
Cash flows from capital and related financing:				
Acquisition and construction of capital assets	(206,103)	(1,926,383)	-	-
Proceeds from sale of capital assets	4,850	51,720	-	-
Net cash used for capital and related financing activities	<u>(201,253)</u>	<u>(1,874,663)</u>	<u>-</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	307,104	(303,473)	86,148	370,651
Cash and cash equivalents at beginning of year	1,231,864	9,413,396	154,639	8,264,292
Cash and cash equivalents at end of year	<u>\$ 1,538,968</u>	<u>9,109,923</u>	<u>240,787</u>	<u>8,634,943</u>
Cash flows from operating activities:				
Operating income (loss)	<u>\$ 557,628</u>	<u>134,738</u>	<u>(27,906)</u>	<u>(1,629,844)</u>
Adjustments to reconcile operating income/(loss) to net cash provided by (used for) operating activities:				
Depreciation	16,220	1,258,810	-	-
Changes in assets and liabilities:				
(Increase) decrease in inventory	26,067	-	-	-
Increase (decrease) in accounts payable	(10,657)	21,957	(10,946)	1,354
Increase (decrease) in net pension liability	58,211	-	-	-
Increase (decrease) in deferred inflows	(284,433)	-	-	-
Increase (decrease) in deferred outflows	(26,137)	-	-	-
Increase (decrease) in claims payable	-	-	-	1,999,141
Total adjustments	<u>(220,729)</u>	<u>1,280,767</u>	<u>(10,946)</u>	<u>2,000,495</u>
Net cash provided by (used for) operating activities	<u>\$ 336,899</u>	<u>1,415,505</u>	<u>(38,852)</u>	<u>370,651</u>

See accompanying notes to the financial statements.

Self-Insurance Funds		Employee Accrued Liability	Information Systems	Computer Replacement	Totals
Liability	Dental				
1,476,136	421,924	1,470,736	1,929,659	253,783	11,477,717
(1,339,985)	(376,177)	(20,092)	(1,912,891)	(70,302)	(7,984,429)
(416,588)	-	(1,273,187)	(72,748)	(1,594)	(2,958,162)
(14,236)	-	-	6,655	(710,600)	899,570
(294,673)	45,747	177,457	(49,325)	(528,713)	1,434,696
-	-	1,000,000	-	-	1,452,143
-	-	1,000,000	-	-	1,452,143
-	-	-	-	-	(2,132,486)
-	-	-	-	-	56,570
-	-	-	-	-	(2,075,916)
(294,673)	45,747	1,177,457	(49,325)	(528,713)	810,923
2,813,429	264,434	5,248,893	611,288	2,956,279	30,958,514
2,518,756	310,181	6,426,350	561,963	2,427,566	31,769,437
(1,528,599)	46,819	177,457	(42,833)	(388,287)	(2,700,827)
-	-	-	-	-	1,275,030
-	-	-	-	-	26,067
2,859	(1,072)	-	(6,492)	(140,426)	(143,423)
-	-	-	-	-	58,211
-	-	-	-	-	(284,433)
-	-	-	-	-	(26,137)
1,231,067	-	-	-	-	3,230,208
1,233,926	(1,072)	-	(6,492)	(140,426)	4,135,523
(294,673)	45,747	177,457	(49,325)	(528,713)	1,434,696

See accompanying notes to the financial statements.

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Agency Funds

Agency Funds are used to account for money and property held by the City as trustee or custodian. The following Agency Funds are included in the accompanying financial statements:

Special Assessment Districts – This fund is used to account for the collection of assessments from property owners and for the remittance of such assessments to the bondholders as required by the 1915 Improvement Act in California state statutes.

County Sanitation Districts – This fund is used to account for the distribution of sanitation fees collected in these districts.

Cash Bond Deposit Fund – This fund is used to account for deposits placed with the City by developers and other individuals for future services. When the cost of the service has been determined, the deposit is reduced and the funds are recognized as revenue in the General Fund. Any excess funds in a deposit account are returned to the developer.

Flexible Benefits Plan Fund – This fund is used to account for eligible employees' deposits and reimbursements for health care.

CITY OF ORANGE
Combining Statement of Changes in Assets and Liabilities
All Agency Funds
Year ended June 30, 2016

	Balance July 1, 2015	Additions	Deductions	Balance June 30, 2016
<u>Special Assessment Districts:</u>				
ASSETS:				
Cash and investments	\$ 3,211,845	3,568,919	3,880,668	2,900,096
Cash and investments with fiscal agent	3,185,413	3,514,968	3,308,924	3,391,457
Taxes/Interest receivable	47,341	45,779	59,042	34,078
	<u>6,444,599</u>	<u>7,129,666</u>	<u>7,248,634</u>	<u>6,325,631</u>
LIABILITIES:				
Due to bondholders	\$ 6,444,599	3,825,352	3,944,320	6,325,631
	<u>\$ 6,444,599</u>	<u>3,825,352</u>	<u>3,944,320</u>	<u>6,325,631</u>
 <u>County Sanitation Districts:</u>				
ASSETS:				
Cash and investments	\$ 5,065	1,488,287	1,484,892	8,460
	<u>\$ 5,065</u>	<u>1,488,287</u>	<u>1,484,892</u>	<u>8,460</u>
LIABILITIES:				
Accounts payable	\$ 5,065	2,864,283	2,860,888	8,460
	<u>\$ 5,065</u>	<u>2,864,283</u>	<u>2,860,888</u>	<u>8,460</u>
 <u>Cash Bond Deposit Fund:</u>				
ASSETS:				
Cash and investments	\$ 712,324	1,687,193	814,006	1,585,511
	<u>\$ 712,324</u>	<u>1,687,193</u>	<u>814,006</u>	<u>1,585,511</u>
LIABILITIES:				
Accounts payable	\$ 1,040	\$ 433,979	430,139	4,880
Deposits payable	711,284	1,681,237	811,890	1,580,631
	<u>712,324</u>	<u>\$ 2,115,216</u>	<u>1,242,029</u>	<u>1,585,511</u>
Total liabilities	<u>712,324</u>	<u>2,115,216</u>	<u>1,242,029</u>	<u>1,585,511</u>

(Continued)

See accompanying notes to the financial statements.

CITY OF ORANGE
Combining Statement of Changes in Assets and Liabilities
All Agency Funds
Year ended June 30, 2016

	Balance July 1, 2015	Additions	Deductions	Balance June 30, 2016
<u>Flexible Benefits Plan Fund:</u>				
ASSETS:				
Cash and investments with fiscal agent	\$ 11,151	301,307	297,454	15,004
LIABILITIES:				
Deposits payable	\$ 11,151	271,307	267,454	15,004
 <u>Total - All Agency Funds:</u>				
ASSETS:				
Cash and investments	\$ 3,929,234	6,744,399	6,179,566	\$ 4,494,067
Taxes/Interest receivable	47,341	45,779	59,042	34,078
Restricted assets:				
Cash and investments with fiscal agent	3,196,564	3,816,275	3,606,378	3,406,461
Total assets	<u>7,173,139</u>	<u>10,606,453</u>	<u>9,844,986</u>	<u>7,934,606</u>
LIABILITIES:				
Accounts payable	6,105	3,298,262	3,291,027	13,340
Deposits payable	722,435	1,952,544	1,079,344	1,595,635
Due to bondholders	6,444,599	3,825,352	3,944,320	6,325,631
Total liabilities	<u>\$ 7,173,139</u>	<u>9,076,158</u>	<u>8,314,691</u>	<u>7,934,606</u>

See accompanying notes to the financial statements.

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Private-Purpose Trust Funds

Private-Purpose Trust Funds are used to account for the assets and liabilities of the former redevelopment agency and are allocated revenue to pay estimated installment payments of enforceable obligations until obligations of the former redevelopment agency are paid in full and assets have been liquidated.

Bond Proceeds Fund – This fund is used to account for the unspent bond proceeds transferred from the former Redevelopment Agency to the Successor Agency Private-Purpose Trust Fund. These bond proceeds can be used for future capital projects.

Other Fund – This fund is used to account for all other assets and liabilities transferred from the former Redevelopment Agency to the Successor Agency Private-Purpose Trust Fund.

CITY OF ORANGE
Combining Statement of Fiduciary Net Position
Private-Purpose Trust Funds- Successor Agency Trust Fund
June 30, 2016

	Bond Proceeds Funds	Other Funds	Totals
ASSETS:			
Cash and investments	\$ -	9,037,834	9,037,834
Cash and investments with fiscal agent	-	2,671,254	2,671,254
Accounts receivable	-	261,990	261,990
Interest receivable	-	4,704	4,704
Due from other agencies	-	3,150,955	3,150,955
Loans receivable (net of allowance for forgiveness and net present value allocation)	-	705,378	705,378
Land held for resale	-	39,881	39,881
Capital assets (net of accumulated depreciation)	-	1,467,829	1,467,829
Total assets	-	17,339,825	17,339,825
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred pension related items	-	64,202	64,202
Deferred loss on bond refunding	-	400,172	400,172
Total deferred outflows of resources	-	464,374	464,374
LIABILITIES:			
Accounts payable	-	523,056	523,056
Interest payable	-	943,405	943,405
Deposits payable	-	15,000	15,000
Non current liabilities:			
Net pension liability	-	753,160	753,160
Unamortized premium	-	3,313,938	3,313,938
Due in one year	-	3,780,000	3,780,000
Due in more than one year	-	55,245,000	55,245,000
Total liabilities	-	64,573,559	64,573,559
DEFERRED INFLOWS OF RESOURCES:			
Deferred pension related items	-	90,662	90,662
Total deferred inflows of resources	-	90,662	90,662
NET POSITION			
Held in trust	\$ -	(46,860,022)	(46,860,022)

See accompanying notes to the financial statements.

CITY OF ORANGE
Combining Statement of Changes in Fiduciary Net Position
All Private-Purpose Trust Funds
Year ended June 30, 2016

	Bond Proceeds Funds	Other Funds	Totals
ADDITIONS:			
Other	\$ -	600,157	600,157
Interest	-	156,817	156,817
Rental income	-	133,456	133,456
County revenue	-	6,119,818	6,119,818
Total additions	-	7,010,248	7,010,248
DEDUCTIONS:			
Interest expense	-	2,457,254	2,457,254
Administrative expenses	-	79,532	79,532
Maintenance and operations expenses	-	129,507	129,507
Contractual services	-	69,764	69,764
Payment to other agencies	-	37,324	37,324
Adjustment of loans receivable to present value	-	274,034	274,034
Disposition and development agreement payments	-	871,881	871,881
City capital improvement projects	-	107,505	107,505
Total deductions	-	4,026,801	4,026,801
Extraordinary gain/(loss)	(2,945,287)	(4,955,614)	(7,900,901)
Changes in net position	(2,945,287)	(1,972,167)	(4,917,454)
Net position - beginning of year, restated	2,945,287	(44,887,855)	(41,942,568)
Net position - end of year	\$ -	(46,860,022)	(46,860,022)

See accompanying notes to the financial statements.

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Statistical Section



CITY OF ORANGE
Statistical Section

This part of the City’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 City’s overall financial health.

Contents	Page
Financial Trends <i>These schedules contain trend information to help the reader understand how the City’s financial performance and well-being have changed over time.</i>	140
Revenue Capacity <i>These schedules contain information to help the reader assess the City’s most significant revenue source, property tax.</i>	150
Debt Capacity <i>These schedules present information to help the reader assess the affordability of the City’s current levels of outstanding debt and its ability to issue additional debt in the future.</i>	156
Demographic and Economic Information <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the City’s financial activities take place.</i>	165
Operating Information <i>These schedules contain service and infrastructure data to help the reader understand how the information in the City’s financial report relates to the services it provides and the activities it performs.</i>	167

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

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

	Fiscal Year			
	2016 ⁽¹⁾	2015	2014	2013
Governmental activities:				
Net investment in capital assets	\$ 632,246,033	691,177,418	690,214,241	680,071,465
Restricted for:				
Debt service	-	-	-	-
Specific projects and programs	50,288,584	56,695,286	58,195,215	72,390,829
Unrestricted	(104,017,007)	(115,036,341)	69,801,995	48,255,167
Total governmental act.net position	\$ 578,517,610	632,836,363	818,211,451	800,717,461
Business-type activities:				
Net investment in capital assets	\$ 137,600,598	66,354,962	62,656,018	60,319,081
Unrestricted	2,606,432	3,876,072	18,512,931	15,701,571
Total business-type act. net position	\$ 140,207,030	70,231,034	81,168,949	76,020,652
Primary government:				
Net investment in capital assets	\$ 769,846,631	757,532,380	752,870,259	740,390,546
Restricted for:				
Debt service	-	-	-	-
Specific projects and programs	50,288,584	56,695,286	58,195,215	72,390,829
Unrestricted	(101,410,575)	(111,160,269)	88,314,926	63,956,738
Total primary gov't net position	\$ 718,724,640	703,067,397	899,380,400	876,738,113

(1) In 2016 the Sanitation Fund was reclassified from a Governmental activity to a Business-type activity

Fiscal Year					
2012	2011	2010	2009	2008	2007
680,653,854	682,215,948	672,552,834	663,940,503	651,314,240	613,182,183
-	-	-	8,456	8,522	11,233,051
71,255,345	84,776,077	82,627,732	73,476,789	63,444,940	57,835,777
45,184,110	49,110,307	45,593,983	61,222,826	58,737,998	48,821,700
<u>797,093,309</u>	<u>816,102,332</u>	<u>800,774,549</u>	<u>798,648,574</u>	<u>773,505,700</u>	<u>731,072,711</u>
60,790,056	60,735,472	62,561,262	61,530,606	62,930,245	62,581,402
12,022,350	8,252,394	8,949,534	11,305,558	12,072,901	13,407,636
<u>72,812,406</u>	<u>68,987,866</u>	<u>71,510,796</u>	<u>72,836,164</u>	<u>75,003,146</u>	<u>75,989,038</u>
741,443,910	742,951,420	735,114,096	725,471,109	714,244,485	675,763,585
-	-	-	8,456	8,522	11,233,051
71,255,345	84,776,077	82,627,732	73,476,789	63,444,940	57,835,777
57,206,460	57,362,701	54,543,517	72,528,384	70,810,899	62,229,336
<u>869,905,715</u>	<u>885,090,198</u>	<u>872,285,345</u>	<u>871,484,738</u>	<u>848,508,846</u>	<u>807,061,749</u>

CITY OF ORANGE
Changes in Net Position - Governmental Activities
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year		
	2016 ⁽¹⁾	2015	2014
Expenses:			
General government	\$ 11,523,233	11,043,299	8,745,250
Public safety	68,091,154	68,074,704	64,237,453
Public works	15,343,879	18,432,374	19,408,557
Community development	3,651,913	3,760,037	3,487,860
Parks and library	12,867,558	14,226,553	12,585,457
Economic development	2,615,785	2,026,364	797,263
Health and sanitation	-	4,677,346	4,232,920
Interest on long-term debt	-	-	-
Total governmental activities expenses	<u>114,093,522</u>	<u>122,240,677</u>	<u>113,494,760</u>
Program revenues:			
Charges for services:			
Public safety	7,227,522	6,594,312	6,960,513
Community development	2,825,885	2,144,006	2,054,395
Sanitation	-	4,642,609	5,108,090
Other activities	10,687,277	5,889,501	9,796,993
Operating grants and contributions	4,397,657	5,110,904	4,827,666
Capital grants and contributions	3,845,044	3,355,657	4,658,990
Total governmental activities program revenues	<u>28,983,385</u>	<u>27,736,989</u>	<u>33,406,647</u>
Net program revenues (expenses)	<u>(85,110,137)</u>	<u>(94,503,688)</u>	<u>(80,088,113)</u>
General revenues and other changes in net position:			
Taxes:			
Property taxes	26,733,026	24,378,818	23,605,854
Sales tax	45,789,026	43,928,900	40,343,068
Transient occupancy taxes	5,211,752	4,545,827	3,851,012
Franchise taxes	3,076,891	3,157,617	2,950,916
Other taxes	58,043	37,067	41,159
Use of money and proerty	2,248,055	1,629,390	1,782,285
State motor vehicle in lieu (unrestricted)	11,951,577	11,313,325	10,837,071
Other general revenues	5,274,621	3,160,624	3,102,953
Capital contributions	-	-	-
Extraordinary items	7,900,901	15,605,368	10,449,117
Transfers	-	-	-
Total general revenues and other changes in net position	<u>108,243,892</u>	<u>107,756,936</u>	<u>96,963,435</u>
Changes in net position - governmental activities	<u>\$ 23,133,755</u>	<u>13,253,248</u>	<u>16,875,322</u>

(1) In 2016 the Sanitation Fund was reclassified from a Governmental activity to a Business-type activity

	Fiscal Year				
2013	2011	2010	2009	2008	2007
8,650,762	8,083,976	7,611,620	7,727,545	8,469,692	5,971,096
66,030,873	63,811,301	64,759,853	65,974,738	65,544,490	56,919,560
17,469,905	36,351,349	25,887,963	19,860,008	23,847,760	21,662,917
3,463,631	4,098,950	3,924,603	4,260,532	4,368,038	3,698,599
12,618,550	11,703,484	12,219,168	12,954,817	13,198,534	10,804,584
295,633	11,603,427	18,202,620	11,111,536	8,598,900	8,001,822
4,517,124	8,993,317	9,428,711	9,944,577	9,869,351	9,377,518
-	4,522,361	4,208,654	4,397,561	3,637,031	3,138,932
<u>113,046,478</u>	<u>149,168,165</u>	<u>146,243,192</u>	<u>136,231,314</u>	<u>137,533,796</u>	<u>119,575,028</u>
6,497,674	7,279,418	6,742,305	6,575,231	6,283,575	6,309,589
1,863,250	1,685,083	1,597,055	1,719,801	1,708,949	2,317,898
4,890,178	8,711,098	9,178,253	9,436,222	9,253,762	8,837,734
6,114,917	5,964,598	7,396,100	6,116,451	5,121,136	2,551,664
6,904,603	5,772,625	5,789,828	6,511,818	8,499,329	9,374,578
5,358,521	12,668,226	10,191,377	8,519,787	5,911,303	21,151,026
31,629,143	42,081,048	40,894,918	38,879,310	36,778,054	50,542,489
<u>(81,417,335)</u>	<u>(107,087,117)</u>	<u>(105,348,274)</u>	<u>(97,352,004)</u>	<u>(100,755,742)</u>	<u>(69,032,539)</u>
27,450,047	46,819,758	50,497,078	58,307,034	47,424,224	40,327,332
37,879,514	32,303,175	28,651,446	34,045,831	35,590,036	35,495,878
3,819,199	3,168,933	2,723,911	2,763,220	3,229,875	3,242,957
3,029,552	2,771,661	2,545,449	2,719,951	2,500,582	2,588,042
37,242	37,626	69,708	411,769	3,146,840	3,587,726
858,028	4,127,341	4,791,602	7,117,154	7,787,472	6,149,669
10,443,766	10,903,030	10,817,690	11,106,742	10,623,048	10,523,669
1,158,960	21,767,895	7,358,551	5,938,704	6,745,505	3,133,356
-	-	-	-	-	-
(1,497,975)	-	-	-	-	(3,200)
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,200)</u>
<u>83,178,333</u>	<u>121,899,419</u>	<u>107,455,435</u>	<u>122,410,405</u>	<u>117,047,582</u>	<u>105,045,429</u>
<u>1,760,998</u>	<u>14,812,302</u>	<u>2,107,161</u>	<u>25,058,401</u>	<u>16,291,840</u>	<u>36,012,890</u>

CITY OF ORANGE
Changes in Net Position - Business-type Activities
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year			
	2016 ⁽¹⁾	2015	2014	2013
Expenses:				
Water	\$ 25,302,258	28,440,276	27,914,474	26,153,824
Sanitation	7,591,850	-	-	-
Total Expenses	<u>32,894,108</u>	<u>28,440,276</u>	<u>27,914,474</u>	<u>26,153,824</u>
Program revenues:				
Charges for services:				
Water	25,733,212	28,795,052	30,870,221	29,329,940
Sanitation	4,353,379	-	-	-
Capital grants and contributions	462,951	385,000	2,382,000	-
Total program revenues	<u>30,549,542</u>	<u>29,180,052</u>	<u>33,252,221</u>	<u>29,329,940</u>
Net Program revenues (expenses)	<u>(2,344,566)</u>	<u>739,776</u>	<u>5,337,747</u>	<u>3,176,116</u>
General revenues and other changes in net position:				
Use of money and property	240,646	156,077	185,232	32,130
Transfers	-	-	-	-
Total general revenues and other	<u>240,646</u>	<u>156,077</u>	<u>185,232</u>	<u>32,130</u>
Changes in net position - business-type activities	<u>\$ (2,103,920)</u>	<u>895,853.00</u>	<u>5,522,979</u>	<u>3,208,246</u>

(1) In 2016 the Sanitation Fund was reclassified from a Governmental activity to a Business-type activity

Fiscal Year					
2012	2011	2010	2009	2008	2007
24,714,055	25,056,167	25,427,613	24,676,117	24,253,458	22,405,629
-	-	-	-	-	-
24,714,055	25,056,167	25,427,613	24,676,117	24,253,458	22,405,629
26,943,335	22,541,514	22,351,695	22,688,351	22,468,356	22,499,087
-	-	-	-	-	-
1,479,728	-	1,363,900	-	-	-
28,423,063	22,541,514	23,715,595	22,688,351	22,468,356	22,499,087
3,709,008	(2,514,653)	(1,712,018)	(1,987,766)	(1,785,102)	93,458
132,168	115,144	287,214	368,118	697,644	725,395
-	-	-	-	-	3,200
132,168	115,144	287,214	368,118	697,644	728,595
3,841,176	(2,399,509)	(1,424,804)	(1,619,648)	(1,087,458)	822,053

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

	Fiscal Year			
	2016 ⁽¹⁾	2015	2014	2013
General fund:				
Nonspendable	\$ 88,354	109,731	105,777	104,969
Unassigned	34,732,497	31,493,563	34,262,063	29,150,885
Reserved	-	-	-	-
Unreserved:				
Designated	-	-	-	-
Undesignated	-	-	-	-
Total general fund	<u>\$ 34,820,851</u>	<u>\$ 31,603,294</u>	<u>34,367,840</u>	<u>29,255,854</u>
All other governmental funds:				
Nonspendable	\$ -	-	-	32,973,321
Restricted	50,288,584	56,695,286	58,195,215	23,669,922
Committed	7,886,387	13,486,748	13,850,031	13,836,833
Assigned	34,414,429	31,626,222	14,240,824	10,247,492
Unassigned	-	-	-	963,179
Reserved	-	-	-	-
Unreserved:				
Designated	-	-	-	-
Undesignated, reported in				
Special revenue funds	-	-	-	-
Debt service funds	-	-	-	-
Capital projects funds	-	-	-	-
Total all other governmental funds	<u>\$ 92,589,400</u>	<u>101,808,256</u>	<u>86,286,070</u>	<u>81,690,747</u>

(1) In 2016 the Sanitation Fund was reclassified from a Governmental activity to a Business-type activity

Fiscal Year					
2012	2011	2010	2009	2008	2007
90,699	9,350,454	-	-	-	-
28,388,264	37,688,966	-	-	-	-
-	-	645,160	1,235,027	1,019,987	1,653,832
-	-	18,634,450	19,593,444	20,294,072	20,407,059
-	-	15,012,102	19,021,106	18,839,276	16,685,811
<u>28,478,963</u>	<u>47,039,420</u>	<u>34,291,712</u>	<u>39,849,577</u>	<u>40,153,335</u>	<u>38,746,702</u>
4,766,062	33,431,002	-	-	-	-
52,279,327	65,025,541	-	-	-	-
14,209,956	16,623,055	-	-	-	-
7,341,801	41,856,308	-	-	-	-
(347,541)	(4,107,237)	-	-	-	-
-	-	96,129,838	59,662,566	41,952,236	37,181,671
-	-	1,871,104	864,965	-	-
-	-	56,456,050	48,952,339	44,392,981	37,906,871
-	-	-	-	7,367,653	973,388
-	-	635,868	46,768,997	50,867,532	25,425,699
<u>78,249,605</u>	<u>152,828,669</u>	<u>155,092,860</u>	<u>156,248,867</u>	<u>144,580,402</u>	<u>101,487,629</u>

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

	Fiscal Year			
	2016 ⁽¹⁾	2015	2014	2013
Revenues:				
Taxes	\$ 77,791,847	72,890,611	67,841,093	69,186,002
Franchise fees	3,076,891	3,157,618	2,950,916	3,029,552
Licenses and permits	5,443,388	4,080,299	4,473,533	4,009,413
Use of money and property	2,248,055	1,629,390	1,780,461	851,805
Intergovernmental	20,125,635	20,574,583	20,703,372	19,564,084
Charges for services and fees	14,311,067	13,740,393	17,774,897	13,800,248
Fines and forfeitures	1,725,785	2,190,664	2,341,032	2,383,191
Gas tax exchange	-	-	-	1,399,992
Other revenues	4,732,645	2,640,918	3,022,791	3,599,606
Total Revenues	129,455,313	120,904,476	120,888,095	117,823,893
Expenditures:				
Current:				
General government	11,059,999	9,750,112	7,137,074	6,846,453
Public safety	70,304,539	65,620,597	63,914,038	64,873,258
Public works	9,732,287	9,942,108	9,593,548	8,800,587
Community development	4,086,895	3,735,548	3,536,074	3,447,753
Parks and library	12,464,990	12,796,867	11,272,908	11,399,670
Economic development	2,519,124	557,096	711,397	404,757
Health and sanitation	-	4,595,026	4,259,091	4,443,690
Gas tax exchange	-	-	-	1,399,992
Capital outlay	12,103,521	11,654,340	11,225,325	9,538,315
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Cost of issuance	-	-	-	-
Pass-through payments	-	-	-	-
ERAF/SERAF	-	-	-	-
Total expenditures	122,271,355	118,651,694	111,649,455	111,154,475
Excess (deficiency) of revenues over (under) expenditures	7,183,958	2,252,782	9,238,640	6,669,418
Other Financing sources (uses):				
Transfers in	1,500,000	3,025,395	105,000	1,855,759
Transfers out	(2,952,143)	(7,069,316)	(255,000)	(2,950,759)
Issuance of long-term debt	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-
Discount on bonds	-	-	-	-
Total other financing sources (uses)	(1,452,143)	(4,043,921)	(150,000)	(1,095,000)
Extraordinary gain/(loss)	31,406	14,548,779	-	(1,497,975)
Net change in fund balances	\$ 5,763,221	12,757,640	9,088,640	4,076,443
Debt service as a percentage of noncapital expenditures	0.00%	0.00%	0.00%	0.00%

(1) In 2016 the Sanitation Fund was reclassified from a Governmental activity to a Business-type activity

	Fiscal Year					
	2012	2011	2010	2009	2008	2007
76,954,916	82,329,492	81,942,143	95,569,549	90,329,531	83,851,379	
3,001,851	2,771,661	2,545,449	2,719,950	2,500,582	2,588,042	
4,002,748	3,774,323	4,326,899	4,173,262	3,898,877	9,610,729	
2,474,065	3,551,781	4,927,061	7,158,274	10,565,695	8,825,751	
26,778,563	28,403,147	27,300,822	26,862,436	24,992,109	25,330,674	
14,145,960	18,177,972	18,200,804	17,846,596	19,275,683	19,324,746	
2,691,867	2,508,035	2,406,125	2,447,662	2,517,233	2,462,429	
1,400,000	1,400,000	1,400,001	1,283,333	1,399,992	1,516,586	
2,078,700	26,335,916	3,506,223	4,849,492	6,239,113	4,543,246	
<u>133,528,670</u>	<u>169,252,327</u>	<u>146,555,527</u>	<u>162,910,554</u>	<u>161,718,815</u>	<u>158,053,582</u>	
6,949,681	7,061,583	7,578,767	7,912,652	8,318,609	7,956,831	
63,178,602	60,918,438	61,065,521	63,953,976	62,188,520	57,314,746	
8,062,755	7,797,685	8,446,034	9,293,512	9,411,293	8,321,571	
3,467,940	3,962,744	3,904,892	4,038,220	4,154,338	3,653,185	
10,225,175	10,384,204	10,616,892	11,755,994	11,986,559	10,476,307	
2,094,473	3,205,665	3,041,485	2,777,568	2,490,872	3,196,758	
5,012,951	8,722,900	9,062,949	9,760,095	9,425,043	9,437,049	
1,400,000	1,400,000	1,400,001	1,400,000	1,399,992	1,399,920	
35,251,178	39,454,570	25,073,310	24,314,129	25,638,942	37,165,934	
4,345,000	4,165,000	4,034,226	4,216,805	3,009,750	3,301,291	
2,088,317	4,431,985	4,115,795	4,002,425	3,128,715	3,228,849	
-	-	-	256	1,045,003	-	
3,390,041	5,875,595	6,793,642	8,179,688	6,043,592	4,714,652	
-	1,678,909	8,154,699	-	-	-	
<u>145,466,113</u>	<u>159,059,278</u>	<u>153,288,213</u>	<u>151,605,320</u>	<u>148,241,228</u>	<u>150,167,093</u>	
(11,937,443)	10,193,049	(6,732,686)	11,305,234	13,477,587	7,886,489	
9,968,878	25,269,353	9,642,668	11,624,782	29,933,864	13,327,551	
(15,807,410)	(24,978,885)	(9,642,668)	(12,049,782)	(31,444,865)	(16,104,545)	
-	-	-	-	39,630,000	-	
-	-	-	-	(6,588,093)	-	
-	-	-	-	(386,130)	-	
<u>(5,838,532)</u>	<u>290,468</u>	<u>-</u>	<u>(425,000)</u>	<u>31,144,776</u>	<u>(2,776,994)</u>	
<u>(75,228,120)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	
<u>(93,004,095)</u>	<u>10,483,517</u>	<u>(6,732,686)</u>	<u>10,880,234</u>	<u>44,622,363</u>	<u>5,109,495</u>	
4.96%	5.88%	6.07%	6.20%	5.09%	5.33%	

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

Fiscal Year Ended June 30	City			Total Direct Tax Rate
	Secured	Unsecured	Taxable Assessed Value	
2007	10,770,604,462	169,735,907	10,940,340,369	0.161%
2008	11,672,244,063	146,564,107	11,818,808,170	0.162%
2009	11,874,120,368	163,490,390	12,037,610,758	0.160%
2010	11,477,035,452	111,358,611	11,588,394,063	0.161%
2011	11,567,914,343	159,791,812	11,727,706,155	0.159%
2012	11,764,617,480	137,861,275	11,902,478,755	0.157%
2013	15,739,584,990	798,565,340	16,538,150,330	0.148%
2014	16,296,788,989	888,670,895	17,185,459,884	0.137%
2015	17,047,541,092	900,737,944	17,948,279,036	0.132%
2016	18,044,868,280	923,910,674	18,968,778,954	0.136%

Notes:

In 1978 the voters of the State of California passed Proposition 13 which limited 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.

Secured and Unsecured Assessed Value are net of exemptions. Total direct tax rate is calculated using total property tax collections within the fiscal year divided by the taxable assessed value.

Source: Orange County Auditor-Controller

Former Redevelopment Agency				Total for Primary Government
Secured	Unsecured	Taxable Assessed Value	Total Direct Tax Rate	Total Direct Tax Rate
3,127,074,124	709,054,146	3,836,128,270	0.593%	0.273%
3,371,010,250	766,014,626	4,137,024,876	0.683%	0.297%
4,177,247,936	732,744,762	4,909,992,698	0.777%	0.339%
4,139,332,541	805,662,983	4,944,995,524	0.618%	0.297%
3,786,955,403	724,046,675	4,511,002,078	0.598%	0.281%
3,978,376,053	694,261,117	4,672,637,170	0.370%	0.217%
-	-	-	-	0.148%
-	-	-	-	0.137%
-	-	-	-	0.132%
-	-	-	-	0.136%

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

	Fiscal Year			
	2016	2015	2014	2013
Basic levy	\$ 1.00000	1.00	1.00	1.00000
Overlapping Rates:				
School Services:				
North Orange County Community College District	0.03043	0.01704	0.01704	0.01902
Rancho Santiago Community College District	0.03063	0.05078	0.03334	0.03241
Anaheim Elementary School District	0.04227	0.02867	0.05848	0.05382
Anaheim High School District	0.04948	0.02412	0.02620	0.02858
Santa Ana Unified School District	-	0.06869	0.07359	0.07749
Placentia Yorba Linda Unified	-	0.05822	0.06525	0.06203
Tustin Unified School District SFID No. 2002-1	0.07751	0.06955	0.08912	0.06729
Garden Grove Unified 2010 Series A & B	-	0.04148	0.03703	0.03135
Total School Services	<u>0.23032</u>	<u>0.35855</u>	<u>0.40005</u>	<u>0.37199</u>
Metropolitan Water District	0.00350	0.00350	0.00350	0.00350
Irvine Ranch Water District	<u>0.02803</u>	<u>0.02803</u>	<u>0.05581</u>	<u>0.05581</u>
Total Direct Rate	<u>\$ 1.26185</u>	<u>1.39008</u>	<u>1.45936</u>	<u>1.43130</u>

Notes:

The above information is for the entire City, which includes the former Redevelopment Agency for fiscal years through 2012

In 1978, California voters passed Proposition 13 which sets the property tax rate at a 1.00% fixed amount. This 1.00% is shared by all taxing agencies for which the subject property resides within. In addition to the 1.00% fixed amount, property owners are charged taxes as a percentage of assessed property values for the payment of various bonds.

Source: California Municipal Statistics, Inc.

Fiscal Year					
2012	2011	2010	2009	2008	2007
1.00000	1.00000	1.00000	1.00000	1.00000	1.00000
0.01742	0.01758	0.01662	0.01493	0.01502	0.01444
0.03146	0.03141	0.02735	0.02253	0.02373	0.01911
0.05371	0.03363	0.03193	0.02248	0.03544	0.02240
0.02678	0.02745	0.02617	0.02363	0.02516	0.02355
0.07147	0.07167	0.07388	0.03212	0.03585	0.03915
0.05846	0.05804	0.06166	0.04764	0.02950	0.02650
0.05586	0.05962	0.03797	0.03102	0.03173	0.00232
0.02483	0.03308	-	-	-	-
0.33999	0.33248	0.27558	0.19435	0.19643	0.14747
0.00370	0.00370	0.00430	0.00430	0.00450	0.00470
0.05581	0.04591	0.04591	0.03980	0.03981	0.00002
1.39950	1.38209	1.32579	1.23845	1.24074	1.15219

CITY OF ORANGE
Principal Property Taxpayers
Current Year and Nine Years Ago

Taxpayer	2016		2007	
	Taxable Assessed Value	Percentage of Total Taxable Assessed Value	(1) Taxable Assessed Value	Percentage of Total Taxable Assessed Value
Orange City Mills LP	\$ 152,616,753	0.80%	123,165,435	0.89%
Irvine Company LLC	152,065,579	0.80%	-	0.00%
Children's Hospital of Orange County	136,643,953	0.72%	-	0.00%
Bex Porftfolio Inc.	124,743,554	0.66%	-	0.00%
GPR-OCS LLC	115,461,664	0.61%	-	0.00%
TVO Holdings LLC	100,353,028	0.53%	105,700,795	0.76%
St. Joseph Hospital	98,696,747	0.52%	321,789,147	2.32%
DOF II City Tower LLC	85,353,344	0.45%	-	0.00%
TPG of Mullrock Executive Land	84,000,000	0.44%	-	0.00%
Orange County Realty Investors LLC	82,000,000	0.43%	-	0.00%
EOP-The City LLC	-	0.00%	189,430,728	1.36%
CA-Orange Limited Partnership	-	0.00%	75,560,191	0.54%
Colton Family Trust	-	0.00%	64,134,949	0.46%
Massachusetts Mutual	-	0.00%	59,376,717	0.43%
Realty Associates Fund VII	-	0.00%	49,901,211	0.36%
SSR Realty Advisors	-	0.00%	42,373,432	0.30%
Orange City Mills III Limited Partnership	-	0.00%	38,508,722	0.28%
	<u>\$ 1,131,934,622</u>	<u>5.97%</u>	<u>1,069,941,327</u>	<u>7.70%</u>

(1) Includes assessed value data for both the City and the former Redevelopment Agency

Source: HdL Coren & Cone

CITY OF ORANGE
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year	Collected within Fiscal Year of Levy		Collections for Prior Fiscal Years	Refunds of Prior Year Collections/ Appeals	Total Collections within the Fiscal Year	
		Amount	Percent of Levy			Amount	Percent of Levy
2007	42,154,459	40,766,398	96.71%	644,760	(872,996)	40,538,162	96.17%
2008	49,467,364	48,091,337	97.22%	867,021	(1,674,245)	47,284,113	95.59%
2009	58,287,611	56,325,449	96.63%	1,282,308	(214,924)	57,392,833	98.46%
2010	56,948,531	53,393,878	93.76%	1,123,817	(2,773,959)	51,743,736	90.86%
2011	52,405,442	47,003,474	89.69%	901,861	(2,272,418)	45,632,917	87.08%
2012	61,394,602	36,062,488	58.74%	511,729	(610,942)	35,963,275	58.58%
2013	43,951,814	24,316,343	55.33%	419,911	(240,221)	24,496,033	55.73%
2014	42,528,174	23,525,755	55.32%	260,303	(180,204)	23,605,854	55.51%
2015	44,363,564	23,749,253	53.53%	218,294	(232,532)	23,735,015	53.50%
2016	45,251,635	25,697,372	56.79%	204,687	(154,193)	25,747,866	56.90%

Notes:

For fiscal years through 2012, the amounts include tax increment from former Redevelopment Agency as well as amounts collected by the City and former Redevelopment Agency that were passed-through to other agencies. The dissolution of the former Redevelopment Agency effective January 31, 2012, resulted in a reduction in collections in Fiscal Year 2011-12.

Information not available from the County of Orange for delinquent taxes by levy year. Therefore, the City has opted to report delinquent taxes by collection year.

Source: Orange County Auditor-Controller

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

Fiscal Year Ended June 30	Governmental Activities				Total Governmental Activities
	Tax Allocation Bonds	1998 A Police Facilities Certificates of Participation	Lease Payable	Installment Note	
2007	59,620,000	6,850,000	-	65,781	66,535,781
2008	90,715,000	6,120,000	-	41,031	96,876,031
2009	87,285,000	5,360,000	-	14,226	92,659,226
2010	84,060,000	4,565,000	-	-	88,625,000
2011	80,725,000	3,735,000	-	-	84,460,000
2012	-	-	-	-	-
2013	-	-	-	-	-
2014	-	-	-	-	-
2015	-	-	-	-	-
2016	-	-	-	-	-

Notes:

Details regarding the City's outstanding debt can be found in the notes to the financial statements.

¹ See the Schedule of Demographic and Economic Statistics for personal income. These ratios are calculated using city population times county per capita personal income for two years prior (e.g., 2012 amount is calculated using 2010 data).

² Based on latest per capita income information available. See the Schedule of Demographic and Economic Statistics for population data.

³ Effective January 31, 2012, with the dissolution of the former Redevelopment Agency, all Tax Allocation Bonds and the Police Facilities Certificates of Participation were transferred to the Successor Agency and are no longer debt of the City.

Business-type Activities

MWDOC	800 MHz	Total Business-type Activities	Total Total Primary Government	Percentage of Personal Income ¹	Debt Per Capita ²
309,000	-	309,000	66,844,781	1.12%	482
283,000	-	283,000	97,159,031	1.47%	690
256,000	-	256,000	92,915,226	1.34%	656
227,000	-	227,000	88,852,000	1.24%	623
195,000	-	195,000	84,655,000	1.22%	618
161,000	-	161,000	161,000	0.00%	1
125,000	-	125,000	125,000	0.00%	1
-	-	-	-	0.00%	0
-	-	-	-	0.00%	0
-	-	-	-	0.00%	0

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

Fiscal Year Ended June 30	Tax Allocation Bonds			Certificates of Participation		
	Tax Allocation Bonds	Less: Amounts Available in Debt Service Fund	Net Other Bonded Debt	1998 A Police Facilities Certificates of Participation	Less: Amounts Available in Debt Service Fund	Net Other Bonded Debt
2007	59,620,000	12,272,526	47,347,474	6,850,000	8,887	6,841,113
2008	90,715,000	15,621,412	75,093,588	6,120,000	8,522	6,111,478
2009	87,285,000	25,563,465	61,721,535	5,360,000	8,456	5,351,544
2010	84,060,000	21,660,977	62,399,023	4,565,000	-	4,565,000
2011	80,725,000	20,391,019	60,333,981	3,735,000	-	3,735,000
2012	-	-	-	-	-	-
2013	-	-	-	-	-	-
2014	-	-	-	-	-	-
2015	-	-	-	-	-	-
2016	-	-	-	-	-	-

Notes:

Details regarding the City's outstanding debt can be found in the notes to the financial statements

¹ Assessed value has been used because the actual value of taxable property is not readily available in the State of California. See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property for property value data.

² Population data can be found in the Schedule of Demographic and Economic Statistics.

³ Effective January 31, 2012, with the dissolution of the former Redevelopment Agency, all Tax Allocation Bonds and the Police Facilities Certificates of Participation were transferred to the Successor Agency and are no longer debt of the City.

Total Outstanding Net Other Bonded Debt	Percent of Assessed Value ¹	Per Capita ²
54,188,587	0.367%	391
81,205,066	0.509%	577
67,073,079	0.396%	474
66,964,023	0.404%	469
64,068,981	0.395%	468
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-

CITY OF ORANGE
Direct and Overlapping Debt
June 30, 2016

2015-16 Assessed Valuation: \$18,968,778,954

	Total Debt	% Applicable (1)	City's Share of
<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>6/30/2016</u>	<u>% Applicable (1)</u>	<u>Debt 6/30/16</u>
Metropolitan Water District	\$92,865,000	0.773%	\$717,846
Irvine Ranch Water District, Improvement District No. 105	180,362,980	1.031	1,859,542
Irvine Ranch Water District, Improvement District No. 250	233,068,630	0.012	27,968
North Orange County Joint Community College District	271,564,001	0.128	347,602
Rancho Santiago Community College District	268,052,899	28.220	75,644,528
Anaheim Union High School District	144,803,955	0.376	544,463
Anaheim School District	144,388,918	0.652	941,416
Tustin Unified School District School Facilities Improvement District No. 2002-1	48,068,292	0.059	28,360
Tustin Unified School District School Facilities Improvement District No. 2008-1	90,085,000	0.061	54,952
Tustin Unified School District School Facilities Improvement District No. 2012-1	29,830,000	0.041	12,230
Orange Unified School District Community Facilities District No. 2005-1	6,450,000	100	6,450,000
Orange Unified School District Community Facilities District No. 2005-2	5,860,000	100	5,860,000
City of Orange Community Facilities District No. 91-2	26,795,000	100	26,795,000
City of Orange Community Facilities District No. 06-1	23,735,000	100	23,735,000
City of Orange 1915 Act Bonds	365,000	100	365,000
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			\$143,383,907
 <u>OVERLAPPING GENERAL FUND DEBT:</u>			
Orange County General Fund Obligations	\$124,614,000	3.801%	\$4,736,578
Orange County Pension Obligations	353,417,858	3.801	13,433,413
Orange County Board of Education Certificates of Participation	14,840,000	3.801	564,068
Municipal Water District of Orange County Water Facilities Corporation	2,770,000	4.533	125,564
North Orange County Regional Occupation Program Certificates of Participation	10,190,000	0.132	13,451
Orange Unified School District Certificates of Participation and Benefit Obligations	110,802,063	58.985	65,356,597
Anaheim Union High School District Certificates of Participation	5,000,000	0.376	18,800
City of Orange General Fund Obligations	0	100	-
TOTAL GROSS OVERLAPPING GENERAL FUND DEBT			\$84,248,471
Less: MWDOC Water Facilities Corporation (100% self-supporting)			125,564
TOTAL NET OVERLAPPING GENERAL FUND DEBT			\$84,122,907
 <u>OVERLAPPING TAX INCREMENT DEBT (Successor Agencies):</u>			
City of Orange Tax Allocation Bonds	\$59,025,000	100%	\$59,025,000
Orange County Neighborhood Project Area Tax Allocation Bonds	11,615,000	0.498	57,843
TOTAL OVERLAPPING TAX INCREMENT DEBT			\$59,082,843
 TOTAL DIRECT DEBT			 \$0
TOTAL GROSS OVERLAPPING DEBT			\$286,715,221
TOTAL NET OVERLAPPING DEBT			\$286,589,657
 GROSS COMBINED TOTAL DEBT (2)			 \$286,715,221
NET COMBINED TOTAL DEBT			\$286,589,657

1. The percentage of overlapping debt applicable to the city is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the city divided by the district's total taxable assessed value.

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

Ratios to 2015-16 Assessed Valuation:

Total Overlapping Tax and Assessment Debt	0.76%
Total Direct Debt	0.00%
Gross Combined Total Debt	1.51%
Net Combined Total Debt	1.51%

Ratios to Redevelopment Incremental Valuation (\$3,647,086,514):

Total Overlapping Tax Increment Debt	1.62%
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CITY OF ORANGE
 Legal Debt Margin Information
 Last Ten Fiscal Years

	Fiscal Year			
	2016	2015	2014	2013
Assessed valuation	\$ 18,968,778,954	17,948,279,036	17,185,459,884	16,538,150,330
Conversion percentage	25%	25%	25%	25%
Adjusted assessed valuation	4,742,194,739	4,487,069,759	4,296,364,971	4,134,537,583
Debt limit percentage	15%	15%	15%	15%
Debt limit	711,329,211	673,060,464	644,454,746	620,180,637
Total net debt applicable to limit	-	-	-	-
Legal debt margin	711,329,211	673,060,464	644,454,746	620,180,637
Total debt applicable to the limit as a percentage of debt limit	0.0%	0.0%	0.0%	0.0%

	Fiscal Year				
2012	2011	2010	2009	2008	2007
16,575,115,925	16,238,708,233	16,587,389,587	16,947,603,456	15,955,833,046	14,776,468,639
25%	25%	25%	25%	25%	25%
4,143,778,981	4,059,677,058	4,146,847,397	4,236,900,864	3,988,958,262	3,694,117,160
15%	15%	15%	15%	15%	15%
621,566,847	608,951,559	622,027,110	635,535,130	598,343,739	554,117,574
-	-	-	-	-	-
621,566,847	608,951,559	622,027,110	635,535,130	598,343,739	554,117,574
0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

CITY OF ORANGE
Pledged-Revenue Coverage
Last Ten Fiscal Years

Fiscal Year Ended June 30	Tax Allocation Bonds			Coverage
	Property Tax Increment	Debt Service		
		Principal	Interest	
2007	22,739,108	2,185,000	2,772,703	4.59
2008	28,259,748	2,255,000	2,708,146	5.69
2009	38,153,844	3,430,000	3,642,366	5.39
2010	30,543,383	3,225,000	3,824,694	4.33
2011	26,955,003	3,335,000	3,704,799	3.83
2012	23,821,071	3,475,000	3,573,509	3.38
2013	-	-	-	-
2014	-	-	-	-
2015	-	-	-	-
2016	-	-	-	-

CITY OF ORANGE
Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year Ended June 30	Population ¹	Personal Income (expressed in thousands) ²	Per Capita Personal Income ²	Public School Enrollment ³	Unemployment Rate ⁴
2007	138,640	150,214,330	50,463	16,155	3.6%
2008	140,849	155,118,375	51,894	16,149	4.9%
2009	141,634	148,372,628	49,020	15,866	8.6%
2010	142,708	147,138,449	48,760	16,026	8.8%
2011	136,995	154,131,535	50,440	15,804	8.5%
2012	138,010	166,634,101	54,008	15,263	7.3%
2013	138,792	169,792,810	54,519	15,417	5.7%
2014	139,279	173,305,650	55,096	15,147	4.6%
2015	140,094	*	*	14,982	4.2%
2016	141,420	*	*	14,581	4.3%

Sources:

¹ State of California, Department of Finance

² U.S. Department of Commerce, Bureau of Economic Analysis (data shown is for the County)

³ Orange Unified School District region

⁴ State of California, Employment Development Department

* Not available at time of printing

CITY OF ORANGE
Principal Employers
Current Year and Nine Years Ago

Employer	2016		2007	
	Number of Employees	Percent of Total Employment	Number of Employees	Percent of Total Employment
St. Joseph Hospital of Orange	4,850	6.88%	3,279	3.60%
UCI Irvine Healthcare	4,000	5.67%	3,800	4.17%
CHOC Children's Hospital	2,900	4.11%	1,816	1.99%
Chapman University	1,235	1.75%	800	0.88%
Santiago Canyon College	913	1.30%	500	0.55%
CalOptima Health Plans	900	1.28%	-	-
American Advisors Group (AAG)	800	1.13%	-	-
City of Orange	800	1.13%	848	0.93%
Western Dental Services, Inc. (formerly Sybron Dental Specialists)	700	0.99%	-	-
Orange County Transportation Authority	500	0.71%	1,000	1.10%
California Choice	490	0.70%	-	-
Children & Family Services (CFS)	450	0.64%	700	0.77%
AECOM Technology Corp	450	0.64%	-	-
NOV Rig Systems (fomerly National Oilwell Varco)	400	0.57%	-	-

Notes:

"Total Employment" as used above represents the total employment of all employers located within City limits.

Source: Inside Prospects, Inc. and State of California EDD

CITY OF ORANGE
Full-Time Equivalents
by Function
Last Ten Fiscal Years

Function	Full-Time Equivalents as of June 30*									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Governmental Activities:										
General Government	72	75	75	75	78	80	80	80	80	78
Public Safety	412	412	412	411	414	414	414	414	414	411
Public Works	67	67	74	74	74	76	76	76	76	75
Community Development	36	36	36	36	35	35	35	35	35	34
Parks and Library	111	109	107	105	114	115	115	114	115	115
Economic Development	-	-	-	-	11	11	11	11	11	11
Sanitation (1)		21	15	21	22	22	22	22	22	22
Subtotal governmental activities	698	720	719	722	748	753	753	752	753	746
Business-Type Activities:										
Water	45	45	44	46	44	44	44	44	44	44
Sanitation (1)	21									
Subtotal business-type activities	66	45	44	46	44	44	44	44	44	44
Total activities	743	765	763	768	792	797	797	796	797	790

* Includes budgeted but frozen positions

(1) In fiscal year 2015-16, the Sanitation fund was reclassified as a Business-Type Activity

Source: City of Orange

CITY OF ORANGE
Operating Indicators by Department
Last Ten Fiscal Years

	Fiscal Year			
	2016	2015	2014	2013
City Attorney:				
Number of claims/cases handled ³	441	486	790	384
Number of resolutions/ordinances/agreements	288	269	367	257
City Clerk:				
Number of passports processed	2,269	1,837	1,530	1,288
Number of documents scanned	2,184	2,220	2,810	3,089
Finance:				
Number of business licenses issued	20,721	20,190	19,991	19,699
Number of water accounts billed	35,380	35,174	35,166	35,153
Human Resources:				
Number of recruitments held	60	60	52	47
Number of applications processed	8,968	6,717	9,881	8,189
Library:				
Number of items checked out	616,388	643,791	688,716	647,818
Total library cards ¹	59,162	59,316	60,063	61,282
Number of patrons/visitors	469,700	502,276	534,686	510,864
Fire:				
Number of calls:				
Medical	12,327	9,416	9,051	9,938
Fire	622	355	365	538
Other	3,022	1,843	1,813	1,904
Number of inspections performed ²	6,866	5,970	5,518	6,959
Police:				
Number of calls for service	99,728	103,793	98,148	99,967
Number of arrests	4,771	4,683	4,558	4,424
Public Works:				
Lane miles of streets resurfaced	35	28	26	34
Miles of streets swept	39,850	40,180	32,219	32,219
Water Division:				
Number of active water connections	36,372	36,347	36,332	36,324
Million gallons of daily average distribution	21	26	29	28
Sanitation Division:				
Number of active sewer connections	33,950	33,943	33,513	33,511
Number of catch basins inspected	1,983	1,952	1,970	1,959
Community Development:				
Number of permits issued	4,153	3,803	3,497	2,733
Combined construction valuation	\$ 235,315,312	106,328,212	163,884,728	74,830,424
Community Services:				
Number of contract classes held	1,148	1,212	1,864	1,858
Total participants at all activities/events ⁴	918,805	934,188	909,192	593,693

Notes:

¹ During 2007-08 and 2008-09 library cards that had not been used for at least 3 years were purged from the system.

² Effective 2007-08 all types of fire inspections are included. In prior years only certain types of inspections were included.

³ Effective 2009-10 all types of claims/cases are included. In prior years only certain types of claims/cases were included.

⁴ Due to revised methods of calculating this figure in 2011-12 and again in 2013-14, this number is not comparable to prior years.

Source: City of Orange

Fiscal Year					
2012	2011	2010	2009	2008	2007
344	371	591	90	160	118
387	334	460	317	298	235
1,004	1,075	1,302	1,416	1,283	1,134
3,603	5,107	9,222	5,210	6,010	6,199
21,026	21,583	21,805	22,644	21,368	19,615
36,338	36,326	36,313	36,293	36,057	36,043
48	30	18	41	119	122
7,744	3,033	1,455	5,806	7,408	3,229
648,690	670,816	696,873	653,143	633,082	442,053
80,731	70,711	64,621	51,855	70,349	86,248
	494,372	541,158	524,424	387,003	246,600
9,609	9,065	8,888	8,667	8,711	8,488
530	467	582	583	647	627
1,627	1,664	1,719	1,862	1,792	1,713
6,944	6,922	6,910	6,338	6,403	3,768
101,783	99,687	108,348	109,119	103,328	108,707
4,777	5,767	5,686	6,073	6,471	6,644
13	21	10	8	23	18
32,137	32,155	32,330	31,673	32,337	34,678
36,087	36,327	35,135	33,254	34,714	34,756
26	26	27	31	31	31
33,511	33,510	33,423	33,461	33,459	33,454
1,775	1,906	80	1,855	1,663	1,549
2,815	2,683	2,522	2,477	3,056	3,700
118,859,205	82,740,914	64,066,166	90,468,233	93,608,776	130,000,000
1,610	1,675	1,400	950	781	767
595,518	72,121	72,600	77,017	62,349	62,966

CITY OF ORANGE
Capital Asset Statistics by Department
Last Ten Fiscal Years

	Fiscal Year				
	2016	2015	2014	2013	2012
Library:					
Number of libraries	3	3	3	3	3
Number of books & other items held ¹	223,161	212,373	209,128	266,487	272,077
Fire:					
Number of fire stations	8	8	8	8	8
Number of vehicles in fleet	58	58	57	54	54
Police:					
Number of stations/sub-stations	2	2	2	2	2
Number of vehicles in fleet	132	132	128	128	129
Public Works:					
Streets (in miles)	331	328	328	327	314
Number of streetlights	3,182	3,125	2,926	2,780	2,696
Number of traffic signals	157	157	156	155	155
Number of street trees	22,000	20,430	19,728	19,528	19,746
Water Division:					
Number of wells	17	16	16	17	17
Water mains (in miles)	452	452	452	451	450
Number of hydrants	4,417	4,410	4,413	4,411	4,399
Sanitation Division:					
Miles of sewer lines/storm drains	436	436	436	436	436
Facilities Maintenance Division:					
Number of city buildings owned	82	82	82	82	82
Square feet of city buildings	529,995	529,995	529,995	529,995	529,995
Number of other city vehicles	271	236	241	241	237
Community Services:					
Number of parks	22	22	22	22	22
Acres of parkland ¹	258	258	258	252	252
Number of community pools	2	2	2	2	2

Notes:

¹ In Fiscal Year 2014, information was revised to improve accuracy.

* Information not available.

Fiscal Year

2011	2010	2009	2008	2007
3	3	3	3	3
262,284	254,718	254,031	252,145	266,210
8	8	8	8	8
54	54	54	51	48
2	2	3	5	5
128	126	126	123	120
339	326	332	331	331
2,662	2,601	2,863	2,863	2,546
153	148	149	152	147
19,520	21,352	21,947	21,956	22,580
17	17	17	17	17
450	450	449	449	447
4,398	4,371	4,351	4,339	4,315
436	424	424	410	410
82	87	86	86	87
529,995	552,696	550,896	550,896	553,896
237	234	235	238	233
22	22	22	22	22
252	252	252	252	252
2	2	2	2	1

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