



*Comprehensive Annual Financial Report  
Year Ended June 30, 2015*

 City of  
**Orange**  
California



# Orange City Council



MAYOR PRO TEM  
FRED M. WHITAKER



MAYOR  
TERESA "TITA" SMITH



COUNCILMEMBER  
MARK A. MURPHY



COUNCILMEMBER  
MICHAEL ALVAREZ



COUNCILMEMBER  
KIMBERLEE NICHOLS



*City of Orange*  
**California**

**Comprehensive Annual Financial Report**  
**Year Ended June 30, 2015**

Prepared by:  
FINANCE DEPARTMENT  
Will Kolbow, Finance Director

# *Elected Officials*



CITY TREASURER  
RICHARD A. ROHM



CITY CLERK  
MARY MURPHY

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# *Introductory Section*

**CITY OF ORANGE  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 FISCAL YEAR ENDED JUNE 30, 2015**

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# *CITY OF ORANGE*

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FINANCE DIRECTOR

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FAX: (714) 744-2245

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December 9, 2015

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 publish within six months of the close of each fiscal year, a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended June 30, 2015.

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 Lance, Soll & Lunghard, 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, 2015. 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 140,094 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 1<sup>st</sup> 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). Department heads may transfer resources between operating line items within a department in the same fund as they see appropriate. However, transfers between departments, between funds, or overall increases in the budget, need approval from the City Council. Therefore, the legal level of budgetary control is at the department and fund levels.

## LOCAL ECONOMY

The local economy in the City of Orange continues to improve since the Great Recession. The City's largest revenue source, sales tax, increased by \$3.4 million, or 9.2%, 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. However, overall sales tax revenues have returned to pre-recession levels.

General Fund property tax revenue, increased \$0.8 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 15 with investments earning an average yield of 0.81%. Rates are expected to remain low in FY 16.

## LONG-TERM FINANCIAL PLANNING

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, 2015, there are 84 of the City's 624 covered employees (13.5%) at this lower tier of retirement benefits.

## 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 19.3% of FY 15 budgeted General Fund operating expenditures.

## MAJOR INITIATIVES

**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. To date, the City has entered into four Participation Agreements.

**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 15. 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, \$5.2 million has been set aside as of June 30, 2015.

## 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,

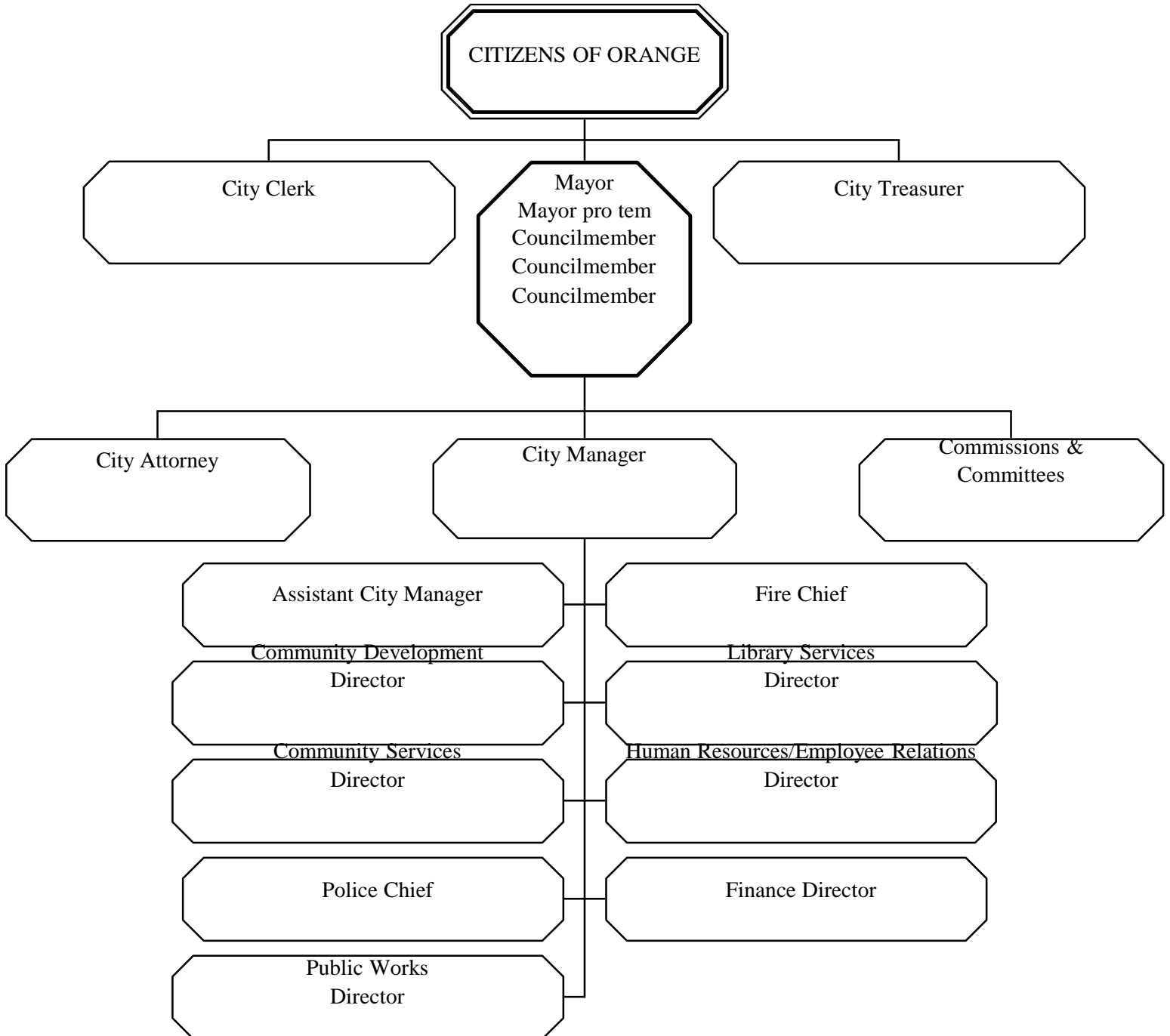


William M. Kolbow, CPA  
Finance Director



Katrin O. Bandhauer, CPA  
Assistant Finance Director

# CITY OF ORANGE



## ELECTED POSITIONS

Teresa “Tita” Smith .....Mayor  
Fred Whitaker.....Mayor Pro Tem  
Mike Alvarez.....Council Member  
Mark Murphy.....Council Member  
Kim Nichols .....Council Member  
Richard A. Rohm.....City Treasurer  
Mary Murphy.....City Clerk

## ADMINISTRATIVE PERSONNEL

Rick Otto.....City Manager  
Wayne Winthers.....City Attorney  
Robert Gustafson..... Police Chief  
Joe De Francesco..... Public Works Director  
Pat Dibb..... Fire Chief  
Steven Pham.....Human Resources Director  
Will Kolbow..... Finance Director  
Marie Knight..... Community Services Director  
William Crouch..... Community Development Director  
Yolanda Moreno ..... Library Services Director

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*Financial Section*



## INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members of the City Council  
City of 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 City of Orange, California (the City), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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



To the Honorable Mayor and Members of the City Council  
City of Orange, California

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Orange, California, as of June 30, 2015, 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.

### **Change in Accounting Principle**

As discussed in Note 1 to the financial statements, in 2015 the City adopted new accounting guidance, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68*.

### **Other Matters**

#### *Required Supplementary Information*

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

#### *Other Information*

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



To the Honorable Mayor and Members of the City Council  
City of Orange, California

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

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2015 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 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.

A handwritten signature in cursive script that reads "Lance, Soll &amp; Lughard, LLP". The signature is written in black ink and is positioned above the typed name of the firm.

Brea California  
December 9, 2015

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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 2014-15. 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, Sanitation, and Interest on Long-Term Debt, when applicable. The City's sole Business-type Activity is the Water Utility.

The Statement of Net Position presents information on all of the City's assets and liabilities; the difference between the two 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 various fund Balance Sheets and the Statement of Revenues, Expenditures, and Changes in Fund Balances, 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. This reconciliation can be found in Note 2 of the Notes to the Financial Statements.

***Proprietary Funds*** are Enterprise and Internal Service Funds. The City uses an Enterprise Fund to account for its Water Utility. 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 dental and workers' compensation 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 134-139.

***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 (Required Supplementary Information), as well as Budgetary Comparison Schedules for all of the Non-Major Special Revenue, Capital Projects Funds, and Combining Non-Major Statements. 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	
	14-15	13-14	14-15	13-14	14-15	13-14
Current and other assets	\$177,853	163,605	21,265	24,341	199,118	187,946
Capital assets	691,177	690,214	66,355	62,656	757,532	752,870
Total assets	<u>869,030</u>	<u>853,819</u>	<u>87,620</u>	<u>86,997</u>	<u>956,650</u>	<u>940,816</u>
Deferred outflows of resources	14,301	-	807	-	15,108	-
Long-term liabilities outstanding	19,163	16,826	-	-	19,163	16,826
Net pension liability	176,412		10,341		186,753	
Other liabilities	18,038	18,782	5,590	5,828	23,628	24,610
Total liabilities	<u>213,613</u>	<u>35,608</u>	<u>15,931</u>	<u>5,828</u>	<u>229,544</u>	<u>41,436</u>
Deferred inflows of resources	36,882	-	2,265	-	39,147	-
Net Investment in capital assets	691,177	690,214	66,355	62,656	757,532	752,870
Restricted	56,695	58,195	-	-	56,695	58,195
Unrestricted	(115,036)	69,802	3,876	18,513	(111,160)	88,315
Total net position	<u>\$632,836</u>	<u>818,211</u>	<u>70,231</u>	<u>81,169</u>	<u>703,067</u>	<u>899,380</u>

#### Governmental Activities:

Assets exceeded liabilities at the close of the fiscal year by \$632.8 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 \$15.2 million primarily due to an extraordinary gain resulting from the transfer of bond proceeds from the Successor Agency to the City, in accordance with a Bond Proceeds Funding Agreement approved by the State Department of Finance.

Total liabilities increased by \$178.0 million, due to the implementation this fiscal year of GASB 68, which requires the recording of the City's unfunded Net pension liability.



The restricted portion of the City’s net position (\$56.7 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 liabilities increased by \$10.1 million due to the implementation this fiscal year of GASB 68, which requires the recording of the Enterprise fund’s unfunded Net pension liability.

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

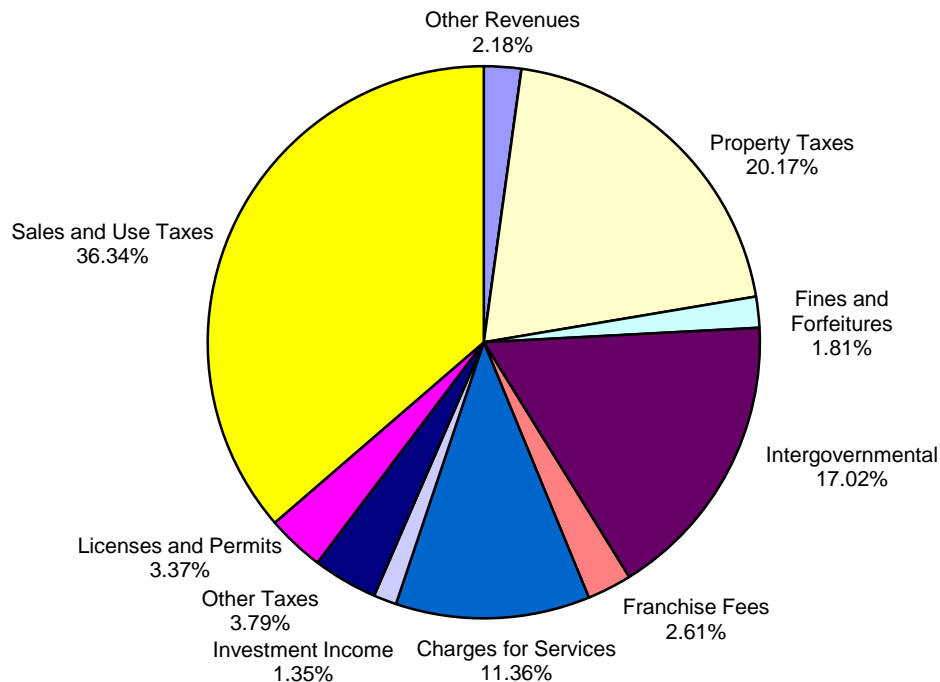
	Governmental Activities		Business-type Activities		Total	
	14-15	13-14	14-15	13-14	14-15	13-14
<b>Program Revenue</b>						
Charges for services	\$19,270	23,920	28,795	30,870	48,065	54,790
Operating grants and contributions	5,111	4,828	-	-	5,111	4,828
Capital grants and contributions	3,356	4,659	385	2,382	3,741	7,041
<b>General Revenues</b>						
Property Taxes	24,379	23,606	-	-	24,379	23,606
Sales Taxes	43,929	40,343	-	-	43,929	40,343
Other Taxes	7,741	6,843	-	-	7,741	6,843
State Revenue	11,313	10,837	-	-	11,313	10,837
Other	4,790	4,885	156	185	4,946	5,070
Total Revenues	<u>119,889</u>	<u>119,921</u>	<u>29,336</u>	<u>33,437</u>	<u>149,225</u>	<u>153,358</u>
<b>Expenses</b>						
General government	11,043	8,745	-	-	11,043	8,745
Public Safety	68,075	64,237	-	-	68,075	64,237
Public Works	18,433	19,409	-	-	18,433	19,409
Community dev.	3,760	3,488	-	-	3,760	3,488
Parks and library	14,227	12,586	-	-	14,227	12,586
Economic development	2,026	797	-	-	2,026	797
Sanitation	4,677	4,233	-	-	4,677	4,233
Water	-	-	28,440	27,914	28,440	27,914
Total Expenses	<u>122,241</u>	<u>113,495</u>	<u>28,440</u>	<u>27,914</u>	<u>150,681</u>	<u>141,409</u>
Change in net position before transfers and Extraordinary items	(2,352)	6,426	896	5,523	(1,456)	11,949
Capital contributions	-	-	-	-	-	-
Extraordinary gain/(loss)	<u>15,605</u>	<u>10,449</u>	<u>-</u>	<u>-</u>	<u>15,605</u>	<u>10,449</u>
Change in net position	13,253	16,875	896	5,523	14,149	22,398
Net position at beginning of year, as restated	<u>619,583</u>	<u>801,336</u>	<u>69,335</u>	<u>75,646</u>	<u>688,918</u>	<u>876,982</u>
Net position at end of year	<u>\$632,836</u>	<u>818,211</u>	<u>70,231</u>	<u>81,169</u>	<u>703,067</u>	<u>899,380</u>

While there was little change from the prior year in the Governmental activities revenue, the total cost of all programs and services increased by \$8.7 million, or 7.7 %, over the prior fiscal year. The increase in programs and services costs is a result of several changes from prior year, including an across the board salary increase of three percent, increases in safety and miscellaneous PERS rates, ending the five percent furlough for all miscellaneous employees, and payments related to a new tax-sharing agreement. Sales tax increased by \$3.6 million due primarily to a better economy and an increase in auto sales. Extraordinary gain of \$15.6 million is the result of the transfer of various properties and unspent bond proceeds from the Successor Agency (former Redevelopment Agency) to the City.

## 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, 2015.

### GOVERNMENTAL FUNDS REVENUES



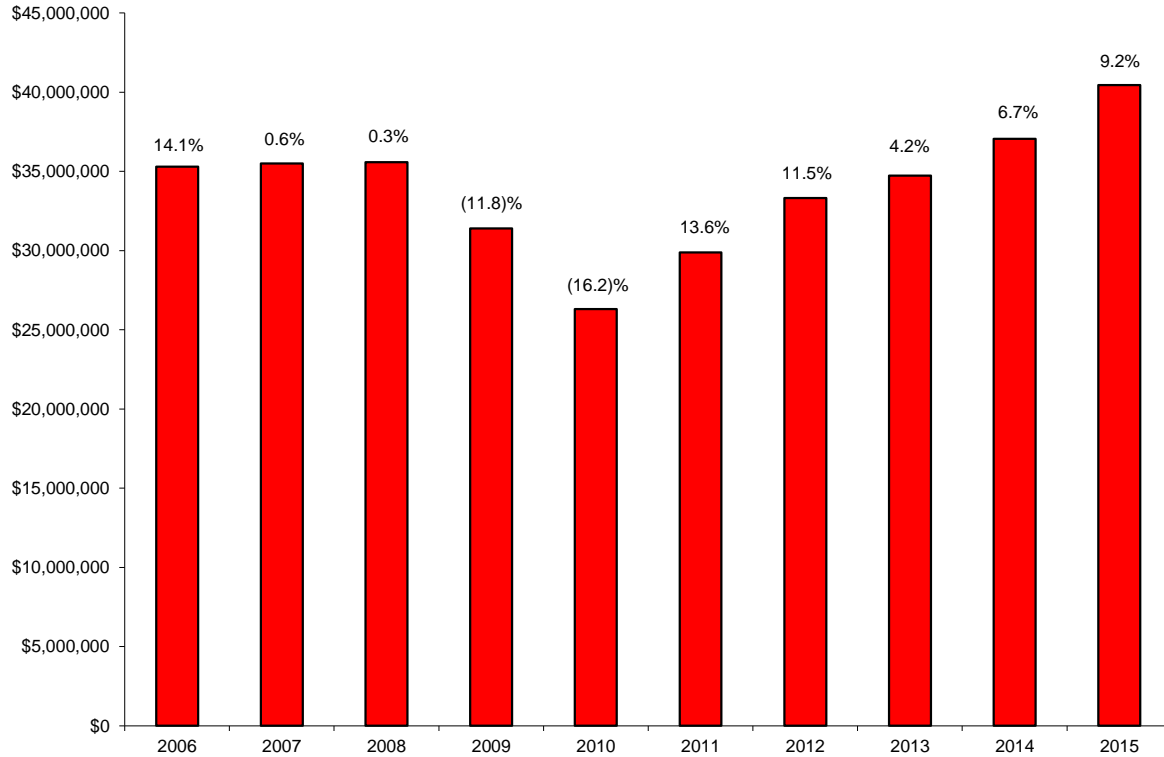
<u>REVENUE SOURCE</u>	<u>INCREASE (DECREASE) FROM 13-14</u>			
	<u>14-15 AMOUNT</u>	<u>13-14 AMOUNT</u>	<u>AMOUNT</u>	<u>%</u>
Property taxes	\$24,378,818	23,605,854	772,964	3.3
Sales and use taxes	43,928,900	40,343,068	3,585,832	8.8
Other taxes	4,582,893	3,892,171	690,722	17.7
Franchise fees	3,157,618	2,950,916	206,702	7.0
Licenses and permits	4,080,299	4,473,533	(393,234)	(8.8)
Use of Money & Property	1,629,390	1,780,461	(151,071)	(8.5)
Intergovernmental	20,574,583	20,703,372	(128,789)	(0.6)
Charges for services	13,740,393	17,774,897	(4,034,504)	(22.7)
Fines and forfeitures	2,190,664	2,341,032	(150,368)	(6.4)
Other revenues	2,640,918	3,022,791	(381,873)	(12.6)
TOTAL	<u>\$120,904,476</u>	<u>120,888,095</u>	<u>16,381</u>	0.01%

As indicated in the table above, for the 2014-15 Fiscal Year, other taxes increased 17.7% due to the opening of two new hotels and a slight increase in tourism, bringing in higher transient occupancy tax revenues. The decrease in Charges for services is due to 2013-14 revenue including one-time developer impact fees of over \$3.0 million for a large housing development.

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## GENERAL FUND SALES TAX REVENUE Fiscal Years 2006-2015

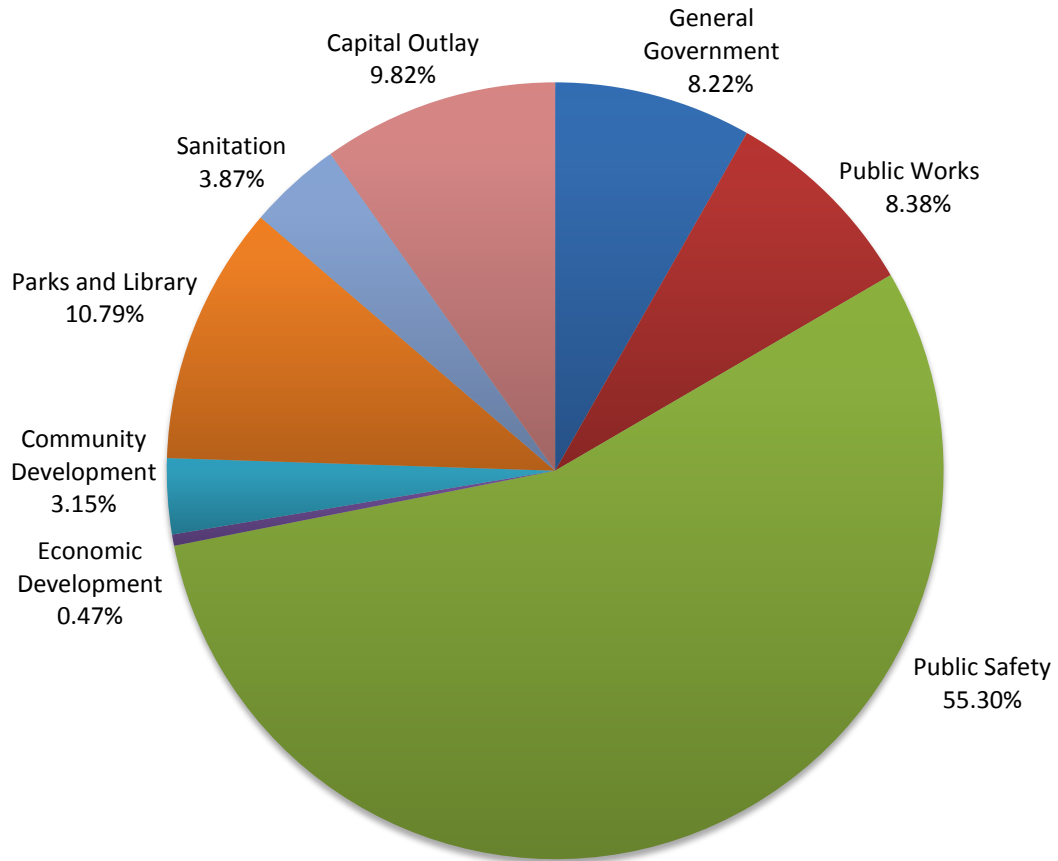
Percentages represent change from preceeding year



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 \$3.4 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.

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## GOVERNMENTAL FUNDS EXPENDITURES



<u>FUNCTION</u>	<u>14-15 AMOUNT</u>	<u>13-14 AMOUNT</u>	<u>INCREASE (DECREASE) FROM 13-14</u>	
			<u>AMOUNT</u>	<u>%</u>
General government	\$9,750,112	7,137,074	2,613,038	36.6
Public safety	65,620,597	63,914,038	1,706,559	2.7
Public works	9,942,108	9,593,548	348,560	3.6
Community development	3,735,548	3,536,074	199,474	5.6
Parks and library	12,796,867	11,272,908	1,523,959	13.5
Economic development	557,096	711,397	(154,301)	(21.7)
Sanitation	4,595,026	4,259,091	335,935	7.9
Capital outlay	11,654,340	11,225,325	429,015	3.8
<b>TOTAL</b>	<u>\$118,651,694</u>	<u>\$111,649,455</u>	<u>7,002,239</u>	<u>6.3%</u>

Overall expenditures increased by \$7.0 million or 6.3% from the prior fiscal year. This increase is a result of several factors, including a three percent across the board salary increase for employees, increased PERS rates, ending of the five percent employee furlough, and employee salaries being transferred from the Successor Agency to the City. The decrease in Economic development expenditures is a result of transferring salaries related to the former Redevelopment Agency wind down, to the Successor Agency.

## **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 \$133.4 million; an increase of \$12.7 million as compared to the prior fiscal year's fund balances, due to the following:

The increase in governmental fund balance is due to an extraordinary gain, resulting from the transfer of \$14.5 million in unspent bond proceeds transferred from the Successor Agency to the City to fund the capital improvements, consistent with the original bond covenants.

The General Fund is the major operating fund of the City. The total fund balance of the General Fund was \$31.6 million.

The total fund balance in the General Fund decreased \$2.8 million in the 2014-15 Fiscal Year.

Other General Fund highlights include:

- Unassigned fund balance of \$31.5 million was 32.7% of total General Fund expenditures.
- Actual General Fund revenues increased \$6.1 million due primarily to an increase in sales tax, property tax, transient occupancy tax, State motor vehicle in lieu and grant revenues. The General Fund's original expenditure budget was increased throughout the year by City Council actions which totaled \$6.4 million or 6.7%.
- General Fund actual expenditures totaled \$96.4 million as compared with the ending amended budget of \$102.5 million; a savings of \$6.1 million, primarily due to unfilled, budgeted positions throughout the City.

## **PROPRIETARY FUND HIGHLIGHTS AND ANALYSIS**

The Proprietary Funds of the City consist of the Enterprise (Water) Fund and the Internal Service Funds. The Water Fund operation provides potable water to approximately 36,000

residential, industrial, and commercial customers. The Water Fund is also the only Business-Type Activity that is reported 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.** Water Fund operating revenues decreased approximately \$2.1 million, due mainly to decreased water sales as a result of the drought.

**Enterprise Fund - Expenses.** The total Water Fund operating expenses for Fiscal Year 2014-15 increased \$0.5 million over the prior year, due an increase in purchased water and replenishment assessment.

**Enterprise Fund - Net Position.** The unrestricted net position of the Water Utility at year-end totaled \$3.9 million. The Water Utility's total net position increased by \$.9 million primarily due to capital contributions and increases in revenues slightly greater than increased expenses in 2014-15.

**Internal Service Funds - Revenues.** During Fiscal Year 2014-15 the Internal Service Funds had total operating revenues of \$11.8 million. This represents an increase of \$0.3 million over the prior year.

**Internal Service Funds - Expenses.** Total operating expenses for Fiscal Year 2014-15 totaled \$13.5 million, an increase of \$2.4 million. The increase was mainly due to computer replacements and higher insurance claims.

**Internal Service Funds - Net Position.** The unrestricted net position of the Internal Service Funds at year-end totaled \$18.8 million. Total net position increased \$2.4 million over the prior year, due to transfers in from the general fund to cover pension liability and other costs.

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## CAPITAL ASSET AND DEBT ADMINISTRATION

**Capital Assets.** The City’s Seven Year Capital Improvement Plan estimates spending another \$160 million in Fiscal Years 2014-15 through 2020-21. 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	
	14-15	13-14	14-15	13-14	14-15	13-14
Land	\$74,597	74,597	2,647	2,647	77,244	77,244
Rights of way	344,981	344,714	-	-	344,981	344,714
Infrastructure	182,211	183,515	-	-	182,211	183,515
Structures/improvements	63,298	63,587	52,580	52,821	115,878	116,408
Furniture/fixtures/equip	11,032	10,131	5,178	5,160	16,210	15,291
Construction in progress	15,058	13,670	5,950	2,028	21,008	15,698
Total	\$691,177	690,214	66,355	62,656	757,532	752,870

More detailed information on the City’s capital asset activity can be found in note 4 on pages 58 through 60.

### 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](http://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.



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*Government-wide  
Financial Statements*

CITY OF ORANGE  
Statement of Net Position  
June 30, 2015

	Governmental Activities	Business-Type Activities	Totals 2015
<b>ASSETS:</b>			
Cash and investments (note 3)	\$ 138,317,985	16,709,067	155,027,052
Cash and investments with fiscal agt. (note 3)	42,940	-	42,940
Receivables (net of allowance for uncollectibles)			
Accounts	2,328,430	3,783,605	6,112,035
Taxes (note 5)	6,130,020	-	6,130,020
Interest	231,108	30,333	261,441
Intergovernmental	125,098	-	125,098
Inventories	426,476	741,658	1,168,134
Prepaid items	30,000	-	30,000
Loans receivable (note 13)	30,220,490	-	30,220,490
Capital assets, undepreciated (note 4)	434,636,263	8,596,444	443,232,707
Capital assets, net (note 4)	256,541,155	57,758,518	314,299,673
Total assets	<u>869,029,965</u>	<u>87,619,625</u>	<u>956,649,590</u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>			
Deferred pension related items	14,300,768	807,351	15,108,119
Total deferred outflows of resources	<u>14,300,768</u>	<u>807,351</u>	<u>15,108,119</u>
<b>LIABILITIES:</b>			
Accounts payable	3,354,822	5,027,055	8,381,877
Accrued items	4,312,676	-	4,312,676
Deposits payable	159,452	141,130	300,582
Contracts payable	91,792	-	91,792
Due to other agencies	3,124,914	-	3,124,914
Unearned revenue	1,028,229	-	1,028,229
Noncurrent liabilities (note 10):			
Net pension liability (note 7)	176,411,625	10,340,508	186,752,133
Other post employment benefits	8,118,960	-	8,118,960
Due within one year	5,966,178	59,972	6,026,150
Due in more than one year	11,043,884	362,502	11,406,386
Total liabilities	<u>213,612,532</u>	<u>15,931,167</u>	<u>229,543,699</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Deferred pension related items	36,881,838	2,264,775	39,146,613
Total deferred inflows of resources	<u>36,881,838</u>	<u>2,264,775</u>	<u>39,146,613</u>
<b>NET POSITION:</b>			
Net investment in capital assets	691,177,418	66,354,962	757,532,380
Restricted for:			
Specific projects and programs	56,695,286	-	56,695,286
Unrestricted	(115,036,341)	3,876,072	(111,160,269)
Total net position	<u>\$ 632,836,363</u>	<u>70,231,034</u>	<u>703,067,397</u>

See accompanying notes to the financial statements.

CITY OF ORANGE  
Statement of Activities  
Year ended June 30, 2015

	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 11,043,299	4,675,199	792,036	-
Public safety	68,074,704	6,594,312	578,141	63,414
Public works	18,432,374	312,817	2,198,790	3,090,867
Community development	3,760,037	2,144,006	-	-
Parks and library	14,226,553	901,485	116,930	201,376
Economic development	2,026,364	-	1,359,568	-
Sanitation	4,677,346	4,642,609	65,439	-
Total governmental activities	<u>122,240,677</u>	<u>19,270,428</u>	<u>5,110,904</u>	<u>3,355,657</u>
Business-type activities:				
Water	<u>28,440,276</u>	<u>28,795,052</u>	-	<u>385,000</u>
Total business-type activities	<u>28,440,276</u>	<u>28,795,052</u>	-	<u>385,000</u>
Totals	<u>\$ 150,680,953</u>	<u>48,065,480</u>	<u>5,110,904</u>	<u>3,740,657</u>

General revenues:

  Taxes (note 5):

    Property taxes

    Sales taxes

    Transient occupancy taxes

    Franchise taxes

    Other taxes

  Use of money and property

  State motor vehicle in lieu (unrestricted)

  Other

  Extraordinary gain/(loss)

    Total general revenues and extraordinary items

    Change in net position

    Net position at beginning of year, as restated (note 14)

    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 2015
(5,576,064)	-	(5,576,064)
(60,838,837)	-	(60,838,837)
(12,829,900)	-	(12,829,900)
(1,616,031)	-	(1,616,031)
(13,006,762)	-	(13,006,762)
(666,796)	-	(666,796)
30,702	-	30,702
<u>(94,503,688)</u>	<u>-</u>	<u>(94,503,688)</u>
<u>-</u>	<u>739,776</u>	<u>739,776</u>
<u>-</u>	<u>739,776</u>	<u>739,776</u>
<u>(94,503,688)</u>	<u>739,776</u>	<u>(93,763,912)</u>
24,378,818	-	24,378,818
43,928,900	-	43,928,900
4,545,827	-	4,545,827
3,157,617	-	3,157,617
37,067	-	37,067
1,629,390	156,077	1,785,467
11,313,325	-	11,313,325
3,160,624	-	3,160,624
15,605,368	-	15,605,368
<u>107,756,936</u>	<u>156,077</u>	<u>107,913,013</u>
13,253,248	895,853	14,149,101
<u>619,583,115</u>	<u>69,335,181</u>	<u>688,918,296</u>
<u>\$ 632,836,363</u>	<u>70,231,034</u>	<u>703,067,397</u>

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:

- Sanitation
- 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, 2015

	General	Sanitation	Special Federal, State & Local Grants
<b>ASSETS:</b>			
Cash and investments (note 3)	\$ 31,616,748	6,022,870	2,697,028
Cash and investments with fiscal agent (note 3)	-	-	-
Receivables (net of allowance for estimated uncollectibles):			
Accounts	1,068,639	456,970	26,605
Taxes (note 5)	5,505,688	522	-
Interest	119,734	10,420	4,525
Intergovernmental	-	-	125,098
Inventories	109,731	-	-
Loans receivable (note 13)	-	-	4,546,651
Total assets	<u>38,420,540</u>	<u>6,490,782</u>	<u>7,399,907</u>
<b>LIABILITIES:</b>			
Accounts payable	1,873,595	158,992	276,142
Accrued items	4,308,789	-	-
Deposits payable	41,234	-	-
Contracts payable	-	14,090	14,811
Due to other agencies	114,979	-	1,336
Unearned revenue	403,654	78,513	-
Total liabilities	<u>6,742,251</u>	<u>251,595</u>	<u>292,289</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Unavailable revenues	74,995	-	-
Total deferred inflows of resources	<u>74,995</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES:</b>			
Nonspendable:			
Inventories	109,731	-	-
Restricted for:			
Special revenue projects	-	-	7,107,618
Committed	-	6,239,187	-
Assigned for:			
Capital projects	-	-	-
Unassigned:	31,493,563	-	-
Total fund balances	<u>31,603,294</u>	<u>6,239,187</u>	<u>7,107,618</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 38,420,540</u>	<u>6,490,782</u>	<u>7,399,907</u>

See accompanying notes to the financial statements.

Revenue Funds			Other	
Housing Successor	Measure M	Capital Improvement	Governmental Funds	Totals 2015
8,362,579	4,491,137	24,523,408	29,688,641	107,402,411
-	-	-	-	-
-	-	611,572	164,644	2,328,430
-	466,912	-	156,898	6,130,020
13,877	8,089	25,300	49,163	231,108
-	-	-	-	125,098
-	-	-	-	109,731
21,379,129	-	-	4,294,710	30,220,490
<u>29,755,585</u>	<u>4,966,138</u>	<u>25,160,280</u>	<u>34,354,056</u>	<u>146,547,288</u>
-	253,977	129,570	283,429	2,975,705
-	-	-	-	4,308,789
-	1,450	-	116,768	159,452
-	36,698	17,732	8,461	91,792
-	-	3,008,599	-	3,124,914
-	-	337,201	208,861	1,028,229
-	292,125	3,493,102	617,519	11,688,881
<u>1,012,000</u>	-	<u>359,862</u>	-	<u>1,446,857</u>
<u>1,012,000</u>	-	<u>359,862</u>	-	<u>1,446,857</u>
-	-	-	-	109,731
28,743,585	4,674,013	-	16,170,070	56,695,286
-	-	-	7,247,561	13,486,748
-	-	21,307,316	10,318,906	31,626,222
-	-	-	-	31,493,563
<u>28,743,585</u>	<u>4,674,013</u>	<u>21,307,316</u>	<u>33,736,537</u>	<u>133,411,550</u>
<u>29,755,585</u>	<u>4,966,138</u>	<u>25,160,280</u>	<u>34,354,056</u>	<u>146,547,288</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, 2015

Fund balances of governmental funds \$ 133,411,550

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	691,177,418
Less capital assets (net) included in internal service funds (below)	(8,066,561)

Long term debt, compensated absences, and other post employment benefits that have not been included in the governmental fund activity:

Compensated absences	(8,279,657)
Other post employment benefits (OPEB)	(8,118,960)

Items related to Net pension liability:

Governmental funds report all pension contributions as expenditures. However, the pension contributions subsequent to the measurement date are reclassified as deferred pension contributions. 14,070,096

Governmental funds report all pension contributions as expenditures. However, in the statement of net position, the excess of the plan total pension liability over the plan fiduciary net position is reported as a net pension liability. (173,457,194)

The difference between the projected and actual earnings on the pension plan investments is reported as deferred inflows of resources and amortized over the remaining service period. (36,234,759)

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. 1,446,857

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. 26,887,573

Net position of governmental activities \$ 632,836,363

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, 2015

	General	Special Revenue Funds		
		Sanitation	Federal, State & Local Grants	Housing Successor
<b>REVENUES:</b>				
Taxes (note 5)	\$ 68,727,586	-	-	-
Franchise fees	2,862,006	-	-	-
Licenses and permits	4,080,299	-	-	-
Use of money and property	931,732	45,569	42,937	158,916
Intergovernmental	13,081,439	65,439	1,655,050	-
Charges for services and fees	7,092,877	4,586,831	32,250	-
Fines and forfeitures	2,138,246	52,418	-	-
Other revenues (note 6)	1,511,705	219,222	-	229,350
<b>Total revenues</b>	<b>100,425,890</b>	<b>4,969,479</b>	<b>1,730,237</b>	<b>388,266</b>
<b>EXPENDITURES:</b>				
Current:				
General government	9,471,637	-	-	33,737
Public safety	63,389,991	-	147,321	-
Public works	7,120,026	-	-	-
Community development	3,687,909	-	-	47,639
Parks and library	11,940,452	-	-	-
Economic development	67,108	-	115,831	374,157
Sanitation	-	4,595,026	-	-
Capital outlay	727,918	941,459	1,499,223	-
<b>Total expenditures</b>	<b>96,405,041</b>	<b>5,536,485</b>	<b>1,762,375</b>	<b>455,533</b>
Excess (deficiency) of revenues over (under) expenditures	4,020,849	(567,006)	(32,138)	(67,267)
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in (note 16)	-	-	-	-
Transfers out (note 16)	(6,785,395)	-	-	-
<b>Total other financing sources (uses)</b>	<b>(6,785,395)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Extraordinary gain/(loss)	-	-	-	-
<b>Net change in fund balances</b>	<b>(2,764,546)</b>	<b>(567,006)</b>	<b>(32,138)</b>	<b>(67,267)</b>
Fund balances, beginning of year	34,367,840	6,806,193	7,139,756	28,810,852
<b>Fund balances, end of year</b>	<b>\$ 31,603,294</b>	<b>6,239,187</b>	<b>7,107,618</b>	<b>28,743,585</b>

See accompanying notes to the financial statements.

Measure M	Capital Improvement	Other Governmental Funds	Totals 2015
2,563,017	-	1,600,008	72,890,611
-	-	295,612	3,157,618
-	-	-	4,080,299
50,368	50,073	349,795	1,629,390
116,909	1,826,414	3,829,332	20,574,583
1,395	7,335	2,019,705	13,740,393
-	-	-	2,190,664
9,971	579	670,091	2,640,918
2,741,660	1,884,401	8,764,543	120,904,476
-	-	244,738	9,750,112
-	-	2,083,285	65,620,597
343,083	-	2,478,999	9,942,108
-	-	-	3,735,548
93,493	6,750	756,172	12,796,867
-	-	-	557,096
-	-	-	4,595,026
2,024,507	1,569,282	4,891,951	11,654,340
2,461,083	1,576,032	10,455,145	118,651,694
280,577	308,369	(1,690,602)	2,252,782
-	3,025,395	-	3,025,395
-	(283,921)	-	(7,069,316)
-	2,741,474	-	(4,043,921)
-	14,548,779	-	14,548,779
280,577	17,598,622	(1,690,602)	12,757,640
4,393,436	3,708,694	35,427,139	120,653,910
4,674,013	21,307,316	33,736,537	133,411,550

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, 2015

Net change in fund balances - total governmental funds	\$ 12,757,640
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 \$9,327,414 exceeded depreciation of \$(8,999,908), disposals of \$(811,818).	(484,312)
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.	157,827
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.	(290,759)
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.	(1,933,661)
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.	2,364,522
Extraordinary gains relating to capital assets transferred from the Successor Agency are reported in the Statement of Activities. However, they do not require the use of current financial resources and, therefore, are not reported in the governmental funds.	1,056,589
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 government	(374,598)
Net change in net position of governmental activities	\$ 13,253,248

See accompanying notes to the financial statements.

CITY OF ORANGE  
Statement of Net Position  
Proprietary Funds  
June 30, 2015

	Business Type Activities - Enterprise Fund Water	Governmental Activities - Internal Service Funds	Totals 2015
<b>ASSETS:</b>			
Current assets:			
Cash and investments (note 3)	\$ 16,709,067	30,915,574	47,624,641
Accounts receivable	3,783,605	-	3,783,605
Interest receivable	30,333	-	30,333
Inventories	741,658	316,745	1,058,403
Prepaid items	-	30,000	30,000
Total current assets	<u>21,264,663</u>	<u>31,262,319</u>	<u>52,526,982</u>
Noncurrent assets:			
Cash and investments with fiscal agent (note 3)	-	42,940	42,940
Capital assets:			
Property, plant and equipment, net (note 4)	<u>66,354,962</u>	<u>8,066,561</u>	<u>74,421,523</u>
Total noncurrent assets	<u>66,354,962</u>	<u>8,109,501</u>	<u>74,464,463</u>
Total assets	<u>87,619,625</u>	<u>39,371,820</u>	<u>126,991,445</u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>			
Deferred pension related items	<u>807,351</u>	<u>230,672</u>	<u>1,038,023</u>
Total deferred outflows of resources	<u>807,351</u>	<u>230,672</u>	<u>1,038,023</u>
<b>LIABILITIES:</b>			
Current liabilities:			
Accounts payable	5,027,055	379,117	5,406,172
Accrued expenses	-	3,887	3,887
Deposits payable	141,130	-	141,130
Claims payable	-	2,969,164	2,969,164
Compensated absences	59,972	-	59,972
Total current liabilities	<u>5,228,157</u>	<u>3,352,168</u>	<u>8,580,325</u>
Long-term liabilities :			
Claims payable (note 8)	-	5,761,241	5,761,241
Compensated absences	362,502	-	362,502
Net pension liability	<u>10,340,508</u>	<u>2,954,431</u>	<u>13,294,939</u>
Total long-term liabilities	<u>10,703,010</u>	<u>8,715,672</u>	<u>19,418,682</u>
Total liabilities	<u>15,931,167</u>	<u>12,067,840</u>	<u>27,999,007</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Deferred pension related items	<u>2,264,775</u>	<u>647,079</u>	<u>2,911,854</u>
Total deferred inflows of resources	<u>2,264,775</u>	<u>647,079</u>	<u>2,911,854</u>
<b>NET POSITION:</b>			
Net Investment in capital assets	66,354,962	8,066,561	74,421,523
Unrestricted	<u>3,876,072</u>	<u>18,821,012</u>	<u>22,697,084</u>
Total net position	<u>\$ 70,231,034</u>	<u>26,887,573</u>	<u>97,118,607</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, 2015

	Business Type Activities - Enterprise Fund Water	Governmental Activities - Internal Service Funds	Totals <u>2015</u>
<b>OPERATING REVENUES:</b>			
Water sales and services	\$ 28,528,019	-	28,528,019
Charges for services and fees	100,145	11,679,583	11,779,728
Other revenues	166,888	140,903	307,791
Total operating revenues	<u>28,795,052</u>	<u>11,820,486</u>	<u>40,615,538</u>
<b>OPERATING EXPENSES:</b>			
Salaries and wages	5,450,491	2,875,382	8,325,873
Maintenance and operations	15,375,897	3,310,990	18,686,887
Contractual services	2,970,482	2,058,137	5,028,619
Depreciation	2,187,488	1,227,213	3,414,701
Interfund charge for administrative services	1,688,072	-	1,688,072
Insurance claims and charges	-	4,039,503	4,039,503
Other expenses	762,468	-	762,468
Total operating expenses	<u>28,434,898</u>	<u>13,511,225</u>	<u>41,946,123</u>
Operating income (loss)	<u>360,154</u>	<u>(1,690,739)</u>	<u>(1,330,585)</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>			
Use of money and property	156,077	-	156,077
Gain (loss) on retirement of assets	(1,467)	11,855	10,388
Interest expense	(3,911)	(515)	(4,426)
Total nonoperating revenues (expenses)	<u>150,699</u>	<u>11,340</u>	<u>162,039</u>
Income (loss) before capital contributions and transfers	510,853	(1,679,399)	(1,168,546)
Capital contributions	385,000	-	385,000
Transfers in (note 16)	-	4,043,921	4,043,921
Change in net position	895,853	2,364,522	3,260,375
Net position, beginning of year, as restated	69,335,181	24,523,051	93,858,232
Net position, end of year	<u>\$ 70,231,034</u>	<u>26,887,573</u>	<u>97,118,607</u>

See accompanying notes to the financial statements.

CITY OF ORANGE  
Statement of Cash Flows  
Proprietary Funds  
Year ended June 30, 2015

	Business Type Activities - Enterprise Fund Water	Governmental Activities - Internal Service Funds	Totals <u>2015</u>
Cash flows from operating activities:			
Cash received from customers	\$ 30,137,505	136,006	30,273,511
Cash received from user departments	166,888	10,485,947	10,652,835
Cash payments to suppliers for goods and services	(18,587,477)	(9,542,106)	(28,129,583)
Cash payments to employees for services	(5,445,649)	(2,915,263)	(8,360,912)
Cash received (paid) for other activities	(2,450,555)	1,374,928	(1,075,627)
Net cash provided by (used for) operating activities	<u>3,820,712</u>	<u>(460,488)</u>	<u>3,360,224</u>
Net cash flows from noncapital financing activities:			
Net transfers to/from other funds	-	4,043,921	4,043,921
Net cash provided by noncapital financing activities	<u>-</u>	<u>4,043,921</u>	<u>4,043,921</u>
Cash flows from capital and related financing:			
Acquisition and construction of capital assets	(5,502,900)	(1,618,113)	(7,121,013)
Payment on financing obligation	-	-	-
Interest paid on financing obligation	(3,911)	(515)	(4,426)
Proceeds from sale of capital assets	-	11,855	11,855
Net cash used for capital and related financing activities	<u>(5,506,811)</u>	<u>(1,606,773)</u>	<u>(7,113,584)</u>
Cash flows from investing activities:			
Interest and dividends on investments	151,550	-	151,550
Net cash provided by investing activities	<u>151,550</u>	<u>-</u>	<u>151,550</u>
Net increase (decrease) in cash and cash equivalents	(1,534,549)	1,976,660	442,111
Cash and cash equivalents at beginning of year	18,243,616	28,981,854	47,225,470
Cash and cash equivalents at end of year	<u>\$ 16,709,067</u>	<u>30,958,514</u>	<u>47,667,581</u>
Cash flows from operating activities:			
Operating income (loss)	\$ 360,154	(1,690,739)	(1,330,585)
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:			
Depreciation	2,187,488	1,227,213	3,414,701
Compensated Absence Adjustment	-	-	-
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	1,509,325	100,252	1,609,577
(Increase) decrease in inventory	36,423	76,144	112,567
Increase (decrease) in accounts payable	(289,050)	(990,178)	(1,279,228)
Increase (decrease) in accrued expenses	40,679	-	40,679
Increase (decrease) in deposits payable	11,529	-	11,529
Increase (decrease) in net pension liability	(35,836)	(10,239)	(46,075)
Increase (decrease) in advances from other funds	-	-	-
Increase (decrease) in claims payable	-	827,059	827,059
Total adjustments	<u>3,460,558</u>	<u>1,230,251</u>	<u>4,690,809</u>
Net cash provided by (used for) operating activities	<u>\$ 3,820,712</u>	<u>(460,488)</u>	<u>3,360,224</u>

See accompanying notes to the financial statements.

CITY OF ORANGE  
Statement of Fiduciary Net Position  
Fiduciary Funds  
June 30, 2015

	Agency Funds	Private-Purpose Trust Fund Successor Agency Trust Funds
<b>ASSETS:</b>		
Cash and investments (note 3)	\$ 3,929,234	10,178,643
Cash and investments with fiscal agent (note 3)	3,196,564	2,632,572
Accounts receivable	-	62,342
Interest receivable	47,341	9,803
Due from other agencies	-	3,123,577
Loans receivable (note 20b)	-	1,318,671
Land held for resale (note 20g)	-	3,634,043
Capital assets (net of accumulated depreciation)	-	5,238,228
Total assets	7,173,139	26,197,879
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>		
Deferred pension related items		57,668
Deferred loss on bond refunding		454,134
Total deferred outflows of resources		511,802
<b>LIABILITIES:</b>		
Accounts payable	5,065	81,868
Interest payable	-	983,221
Deposits payable	723,475	39,376
Due to bondholders	6,444,599	-
Due to other agencies	-	-
Non current liabilities: (note 20e)		
Net pension liability	-	738,608
Due in one year	-	4,091,823
Due in more than one year	-	62,338,938
Total liabilities	\$ 7,173,139	68,273,834
<b>DEFERRED INFLOWS OF RESOURCES:</b>		
Deferred inflows of resources		161,770
Total deferred inflows of resources		161,770
<b>NET POSITION</b>		
Held in trust		\$ (41,725,923)

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, 2015

**ADDITIONS:**

Other	\$ 111,011
Interest	223,747
Rental Income	237,909
County revenue - RPTTF (note 20)	<u>10,330,501</u>
Total additions	<u>10,903,168</u>

**DEDUCTIONS:**

Interest expense	2,431,796
Administrative expenses	370,420
Maintenance and operations expenses	337,709
Depreciation	52,329
Disposition and development agreement payments	2,284,259
Payment to other agencies	1,608,434
Tax allocation refunding bond	456,709
City capital improvement projects	<u>114,434</u>
Total deductions	<u>7,656,090</u>
Extraordinary gain/(loss)	<u>(15,605,368)</u>
Changes in net position	(12,358,290)
Net position - beginning of year, as restated (note 20J)	<u>(29,367,633)</u>
Net position - end of year	<u><u>\$(41,725,923)</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, 2015

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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. 68 – *Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement No. 27* will improve the decision-usefulness of information in employer and governmental non-employer contributing entity financial reports and will enhance its value for assessing accountability and inter-period equity by requiring recognition of the entire net pension liability and a more comprehensive measure of pension expense. Decision-usefulness and accountability will also be enhanced through new note disclosures and required supplementary information. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2014. The City properly implemented this statement in the financial statements of the current period.

GASB Statement No. 71 – *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or non-employer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. The provisions of GASB Statement No. 71 are effective for financial statements beginning after June 15, 2014. The City properly implemented this statement in the financial statements of the current period.

### 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

Financial reporting is based upon all GASB pronouncements, as well as the Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins that were issued on or before November 30, 1989 that do not conflict with or contradict GASB pronouncements.



1. Significant Accounting Policies (continued)

*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 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, 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.

1. Significant Accounting Policies (continued)

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.

*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

1. Significant Accounting Policies (continued)

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 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 and current liabilities are generally included on their balance sheets. The reported fund balance (net current assets) 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 net current assets. 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. However, special reporting treatments are used to indicate that they should not be considered “available spendable resources” since they do not represent net current assets. Recognition of governmental fund type revenue represented by non-current receivables is deferred until they become current receivables. Non-current portions of other long-term receivables are offset by fund balance reserve accounts.

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 net current assets, 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.

When both restricted and unrestricted resources are combined in a fund, expenditures are considered to be paid first from restricted resources, and then from unrestricted resources.

1. Significant Accounting Policies (continued)

*Proprietary and Fiduciary Funds*

The City's Enterprise Fund (Water) is a proprietary fund. 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 and all liabilities (whether current or non-current) associated with their activity are included on their balance sheets. Proprietary fund type 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 the Enterprise Fund Financial Statements, rather than reported as an expense. Proceeds of long-term debt are recorded as a liability in the Enterprise Fund Financial Statements, rather than as an "other financing source". Amounts paid to reduce long-term indebtedness of the Enterprise Fund 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 City revenues and expenses.

Fund Classifications

The funds designated as major funds are determined by a mathematical calculation consistent with GASB Statement No. 34. Generally, once a fund has met the criteria for becoming a major fund, it will continue to be considered a major fund by management regardless of its calculation, to provide consistency and comparability between the years. The City reports the following major governmental funds:

1. Significant Accounting Policies (continued)

*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.

*Sanitation.* This fund is used to account for receipts and expenditures relating to street sweeping, sewer cleaning and weed abatement services.

*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.

*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.

*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.

The City reports the following major enterprise fund:

*Water Enterprise Fund.* This fund is used to account for the provision of water 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 and liabilities 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. They are also used to account for various assessment districts for which the City acts as an agent for debt service activity.

1. Significant Accounting Policies (continued)

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.

Investments

Investments are reported at fair value, except for investment agreements that are reported at cost because they are not transferable and have terms that are not affected by changes in market rates.

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. Changes in the fair value of investments during this year were calculated and recorded.

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, except for \$311,360 of investment income earned primarily by internal service and agency funds that has been assigned to and recorded as revenue of the General Fund, as provided by California Government Code Section 53647.

Inventories and Prepays

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 items in the Government-wide Financial Statements while they are treated as expenditures in the Fund Financial Statements.

1. Significant Accounting Policies (continued)

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 estimated fair market 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.

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, 2015.

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 Fund. 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.

1. Significant Accounting Policies (continued)

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, 2013
Measurement Date (MD)	June 30, 2014
Measurement Period (MP)	July 1, 2013 to June 30, 2014

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, 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 only one type of item in this category. Deferred outflows from changes in the net pension liability is reported only in the statement of net position, arising under the full accrual basis of accounting. These outflows are the results of contributions made after the measurement period, which are expensed in the following year, and of adjustments due to difference in proportions of, and the difference between, actual contributions made and the proportionate share of the risk pool's total contributions. These amounts are deferred and amortized over the expected average remaining service life time.

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 the 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

In accordance with GASB Statement No. 16, 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



1. Significant Accounting Policies (continued)

probable that virtually all of these balances will be liquidated by either paid time off or payments upon termination or retirement.

Under GASB Statement No. 16, 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.

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 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. It is the government’s policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Fund Balance Flow Assumptions

Sometimes the 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. It is the government’s policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

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.

1. Significant Accounting Policies (continued)

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 has not been established; therefore no commitments have been presented.

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 special revenue, capital projects, or debt service fund, the government has assigned those amounts to the purposes of the respective funds. The formal action for assignments of the General Fund by the government's highest authority, City Council, has not been established or delegated to another authority; therefore no assignments have been presented for the General Fund.

Unassigned include the residual amounts that have not been restricted, committed, or assigned to specific purposes.

An individual governmental fund could include nonspendable resources and amounts that are restricted or unrestricted (committed, assigned, or unassigned) or any combination of those classifications. Restricted amounts are to be considered spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available and committed, assigned, then unassigned amounts are considered to have been spent when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications can be used.

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. Explanation of Differences between Government-Wide and Fund Financial Statements

Reconciliation of Governmental Funds Balance Sheet and the Statement of Net Position:

The total fund balances of the City's governmental funds of \$133,411,550, differs from net position of the governmental activities of 632,836,363, reported in the Statement of Net Position. This difference primarily results from the long-term economic focus of the Statement of Net Position versus the current financial resources focus of the

2. Explanation of Differences between Government-Wide and Fund Financial Statements (continued)

Governmental Funds Balance Sheet. The following adjustments have been made to affect this difference and are further illustrated in the detail schedule on pages 48-49 and in the summary on page 25.

Capital Related Items

When capital assets (property, plant and equipment) that are to be used in governmental activities are purchased or constructed, the cost of those assets is reported as expenditures in governmental funds. However, the Statement of Net Position includes those capital assets among the assets of the City as a whole. The cost of capital assets of \$925,983,283 is reduced by accumulated depreciation in the amount of \$234,805,865 for a net capital assets value of \$691,177,418 as of June 30, 2015. The net capital assets reported on the Statement of Net Position includes capital assets and accumulated depreciation reported in the internal service funds in the amount of \$24,594,908 and \$16,528,347, respectively.

Long-Term Debt Transactions

Long-term debt applicable to the City's governmental activities is not due and payable in the current period and, accordingly, is not reported as fund liabilities. All debt (both current and long-term) is reported in the Statement of Net Position. Other than claims (reported in internal service funds), compensated absences, pension liability, and other post employment benefits payable, the City has no governmental long term debt as of June 30, 2015.

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2. Explanation of Differences between Government-Wide and Fund Financial Statements  
(continued)

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

	Total Governmental Funds	Capital Related Items	Accumulated Depreciation	Long-term Debt Transactions	Net Pension Liability
<b>ASSETS:</b>					
Cash and investments	\$ 107,402,411	-	-	-	-
Cash and investments with fiscal agent	-	-	-	-	-
Receivables (net of allowance for estimated uncollectibles):					
Accounts	2,328,430	-	-	-	-
Taxes	6,130,020	-	-	-	-
Interest	231,108	-	-	-	-
Intergovernmental	125,098	-	-	-	-
Inventories	109,731	-	-	-	-
Prepaid items	-	-	-	-	-
Loans receivable	30,220,490	-	-	-	-
Capital assets, net of accumulated depreciation	-	901,388,375	(218,277,518)	-	-
Total assets	146,547,288	901,388,375	(218,277,518)	-	-
Def. outflow of resources - net pension liability	-	-	-	-	14,070,096
Total assets and def. outflows of resources	146,547,288	901,388,375	(218,277,518)	-	14,070,096
<b>LIABILITIES AND FUND BALANCES/NET ASSETS:</b>					
Liabilities:					
Accounts payable	2,975,705	-	-	-	-
Accrued items	4,308,789	-	-	-	-
Deposits payable	159,452	-	-	-	-
Contracts payable	91,792	-	-	-	-
Due to other agencies	3,124,914	-	-	-	-
Unearned revenue	1,028,229	-	-	-	-
Current portion - long-term payable	-	-	-	-	-
Long-term liabilities	-	-	-	-	-
Net pension liability	-	-	-	-	173,457,194
Total liabilities	11,688,881	-	-	-	173,457,194
Def. inflows of resources-net pension liability	-	-	-	-	36,234,759
Def. inflows of resources-unavailable revenue	1,446,857	-	-	-	-
Fund balances/net position	133,411,550	901,388,375	(218,277,518)	-	(195,621,857)
Total liab., deferred inflows of resources and fund bal./net position	\$ 146,547,288	901,388,375	(218,277,518)	-	14,070,096

Unamortized Costs of Issuance	Compensated Absences Payable	Deferred Inflows	Other Post Employment Benefits	Internal Service Funds	Reclassifications and Eliminations	Statement of Net Position
-	-	-	-	30,915,574	-	138,317,985
-	-	-	-	42,940	-	42,940
-	-	-	-	-	-	2,328,430
-	-	-	-	-	-	6,130,020
-	-	-	-	-	-	231,108
-	-	-	-	-	-	125,098
-	-	-	-	316,745	-	426,476
-	-	-	-	30,000	-	30,000
-	-	-	-	-	-	30,220,490
-	-	-	-	8,066,561	-	691,177,418
-	-	-	-	39,371,820	-	869,029,965
-	-	-	-	230,672	-	14,300,768
-	-	-	-	39,602,492	-	883,330,733
-	-	-	-	379,117	-	3,354,822
-	-	-	-	3,887	-	4,312,676
-	-	-	-	-	-	159,452
-	-	-	-	-	-	91,792
-	-	-	-	-	-	3,124,914
-	-	-	-	-	-	1,028,229
-	2,997,014	-	-	2,969,164	-	5,966,178
-	5,282,643	-	8,118,960	5,761,241	-	19,162,844
-	-	-	-	2,954,431	-	176,411,625
-	8,279,657	-	8,118,960	12,067,840	-	213,612,532
-	-	(1,446,857)	-	647,079	-	36,881,838
-	(8,279,657)	1,446,857	(8,118,960)	26,887,573	-	632,836,363
-	-	-	-	39,602,492	-	883,330,733

2. Explanation of Differences between Government-Wide and Fund Financial Statements (continued)

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

The net change in fund balances for governmental funds of \$12,757,640, differs from the change in net position for governmental activities of \$13,253,248, reported in the Statement of Activities. The differences arise primarily from the long-term economic focus of the Statement of Activities versus the current financial resources focus of the governmental funds. The following adjustments have been made to effect this difference and are further illustrated in the detail schedule on pages 52-53 and in the summary on page 28.

Capital Related Items

When capital assets that are to be used in governmental activities are purchased or constructed, the resources expended for those assets are reported as expenditures in governmental funds. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. As a result, fund balance decreases by the amount of financial resources expended, whereas net position decreases by the amount of depreciation expense charged for the year. Capital outlay in the amount of \$9,327,414 was capitalized and is reduced by disposals of \$811,818 and depreciation expense of \$8,999,908.

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2. Explanation of Differences between Government-Wide and Fund Financial Statements  
(continued)

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

	Total Governmental Funds	Capital Related Items	Accumulated Depreciation	Net Pension Liability
<b>REVENUES:</b>				
Taxes	\$ 72,890,611	-	-	-
Franchise fees	3,157,618	-	-	-
Licenses and permits	4,080,299	-	-	-
Use of money and property	1,629,390	-	-	-
Intergovernmental	20,574,583	-	-	-
Charges for services and fees	13,740,393	-	-	-
Fines and forfeitures	2,190,664	-	-	-
Other revenues	2,640,918	-	-	-
Total revenues	<u>120,904,476</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXPENDITURES/EXPENSES:</b>				
Current:				
General government	9,750,112	-	184,277	(39,385)
Public safety	65,620,597	-	747,093	533,652
Public works	9,942,108	3,191,378	5,305,089	(53,057)
Community development	3,735,548	-	4,469	(20,929)
Parks and library	12,796,867	-	1,272,836	(43,076)
Economic development	557,096	-	1,433,510	(2,607)
Sanitation	4,595,026	-	-	-
Gas tax exchange	-	-	-	-
Capital outlay	11,654,340	(11,654,340)	-	-
Total expenses	<u>118,651,694</u>	<u>(8,462,962)</u>	<u>8,947,274</u>	<u>374,598</u>
Excess (deficiency) of revenues over (under) expenses	<u>2,252,782</u>	<u>8,462,962</u>	<u>(8,947,274)</u>	<u>(374,598)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Extraordinary gain/(loss)	14,548,779	1,056,589	-	-
Transfers in	3,025,395	-	-	-
Transfers out	(7,069,316)	-	-	-
Total other financing sources (uses)	<u>10,504,858</u>	<u>1,056,589</u>	<u>-</u>	<u>-</u>
Net change in fund balances/net position	12,757,640	9,519,551	(8,947,274)	(374,598)
Fund balances/net position, beginning of year, as restated	120,653,910	891,868,824	(209,330,244)	(195,247,259)
Fund balances/net position, end of year	<u>\$ 133,411,550</u>	<u>901,388,375</u>	<u>(218,277,518)</u>	<u>(195,621,857)</u>



Compensated Absences	Deferred Inflows	Other Post Employment Benefits	Internal Service Funds	Reclassifications and Eliminations	Statement of Activities
-	-	-	-	-	72,890,611
-	-	-	-	-	3,157,618
-	-	-	-	-	4,080,299
-	-	-	-	-	1,629,390
-	(290,759)	-	-	-	20,283,824
-	-	-	-	(725,160)	13,015,233
-	-	-	-	-	2,190,664
-	-	-	-	-	2,640,918
-	(290,759)	-	-	(725,160)	119,888,557
(196,670)	-	1,933,661	136,464	(725,160)	11,043,299
228,782	-	-	944,580	-	68,074,704
(208,905)	-	-	255,761	-	18,432,374
(11,224)	-	-	52,173	-	3,760,037
2,523	-	-	197,403	-	14,226,553
10,248	-	-	28,117	-	2,026,364
17,419	-	-	64,901	-	4,677,346
-	-	-	-	-	-
-	-	-	-	-	-
(157,827)	-	1,933,661	1,679,399	(725,160)	122,240,677
157,827	(290,759)	(1,933,661)	(1,679,399)	-	(2,352,120)
-	-	-	-	-	15,605,368
-	-	-	4,043,921	(7,069,316)	-
-	-	-	-	7,069,316	-
-	-	-	4,043,921	-	15,605,368
157,827	(290,759)	(1,933,661)	2,364,522	-	13,253,248
(8,437,484)	1,737,616	(6,185,299)	24,523,051	-	619,583,115
(8,279,657)	1,446,857	(8,118,960)	26,887,573	-	632,836,363

3. Cash and Investments

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

Statement of Net Position:	
Cash and investments	\$155,027,052
Cash and investments with fiscal agent	42,940
Statement of Fiduciary Net Position	
Cash and investments	14,107,877
Cash and investments with fiscal agent	5,829,136
	<hr/>
Total cash and investments	\$ 175,007,005
	<hr/> <hr/>

Cash and investments at June 30, 2015 consisted of the following:

Petty Cash	\$ 38,170
Bank Balance (net of outstanding checks)	4,214,033
Investments	170,754,802
	<hr/>
Total	\$ 175,007,005
	<hr/> <hr/>

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 65% 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%).

### 3. 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 10% 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 (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. The LAIF investment portfolio consists primarily of U.S. treasuries, federal agency securities, certificates of deposit, time deposits, and commercial paper.

The Governmental Accounting Standards Board (GASB) has established in their Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools, that investments held by the City should be reported at their fair value as of the end of the fiscal year.

#### 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 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 30%, 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 30% 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.

3. Cash and Investments (continued)

At June 30, 2015 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
FHLB	\$ 24,867,600	-	4,999,600	9,927,500	9,940,500
FHLMC	21,002,090	-	4,995,000	5,994,840	10,012,250
FNMA	30,955,490	-	9,980,900	8,981,010	11,993,580
FFCB	18,099,360	-	18,099,360	-	-
Medium Term Note:					
Berkshire Hathaway	6,000,660	-	-	6,000,660	-
Commercial Paper:					
UBS Finance	14,491,385	14,491,385	-	-	-
U.S. T-Notes	5,003,500	5,003,500	-	-	-
LAIF	44,516,731	44,516,731	-	-	-
Held by trustee:					
US Bank:					
First American:					
Prime Fund	20,751	20,751	-	-	-
Treasury Fund	78,750	78,750	-	-	-
Government Fund	1,939,475	1,939,475	-	-	-
FHLMC	2,220,866	-	-	-	2,220,866
FHLB	1,558,144	-	-	-	1,558,144
<b>Total</b>	<b>\$170,754,802</b>	<b>66,050,592</b>	<b>38,074,860</b>	<b>30,904,010</b>	<b>35,725,340</b>

*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, 2015 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+	14.56%
Federal Home Loan Mtg. Corp	Not applicable	AA+	12.30%
Federal National Mtg. Assn.	Not applicable	AA+	18.13%
Federal Farm Credit Bank	Not applicable	AA+	10.60%
Medium Term Note:			
Berkshire Hathaway	AA-	AA	3.51%
Commercial Paper:			
UBS Finance	A1	A1	8.49%
U.S. Treasury Notes	Exempt	Exempt	2.93%
Calif. Local Agcy Invest. Fund	Not rated	Not rated	26.07%
Held by trustee:			
U.S. Bank			
First American Prime Fund	Not applicable	AAA	.01%
First American Treasury Fund	Not applicable	AAA	.05%
First American Government Fund	Not applicable	AAA	1.14%
Federal Home Loan Mtg. Corp.	Not Applicable	AA+	1.30%
Federal Home Loan Bank	Not applicable	AA+	.91%
<b>Total</b>			<b>100.00%</b>

3. 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, Certificates of Deposit, and external investment pools which are exempt) that represent 5% or more of the total City's investment 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.

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#### 4. Capital Assets

Capital asset activity for the year ended June 30, 2015 was as follows:

Governmental activities:

	Beginning Balance	Increases	Transfer from Successor Agency (1)	Transfer into Service	Decreases	Ending Balance
Capital assets, not being depreciated:						
Land	\$ 74,596,839	-	-	-	-	74,596,839
Rights of way	344,714,002	267,100	-	-	-	344,981,102
Construction in progress	13,670,567	3,254,921	242,026	(2,109,192)	-	15,058,322
Total capital assets, not being depreciated	432,981,408	3,522,021	242,026	(2,109,192)	-	434,636,263
Capital assets, being depreciated:						
Infrastructure	359,123,462	4,032,228	-	1,867,166	2,038,496	362,984,360
Structures and improvements	88,738,959	499,315	2,206,784	242,026	-	91,687,084
Furniture, fixtures and equipment	35,159,525	2,953,212	-	-	1,437,161	36,675,576
Total capital assets, being depreciated	483,021,946	7,484,755	2,206,784	2,109,192	3,475,657	491,347,020
Less accumulated depreciation for:						
Infrastructure	175,608,268	6,412,679	-	-	1,247,663	180,773,284
Structures and improvements	25,152,382	1,844,411	1,392,221	-	-	28,389,014
Furniture, fixtures and equipment	25,028,463	1,970,031	-	-	1,354,927	25,643,567
Total accumulated depreciation	225,789,113	10,227,121	1,392,221	-	2,602,590	234,805,865
Total capital assets, being depreciated, net	257,232,833	(2,742,366)	814,563	2,109,192	873,067	256,541,155
Governmental activities capital assets, net	\$690,214,241	779,655	1,056,589	-	873,067	691,177,418

- (1) In December 2013, with the approval of the State Department of Finance, the Successor Agency transferred ten (10) properties from the former Redevelopment Agency (RDA) to the City as they were designated for governmental use. The land associated with these properties was transferred, but the buildings on the land did not get transferred as they should have. The transfer of these buildings was done on July 1, 2014 and is reflected in the Transfer from Successor Agency column above.

4. Capital Assets (continued)

Business-type activities:

	Beginning Balance	Increases	Transfer to Service	Decreases	Ending Balance
Capital assets, not being depreciated:					
Land	\$ 2,646,932	-	-	-	2,646,932
Construction in Progress	2,027,704	5,357,427	(1,435,619)	-	5,949,512
Total capital assets, not being depreciated	4,674,636	5,357,427	(1,435,619)	-	8,596,444
Capital assets, being depreciated:					
Bldgs and structures	2,300,389	-	-	-	2,300,389
Improvements other than buildings:					
Wells	5,804,632	-	491,886	-	6,296,518
Water tanks	14,916,691	-	-	-	14,916,691
Water lines	95,919,034	385,000	943,733	18,593	97,229,174
Machinery and Equipment	7,097,929	145,473	-	-	7,243,402
Total capital assets being depreciated	126,038,675	530,473	1,435,619	18,593	127,986,174
Less accumulated depreciation for:					
Bldgs and structures	1,112,981	99,196	-	-	1,212,177
Improvements other than buildings:					
Wells	2,063,635	137,916	-	-	2,201,551
Water tanks	6,644,988	256,534	-	-	6,901,522
Water Lines	56,298,161	1,566,350	-	17,125	57,847,386
Machinery and Equipment	1,937,528	127,492	-	-	2,065,020
Total accumulated Depreciation	68,057,293	2,187,488	-	17,125	70,227,656
Total capital assets, being depreciated, net	57,981,382	(1,657,015)	1,435,619	1,468	57,758,518
Business-type activities capital assets, net	\$ 62,656,018	3,700,412	-	1,468	66,354,962

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4. Capital Assets (continued)

At June 30, 2015, the City had an outstanding purchase order commitment for the Pavement Management Program project in the amount of \$3,864,175. A breakdown of this commitment by fund is as follows:

Federal State and Local Grants	423,500
Capital Improvements	539,745
Non-Major Special Revenue	2,900,930

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

	Governmental Activities	Business-Type Activities
General government	\$ 254,314	-
Public safety	874,250	-
Public works	6,552,751	-
Community development	4,469	-
Parks and library	1,272,837	-
Economic development	41,287	-
Internal Service Funds	1,227,213	-
Water	-	2,187,488
Total	<u>\$10,227,121</u>	<u>2,187,488</u>

5. 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



5. Taxes (continued)

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.

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.

6. 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.

7. 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,

7. Retirement Plan (continued)

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 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.

At June 30, 2015, the following employees were covered by the benefit terms of the Plan:

Inactive employees or beneficiaries currently receiving benefits	953
Inactive employees entitled to but not yet receiving benefits	521
Active employees	<u>611</u>
Total	<u>2,085</u>

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. For the measurement period ended June 30, 2014 (the measurement date), the average active contribution rate for Miscellaneous and Safety employees is 8 and 9 percent of annual pay, respectively, and the employer's contribution rate is 20.063 and 30.113 percent of annual payroll, respectively. 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.

7. Retirement Plan (continued)

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

For the measurement period ended June 30, 2014 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2013 total pension liability. The June 30, 2013 and the June 30, 2014 total pension liabilities were based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal in accordance with the requirements of GASB Statement No. 68
Actuarial Assumptions	
Discount Rate	7.50%
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.50% Net of Pension Plan Investment and Administrative Expenses; includes Inflation
Mortality Rate Table (1)	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

(1) 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, 2013 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.

Discount Rate

The discount rate used to measure the total pension liability was 7.50 percent. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, CalPERS considers the current 7.50 percent discount rate to be adequate and the use of the municipal bond rate calculation is not necessary. The long-term expected discount rate of 7.50 percent

7. Retirement Plan (continued)

is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called “GASB Crossover Testing Report” that can be obtained at CalPERS’ website under the GASB 68 section.

According to Paragraph 30 of GASB Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50 percent investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65 percent. Using this lower discount rate has resulted in a slightly higher total pension liability and net pension liability. CalPERS deemed this difference immaterial to the agent multiple-employer plan.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the 2017-18 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as they have changed their methodology.

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

7. Retirement Plan (continued)

<b>Asset Class</b>	<b>New Strategic Allocation</b>	<b>Real Return Years 1 - 10 (1)</b>	<b>Real Return Years 11+ (2)</b>
Global Equity	47.00%	5.25%	5.71%
Global Fixed Income	19.00	0.99	2.43
Inflation Sensitive	6.00	0.45	3.36
Private Equity	12.00	6.83	6.95
Real Estate	11.00	4.50	5.13
Infrastructure and Forestland	3.00	4.50	5.09
Liquidity	2.00	-0.55	-1.05

(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, fiduciary self-insurance and Other Post-Employment Benefits (OPEB) expense 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.

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.

7. Retirement Plan (continued)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Assets) (c)=(a)-(b)
Balance at: 6/30/2013 (Valuation Date) (1)	\$295,340,344	\$205,976,704	\$ 89,363,640
Changes Recognized for the Measurement Period:			
Service Cost	4,911,456		4,911,456
Interest on the Total Pension Liability	21,813,800		21,813,800
Contribution from the Employer		4,836,725	(4,836,725)
Contributions from Employees		2,042,395	(2,042,395)
Net Investment Income (2)		35,349,001	(35,349,001)
Benefit Payments including Refunds of Employee Contributions	(13,890,809)	(13,890,809)	-
Net Changes During 2013-14	12,834,447	28,337,312	(15,502,865)
Balance at: 6/30/2014 (Measurement Date) (1)	308,174,791	234,314,016	73,860,775

- (1) The fiduciary net position includes receivables for employee service buybacks, deficiency reserves, fiduciary self-insurance and OPEB expense. This may differ from the plan assets reported in the funding actuarial valuation report
- (2) Net of administrative expenses.

Sensitivity of the 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 7.50 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 (6.50 percent) or 1 percentage-point higher (8.50 percent) than the current rate:

	Discount Rate - 1% (6.50%)	Current Discount Rate (7.5%)	Discount Rate +1% (8.5%)
Plan's Net Pension Liability/(Assets)	\$ 113,645,077	\$ 73,860,775	\$ 40,865,249

7. 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: 6/30/2013 (Valuation Date) (1)	\$428,456,164	\$293,281,551	\$ 135,174,613
Changes Recognized for the Measurement Period:			
Service Cost	8,277,333		8,277,333
Interest on the Total Pension Liability	31,691,919		31,691,919
Contribution from the Employer		8,394,155	(8,394,155)
Contributions from Employees		2,571,235	(2,571,235)
Net Investment Income (2)		50,548,509	(50,548,509)
Benefit Payments including Refunds of Employee Contributions	(20,071,826)	(20,071,826)	-
Net Changes During 2013-14	19,897,426	41,442,073	(21,544,647)
Balance at: 6/30/2014 (Measurement Date) (1)	448,353,590	334,723,624	113,629,966

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

(2) Net of administrative expenses.

Sensitivity of the 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 7.50 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 (6.50 percent) or 1 percentage-point higher (8.50 percent) than the current rate:

	Discount Rate - 1% (6.50%)	Current Discount Rate (7.5%)	Discount Rate +1% (8.5%)
Plan's Net Pension Liability/(Assets)	\$ 174,150,476	\$ 113,629,966	\$ 63,799,652

7. Retirement Plan (continued)

Subsequent Events

There were no subsequent events that would materially affect the results presented in this disclosure.

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).

The EARSL for the Miscellaneous Plan for the 2013-14 measurement period is 2.3 years, which was obtained by dividing the total service years of 3,103 (the sum of remaining service lifetimes of the active employees) by 1,343 (the total number of participants: active, inactive, and retired).

The EARSL for the Safety Plan for the 2013-14 measurement period is 3.9 years, which was obtained by dividing the total service years of 2,884 (the sum of remaining service lifetimes of the active employees) by 742 (the total number of 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.



7. Retirement Plan (continued)

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

As of the start of the measurement period (July 1, 2013), the net pension liability is \$89,363,640 for the Miscellaneous Plan and \$135,174,613 for the Safety Plan.

For the measurement period ending June 30, 2014 (the measurement date), the City of Orange incurred a pension expense of \$5,510,819 for the Miscellaneous Plan and \$9,980,931 for the Safety Plan, allocated as follows:

	Governmental Activities	Business-type Activities	Fiduciary Funds	Totals
Miscellaneous Plan	\$ 4,684,195	\$ 771,515	\$ 55,109	\$ 5,510,819
Safety Plan	9,980,931			9,980,931
Total Pension Expense	\$ 14,665,126	\$ 771,515	\$ 55,109	\$ 15,491,750

As of the end of the measurement period (June 30, 2014) and as presented in the June 30, 2015 Statement of Net Position, the net pension liability is \$73,860,775 for the Miscellaneous Plan and \$113,629,966 for the Safety Plan, allocated as follows:

	Governmental Activities	Business-type Activities	Fiduciary Funds	Totals
Miscellaneous Plan	\$ 62,781,659	\$ 10,340,508	\$ 738,608	\$ 73,860,775
Safety Plan	113,629,966			113,629,966
Total Pension Expense	\$ 176,411,625	\$ 10,340,508	\$ 738,608	\$ 187,490,741

As of June 30, 2014, 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	\$ 15,165,787	\$ -
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	(39,308,383)
Total	\$ 15,165,787	\$ (39,308,383)

7. Retirement Plan (continued)

\$15,165,787 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, 2016.

Amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in future pension expense as follows:

Measurement Period ended June 30:	Deferred Outflows/(Inflows) of Resources
2015	\$ (10,344,311)
2016	\$ (10,344,311)
2017	\$ (10,344,311)
2018	\$ (8,275,450)

8. 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 claim. For amounts in excess of \$350,000 and up to \$2,000,000 the City participates in a public entity risk pool maintained through the California Insurance Pool Association (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 \$2,000,000, the pool purchases commercial insurance and has coverage up to \$32,000,000.

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 claim, with the excess insurance covering claims above that amount.

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 incurred but not reported (IBNR). The liability for claims and judgments is

8. Insurance Program (continued)

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, 2014 and June 30, 2015 are as follows:

	General Liability	Workers' Compensation	Totals
Unpaid claims, July 1, 2013	\$ 1,295,841	7,392,627	8,688,468
Incurred claims	101,603	646,532	748,135
Adjustment to IBNR	(282,442)	321,709	39,267
Less claim payments	(332,054)	(1,240,470)	(1,572,524)
Unpaid claims, June 30, 2014	782,948	7,120,398	7,903,346
Less current portion of unpaid claims	(335,490)	(2,469,206)	(2,804,696)
Noncurrent unpaid claims, June 30, 2014	\$ 447,458	4,651,192	5,098,650
Unpaid claims, July 1 2014	\$782,948	7,120,398	7,903,346
Incurred claims	381,414	2,096,776	2,478,190
Less claims 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 claim	(391,028)	(2,578,136)	(2,969,164)
Noncurrent unpaid claims, June 30, 2015	448,236	5,313,005	5,761,241

9. 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 agent multiple-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 \$122 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, 2015, the City recognized \$369,507 in expenditures, net of retiree contributions. There were 255 retired eligible employees who participated in the plan.

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

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

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. 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**.

9. 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, 2014. GASB requires that a valuation be done bi-ennially. At June 30, 2016, 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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9. Other Post Employment Benefits (OPEB) continued

Present Value of Future Benefits on June 30, 2014	
Actives	\$22,099,034
Terminated Vesteds	0
Retirees	12,643,217
Total	<u>\$34,742,251</u>
Present Value of Future Normal Costs on June 30, 2014	
Actives	\$7,150,123
Terminated Vesteds	0
Retirees	0
Total	<u>\$7,150,123</u>
Actuarial Liability on June 30, 2014	
Actives	\$14,948,910
Terminated Vesteds	0
Retirees	12,643,217
Total	<u>\$27,592,128</u>
Normal Costs on June 30, 2015 (Level Dollars)	\$793,449
Actuarial Value of Assets on June 30, 2014	\$0
Unfunded Actuarial Liability	\$27,592,128
Annual Required Contribution (ARC) for FY14-15	
Normal Cost	\$793,449
Amortization of Unfunded Actuarial Liability	1,534,284
ARC for FY 2014-15	<u>2,327,733</u>
Interest on prior year net OPEB obligation	340,521
Adjustment to Annual Required Contribution	<u>(357,696)</u>
Total Annual OPEB Cost (AOC)	\$2,310,558
Actual Premium Payments	
Amount	(\$369,507)
Interest	(7,390)
Total	<u>(\$376,897)</u>
Increase in Net OPEB Obligation	\$1,933,661
Net OPEB Obligation – Beginning of Year	<u>6,185,299</u>
Net OPEB Obligation on June 30, 2015	<u><u>\$8,118,960</u></u>

9. 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, 2014
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	Market Value
Actuarial Assumptions:	4.00% annual return net of administrative
Investment Rate of Return:	and investment related expenses
Medical Inflation Rate:	3.75% annually
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)
6/30/2010	-	\$12,496,962	12,496,962	0%
6/30/2012	-	11,873,809	11,873,809	0%
6/30/2014	-	27,592,127	27,592,127	0%

Schedule of Employer Contributions

Fiscal Year Ending	Annual OPEB Cost	Actual Contribution (1)	Percent Funded	Net Increase/(Decrease) OPEB Obligation
06/30/2013	\$931,833	323,234	35%	608,599
06/30/2014	2,251,241	355,984	16%	1,895,257
06/30/2015	2,310,558	376,897	16%	1,933,661

(1) Includes interest earned on contributions

## 10. Long-Term Liabilities

Following is a reconciliation of long-term liabilities for the year ended June 30, 2015:

	Beginning Balance, As Restated	Additions	Deletions	Ending Balance	Amounts Due Within One Year	Amounts Due Beyond One Year
Governmental activities:						
OPEB obligation	\$6,185,299	2,310,558	376,897	8,118,960	-	8,118,960
Compensated absences	8,437,484	2,896,317	3,054,144	8,279,657	2,997,014	5,282,643
Claims payable	7,903,346	2,478,190	1,651,131	8,730,405	2,969,164	5,761,241
Net pension liability	211,133,707		34,722,082	176,411,625		176,411,625
Business-type activities						
Compensated absences	381,795	94,876	54,197	422,474	59,972	362,502
Net pension liability	12,510,909		2,170,401	10,340,508		10,340,508
Total	\$246,552,540	7,779,941	42,028,852	212,303,629	6,026,150	206,277,479

## 11. 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.

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.

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.

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

Description	Beginning Balance (1)	Additions	Deletions	Ending Balance
Sycamore Crossing				
A.D. 95-1	\$ 460,000	-	45,000	415,000
Serrano Heights				
C.F.D. 91-2	28,520,000	-	830,000	27,690,000
Del Rio C.F.D. 06-1, 2010	24,890,000	-	24,890,000	-
Del Rio C.F.D. 06-1, 2015 Special Tax Refunding	-	23,920,000	-	23,920,000
Total	\$53,870,000	23,920,000	25,765,000	52,025,000



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

- (1) The beginning balance of the Sycamore Crossing A.D. 95-1 bonds is adjusted to reflect a bond call of \$50,000 in 2013-14 that was not reported in last year's financial statements.

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.

12. 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.

13. 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 of housing for low and moderate-income families in the City. First-time homebuyer loans assist new homebuyers with 10% of the purchase price, up to a maximum of \$22,500. Repayment is deferred for five years at 0% interest, and then is payable in monthly installments in years 6 through 15 at 5% per annum. State law now requires longer affordability covenant terms. 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.

13. Loans Receivable (continued)

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. Because of the length of the deferral on these loans, the City has recorded a “deferred inflow of resources” in the full amount of the loans outstanding. At June 30, 2015, the outstanding amount for these loans was \$1,012,000.

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, 2015 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 for these housing loans at June 30, 2015 are comprised of the following:

	Short-term	Long-term	Total
Successor Housing loans	\$ 67,080	21,312,049	21,379,129
In-lieu loan	-	4,294,710	4,294,710
HOME loans	10,720	3,903,875	3,914,595
CDBG loans	-	632,056	632,056
 Total Loans	 \$ 77,800	 30,142,690	 30,220,490

14. 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 restatement adjusts the matching of prior years’ revenues and expenditures in the proper funds. The following schedule summarizes the effects of the prior period adjustments to the beginning fund balances/net position as of July 1, 2014:

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

Government-wide Financial Statements:

Activity	Beginning Net Position, as Previously Reported	Adjustment of Prior Year Revenue / Expenditure	Beginning Net Position, as Restated
Governmental	\$818,211,451	(198,628,336)	619,583,115
Business-Type	81,168,949	(11,833,768)	69,335,181
Totals	\$899,380,400	(210,462,104)	688,918,296

Fund Financial Statements:

Proprietary Funds

Activity	Beginning Net Position as Previously Reported	Adjustment of Prior Year Revenue / Expenditure	Beginning Net Position, as Restated
Enterprise Fund Water	\$81,168,949	(11,833,768)	69,335,181
Internal Service Funds	27,904,128	(3,381,077)	24,523,051
Totals	\$109,073,077	(15,214,845)	93,858,232

The above adjustment in the Government-wide financial statements and in the Fund Financial Statements are the result of implementation of GASB 68, which requires the recording of the City's net pension liability in the Government-wide financial statements as well as in the Proprietary Funds in the Fund Financial statements.

15. Extraordinary Gains

In accordance with the Bond Proceeds Funding Agreement, approved by the State Department of Finance, \$14,548,779 in unspent bond proceeds were transferred from the Successor Agency to the City to fund the capital improvements consistent with the original bond covenants. In addition, properties valued at \$1,056,589, designated as governmental use by the City and approved by the State Department of Finance, were transferred from the Successor Agency to the City, for a total Extraordinary gain of \$15,605,368.

16. Transfers

Transfers between funds for the year ended June 30, 2015 are as follows:

Transfers Out	Transfers In		Totals
	Capital Imp. Fund	Internal Serv. Fund	
General Fund (1)	3,025,395	3,760,000	6,785,395
Capital Imp. Fund (2)		283,921	283,921
Totals	\$3,025,395	4,043,921	7,069,316

16. Transfers (continued)

Interfund transfers were used to (1) fund general funded capital projects, future contributions toward pension liability, and current year workers' comp expenses and employee retirement payouts and benefits; and (2) fund improvements to City facilities and reimburse Liability Fund for a claim reimbursement.

17. Deficit Equity Balances

The Equipment Maintenance Internal Service Fund had a deficit unrestricted net position of \$1.9 million, due to the implementation of GASB 68, which requires the recording of the fund's unfunded net pension liability of \$2.9 million.

18. 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.

19. 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.

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

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.

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.

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 is currently under review. The Successor Agency is awaiting formal approval of this plan.

A. Cash and investments

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

Cash and investments pooled with the City	\$ 10,178,643
Cash and investments with fiscal agent	<u>2,632,572</u>
Total Cash	<u>\$ 12,811,215</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.

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

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.

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 at June 30, 2015 is as follows:

Commercial loans	\$ 725,603
SBA loans	<u>593,068</u>
Total	<u>\$1,318,671</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, 2015 is \$3,008,599, plus accrued interest of \$114,978.

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

D. Capital Assets

An analysis of capital assets as of June 30, 2015 is as follows:

	Balance July 1, 2014	Additions	Deletions	Transfer to the City (1)	Balance June 30, 2015
Nondepreciable Assets:					
Land	\$ 2,118,722	-	-	-	2,118,722
Rights of way	-	-	-	-	-
Construction in progress	1,236,104	165,699	196,884	242,026	962,893
Total nondepreciable assets	3,354,826	165,699	196,884	242,026	3,081,615
Depreciable Assets:					
Infrastructure	-	-	-	-	-
Structures & improvements	4,676,888	196,884	-	2,206,784	2,666,988
Total depreciable assets	4,676,888	196,884	-	2,206,784	2,666,988
Total Capital Assets	8,031,714	362,583	196,884	2,448,810	5,748,603
Less Accumulated Depreciation	1,850,268	52,328	-	1,392,221	510,375
Capital Assets, Net	\$ 6,181,446	310,255	196,884	1,056,589	5,238,228

(1) Properties valued at \$1,056,589, 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, 2015, follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Amounts Due Within One Year	Amounts Due Beyond One Year
Governmental activities:						
Tax allocation bonds	\$ 69,910,000	32,871,408	36,350,647	66,430,761	4,091,823	62,338,938
Certificates of Participation	1,000,000	-	1,000,000	-	-	-
Total	\$ 70,910,000	32,871,408	37,350,647	66,430,761	4,091,823	62,338,938

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

Tax Allocation Bonds

To provide funds to refund the 1993 Southwest Redevelopment Project Tax Allocation Refunding Bonds, Issue A, and the 1993 Northwest Redevelopment Project Tax Allocation Refunding Bonds, Issue B, the Agency sold Orange Merged and Amended Redevelopment Project Area 2003 Tax Allocation Refunding Bonds – Series A, on September 24, 2003 in the amount of \$45,915,000 maturing September 1, 2023. The initial bonds were issued for redevelopment purposes except for \$2,883,906, which was used to acquire capital assets for the Agency. The serial bonds are payable in annual installments of \$395,000 to \$4,210,000 and mature in years 2004 to 2023. The interest rate on the bonds ranges from 2.00% to 4.80%. In order to satisfy the reserve requirement, the City purchased a surety bond in lieu of a cash funded debt service reserve fund. This action reduced cash with fiscal agent by \$4.31 million and resulted in a lower debt amount being issued. These bonds were refunded in December 2014, through the issuance of the Orange Merged and Amended Redevelopment Project Area 2014 Tax Allocation Refunding Bonds, Series A.

To provide funds to advance refund the 1986 Tustin Street Tax Allocation Bonds, the Agency sold Tax Allocation Refunding Bonds - Series A dated June 10, 1997, in the amount of \$3,280,000, maturing September 1, 2016. The initial bonds were issued for redevelopment purposes. The bonds maturing in the years prior to 2007 are serial bonds payable in annual installments of \$110,000 to \$165,000; bonds maturing in the years 2008 to 2016 are term bonds payable in annual installments of \$170,000 to \$265,000. Interest rates on the bonds range from 3.90% to 5.50%. Funds are maintained in a cash reserves account sufficient to cover the maximum annual debt service. The bonds outstanding at June 30, 2014 were \$760,000. These bonds were refunded in December 2014, through the issuance of the Orange Merged and Amended Redevelopment Project Area 2014 Tax Allocation Refunding Bonds, Series A.

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, 2015 were \$28,365,000.

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



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

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, 2015 were \$5,455,000.

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, 2015 were \$28,850,000.

Refunding Certificates of Participation

In April 1998 Certificates of Participation (Orange Police Facility Headquarters Project) were issued in the amount of \$12,215,000 to refund and defease the outstanding 1989 Certificates of Participation (Orange Police Facility Headquarters Project). The certificates mature annually from August 1, 1998 through August 1, 2014 with principal payments ranging from \$495,000 to \$1,000,000. Interest rates range from 4.0% to 5.0%. The final payment on the certificates was made in August 2014.

Annual requirements to amortize all tax allocation bonds, notes payable, leases payable, and certificates of participation outstanding as of June 30, 2015 are as follows:

Year Ending June 30	<u>Tax Allocation Bonds</u>	
	Principal	Interest
2016	3,645,000	2,889,937
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
2021-2025	19,995,000	7,767,991
2026-2030	7,345,000	4,676,959
2031-2035	9,340,000	2,720,463
2036-2038	6,740,000	490,438
Total	<u>\$62,670,000</u>	<u>28,487,329</u>

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

F. Insurance

The Successor Agency of the former RDA is covered by insurance policies of the City of Orange as of June 30, 2015.

G. Land Held for Resale

The following is a reconciliation of land held for resale for the year ended June 30, 2015:

Description	Beginning Balance	Additions	Deletions	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	\$ 3,634,043	-	-	3,634,043

H. Leases

In November 2006, the former RDA purchased office property at 307 East Chapman Avenue (Royer Building) for future redevelopment purposes. The structure and improvements have a cost of \$1,266,064 and have been depreciated by \$219,449 for a June 30, 2014 carrying amount of \$1,046,615. A property management company is handling the lease agreements with the tenants. After the property management company deducts the expenses and their fee, the remaining amount is being accumulated for future building repairs. As of June 30, 2015, sixteen suites were leased.

In October 2007 the former RDA purchased a parcel of property commonly known as 124-142 South Grand Street. The property is improved with a two-story ten-unit apartment complex originally constructed in 1958. The structure and improvements have a cost of \$971,167 and have been depreciated by \$148,911 for a June 30, 2014 carrying amount of \$822,256. A property management company is handling the lease agreements with the tenants. After the property management company deducts the expenses and their fee, the remaining amount is being accumulated for future building repairs. As of June 30, 2015, all ten units were leased.

In March 2014, the Successor Agency entered into a lease with Architect’s Orange, to lease the property it owns at 174 S. Orange. The lease is a one year lease with two, one-year extension options. The monthly lease rate is \$5,954.

In January 2014, the Successor Agency entered into a lease with Chapman CBC, to lease the property it owns at 12-26 N. Cypress. The lease is a one year lease with a one year extension option. The monthly lease rate is \$5,670.

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

I. Extraordinary Loss

In accordance with the Bond Proceeds Funding Agreement, approved by the State Department of Finance, \$14,548,779 in unspent bond proceeds were transferred from the Successor Agency to the City to fund the capital improvements consistent with the original bond covenants. Additionally, buildings valued at \$1,056,589 were transferred from the Successor Agency to the City. The net extraordinary loss resulting from these transactions totaled \$15,605,368.

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	\$(28,522,364)	(845,269)	(29,367,633)

This restatement is a result of implementation of GASB 68, which requires the recording of the Agency’s net pension liability Fiduciary Funds.

K. Other

Assembly Bill 1484 established a requirement for the Successor Agency to remit to the County Auditor-Controller three payments as determined by the Auditor-Controller. The first two payments, consisting of a payment for taxing entities’ share of December 2011 property tax distribution to redevelopment agency/successor agency, and a payment related to the other Redevelopment Funds Due Diligence Review for unencumbered cash, were both made in full in prior years.

The third payment related to Low-Moderate Income Housing Fund Due Diligence Review (DDR) for unencumbered cash. This DDR resulted in an amount due of \$19,573,156. The Successor Agency remitted \$12,427,922 in November 2012; however, the City challenged the remaining balance of \$7,145,234, through a lawsuit filed that same month. In December 2013, as required by the Department of Finance, the City paid \$1,566,934 of the amount contested in the lawsuit.

On May 30, 2014, the Sacramento Court ruled in favor of the City and ordered the State Department of Finance to remove \$7,145,234 from the Low-Moderate Income Housing Fund Due Diligence Review. A revised Determination Letter, issued July 24, 2014, adjusted this DDR amount to \$12,427,922 (the amount previously paid by the Successor Agency).

Due to the favorable ruling, all amounts due in accordance with Assembly Bill 1484 have been satisfied and, in January 2015, the City was reimbursed the \$1,566,934 paid to the Department of Finance in December 2013.

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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**

Sanitation – This fund is used to account for receipts and expenditures relating to refuse collection, street sweeping, sewer cleaning and weed abatement services.

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, 2015**

	2015			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<b>REVENUES:</b>				
Taxes	\$ 66,713,413	66,713,413	68,727,586	2,014,173
Franchise fees	2,568,976	2,568,976	2,862,006	293,030
Licenses and permits	4,256,700	4,261,305	4,080,299	(181,006)
Use of money and property	681,945	685,789	931,732	245,943
Intergovernmental	12,155,825	12,678,194	13,081,439	403,245
Charges for services and fees	6,718,074	6,718,074	7,092,877	374,803
Fines and forfeitures	2,277,500	2,277,500	2,138,246	(139,254)
Other revenues	839,895	1,258,058	1,511,705	253,647
Total revenues	<u>96,212,328</u>	<u>97,161,309</u>	<u>100,425,890</u>	<u>3,264,581</u>
<b>EXPENDITURES:</b>				
General government:				
City council	44,965	47,779	29,391	18,388
City manager	2,648,504	3,363,206	3,699,771	(336,565)
City attorney	960,777	1,152,472	744,244	408,228
City clerk	769,917	785,886	601,534	184,352
Finance	3,128,049	3,245,569	3,077,354	168,215
Human Resources	1,316,400	1,330,219	1,319,343	10,876
Public safety:				
Police	38,687,205	40,089,764	37,853,414	2,236,350
Fire	24,749,112	26,190,263	25,536,577	653,686
Public works	7,424,807	7,755,431	7,120,026	635,405
Community development	3,847,456	4,152,794	3,687,909	464,885
Parks and library:				
Library	4,234,862	4,723,648	4,624,175	99,473
Community services	7,881,788	8,528,913	7,316,277	1,212,636
Economic development	98,274	98,545	67,108	31,437
Capital outlay	261,283	1,006,098	727,918	278,180
Total expenditures	<u>96,053,399</u>	<u>102,470,587</u>	<u>96,405,041</u>	<u>6,065,546</u>
Excess (deficiency) of revenues over (under) expenditures	<u>158,929</u>	<u>(5,309,278)</u>	<u>4,020,849</u>	<u>9,330,127</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfer in	2,000,000	1,400,000	-	(1,400,000)
Transfer (out)	(8,561,393)	(8,185,395)	(6,785,395)	1,400,000
Total other financing sources (uses)	<u>(6,561,393)</u>	<u>(6,785,395)</u>	<u>(6,785,395)</u>	<u>-</u>
Extraordinary Item				
Extraordinary gain/(loss)	-	-	-	-
Net change in fund balances	<u>(6,402,464)</u>	<u>(12,094,673)</u>	<u>(2,764,546)</u>	<u>9,330,127</u>
Fund balances, beginning of year	34,367,840	34,367,840	34,367,840	-
Fund balances, end of year	<u>\$ 27,965,376</u>	<u>22,273,167</u>	<u>31,603,294</u>	<u>9,330,127</u>

CITY OF ORANGE  
 Budgetary Comparison Schedule  
 Sanitation  
 Year ended June 30, 2015

	2015			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<b>REVENUES:</b>				
Use of money and property	\$ 45,903	45,903	45,569	(334)
Intergovernmental	-	89,121	65,439	(23,682)
Charges for services and fees	4,496,700	4,496,700	4,586,831	90,131
Fines and forfeitures	58,000	58,000	52,418	(5,582)
Other revenues	90,536	90,536	219,222	128,686
Total revenues	<u>4,691,139</u>	<u>4,780,260</u>	<u>4,969,479</u>	<u>189,219</u>
<b>EXPENDITURES:</b>				
Current:				
Sanitation:				
Public works	5,017,248	5,345,671	4,595,026	750,645
Total sanitation	<u>5,017,248</u>	<u>5,345,671</u>	<u>4,595,026</u>	<u>750,645</u>
Capital outlay	866,624	2,664,471	941,459	1,723,012
Total expenditures	<u>5,883,872</u>	<u>8,010,142</u>	<u>5,536,485</u>	<u>2,473,657</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,192,733)</u>	<u>(3,229,882)</u>	<u>(567,006)</u>	<u>2,662,876</u>
Net change in fund balances	(1,192,733)	(3,229,882)	(567,006)	2,662,876
Fund balances, beginning of year	6,806,193	6,806,193	6,806,193	-
Fund balances, end of year	<u>\$ 5,613,460</u>	<u>3,576,311</u>	<u>6,239,187</u>	<u>2,662,876</u>



CITY OF ORANGE  
 Budgetary Comparison Schedule  
 Federal, State and Local Grants  
 Year ended June 30, 2015

	2015			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<b>REVENUES:</b>				
Use of money and property	\$ 18,651	18,651	42,937	24,286
Intergovernmental	1,653,341	1,663,123	1,655,050	(8,073)
Charges for services	30,000	30,000	32,250	2,250
Other revenues	-	-	-	-
Total revenues	<u>1,701,992</u>	<u>1,711,774</u>	<u>1,730,237</u>	<u>18,463</u>
<b>EXPENDITURES:</b>				
Current:				
Public safety:				
Police	148,206	148,206	147,321	885
Economic development	153,363	421,854	115,831	306,023
Capital outlay	<u>2,320,125</u>	<u>4,612,910</u>	<u>1,499,223</u>	<u>3,113,687</u>
Total expenditures	<u>2,621,694</u>	<u>5,182,970</u>	<u>1,762,375</u>	<u>3,420,595</u>
Net change in fund balances	(919,702)	(3,471,196)	(32,138)	3,439,058
Fund balances, beginning of year	<u>7,139,756</u>	<u>7,139,756</u>	<u>7,139,756</u>	-
Fund balances, end of year	<u><u>\$ 6,220,054</u></u>	<u><u>3,668,560</u></u>	<u><u>7,107,618</u></u>	<u><u>3,439,058</u></u>

CITY OF ORANGE  
 Budgetary Comparison Schedule  
 Housing Successor  
 Year ended June 30, 2015

	2015			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<b>REVENUES:</b>				
Use of money and property	\$ 51,780	51,780	158,916	107,136
Other revenues	-	-	229,350	229,350
Total revenues	<u>51,780</u>	<u>51,780</u>	<u>388,266</u>	<u>336,486</u>
<b>EXPENDITURES:</b>				
Current:				
General government:				
City manager	12,796	12,796	9,783	3,013
Finance	35,332	35,332	23,954	11,378
Community development	49,357	49,357	47,639	1,718
Economic development	87,843	387,843	374,157	13,686
Capital outlay	-	6,750,000	-	6,750,000
Total expenditures	<u>185,328</u>	<u>7,235,328</u>	<u>455,533</u>	<u>6,779,795</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(133,548)</u>	<u>(7,183,548)</u>	<u>(67,267)</u>	<u>7,116,281</u>
Net change in fund balances	(133,548)	(7,183,548)	(67,267)	7,116,281
Fund balances, beginning of year	<u>28,810,852</u>	<u>28,810,852</u>	<u>28,810,852</u>	<u>-</u>
Fund balances, end of year	<u>\$ 28,677,304</u>	<u>21,627,304</u>	<u>28,743,585</u>	<u>7,116,281</u>

CITY OF ORANGE  
 Budgetary Comparison Schedule  
 Measure M  
 Year ended June 30, 2015

	2015			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<b>REVENUES:</b>				
Taxes	\$ 2,624,418	2,624,418	2,563,017	(61,401)
Use of money and property	47,634	47,634	50,368	2,734
Intergovernmental	110,000	110,000	116,909	6,909
Charges for services and fees	750	750	1,395	645
Other revenue	-	-	9,971	9,971
Total revenues	<u>2,782,802</u>	<u>2,782,802</u>	<u>2,741,660</u>	<u>(41,142)</u>
<b>EXPENDITURES:</b>				
Current:				
Public works	359,350	359,350	343,083	16,267
Parks and library	110,000	225,937	93,493	132,444
Capital outlay	<u>3,420,896</u>	<u>5,526,792</u>	<u>2,024,507</u>	<u>3,502,285</u>
Total expenditures	<u>3,890,246</u>	<u>6,112,079</u>	<u>2,461,083</u>	<u>3,650,996</u>
Net change in fund balances	(1,107,444)	(3,329,277)	280,577	3,609,854
Fund balances, beginning of year	<u>4,393,436</u>	<u>4,393,436</u>	<u>4,393,436</u>	-
Fund balances, end of year	<u><u>\$ 3,285,992</u></u>	<u><u>1,064,159</u></u>	<u><u>4,674,013</u></u>	<u><u>3,609,854</u></u>

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)

	2015
<b>TOTAL PENSION LIABILITY</b>	
Service Cost	\$ 4,911,456
Interest	21,813,800
Changes of Benefits Terms	-
Difference Between expected and Actual Experience	-
Changes in Assumptions	-
Benefit Payments, Including Refunds of employee Contributions	(13,890,809)
Net Change in Total Pension Liability	\$ 12,834,447
Total Pension Liability - Beginning	295,340,344
Total Pension Liability - Ending (a)	\$ 308,174,791
<b>PLAN FIDUCIARY NET POSITION</b>	
Contribution - Employer	\$ 4,836,725
Contribution - Employee	2,042,395
Net Investment Income	35,349,001
Benefit Payments, Including Refunds of Employee Contributions	(13,890,809)
Other Changes in Fiduciary Net Position	-
Net Change in Fiduciary Net Position	\$ 28,337,312
Plan Fiduciary Net Position - Beginning	205,976,704
Plan Fiduciary Net Position - Ending (b)	\$ 234,314,016
Plan Net Pension Liability/(Assets) - Ending (a) - (b)	\$ 73,860,775
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	76.03%
Covered-Employee Payroll	\$ 26,155,370
Plan Net Pension Liability/(Asset) as a Percentage of Covered-Employee Payroll	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 one year is 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 June 30, 2013. 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: There were no changes in assumptions

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

	2015
Actuarially Determined Contribution	\$ 5,766,795
Contribution in Relation to the Actuarially Determined Contribution	(4,836,725)
Contribution Deficiency (Excess)	\$ 930,070
 Covered-Employee Payroll (3) (4)	 26,155,370
 Contributions as a Percentage of Covered-Employee Payroll (3)	 18.49%

(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 one year is shown.

Note to Schedule:

Valuation Date:	June 30, 2013
Methods and assumptions used to determine contribution rates:	
Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	27 years
Assets valuation method	15-year smoothed market
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	The probabilities of retirement are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007.
Mortality	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.

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)

	2015
<b>TOTAL PENSION LIABILITY</b>	
Service Cost	\$ 8,277,333
Interest	31,691,919
Changes of Benefits Terms	-
Difference Between expected and Actual Experience	-
Changes in Assumptions	-
Benefit Payments, Including Refunds of employee Contributions	(20,071,826)
Net Change in Total Pension Liability	\$ 19,897,426
Total Pension Liability - Beginning	428,456,164
Total Pension Liability - Ending (a)	\$ 448,353,590
<b>PLAN FIDUCIARY NET POSITION</b>	
Contribution - Employer	\$ 8,394,155
Contribution - Employee	2,571,235
Net Investment Income	50,548,509
Benefit Payments, Including Refunds of Employee Contributions	(20,071,826)
Other Changes in Fiduciary Net Position	-
Net Change in Fiduciary Net Position	\$ 41,442,073
Plan Fiduciary Net Position - Beginning	293,281,551
Plan Fiduciary Net Position - Ending (b)	\$ 334,723,624
Plan Net Pension Liability/(Assets) - Ending (a) - (b)	\$ 113,629,966
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	74.66%
Covered-Employee Payroll	\$ 29,790,653
Plan Net Pension Liability/(Asset) as a Percentage of Covered-Employee Payroll	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 one year is 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 June 30, 2013. 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: There were no changes in assumptions

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

	2015
Actuarially Determined Contribution	\$ 8,394,155
Contribution in Relation to the Actuarially Determined Contribution	(9,398,992)
Contribution Deficiency (Excess)	\$ (1,004,837)
 Covered-Employee Payroll (3) (4)	 29,790,653
 Contributions as a Percentage of Covered-Employee Payroll (3)	 31.55%

(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 one year is shown.

Note to Schedule:

Valuation Date:	June 30, 2013
Methods and assumptions used to determine contribution rates:	
Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	32 years
Assets valuation method	15-year smoothed market
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	The probabilities of retirement are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007.
Mortality	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.

CITY OF ORANGE  
Notes to Required Supplementary Information  
Year ended June 30, 2015

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. The legal level of budgetary control is at the fund level. The City's management may transfer resources between operating line items within a department in the same fund as they see appropriate. However, transfers between departments, between funds or overall increases in the budget need approval from the City Council. The City Council made several supplementary appropriations throughout the year, which are reflected in the schedules. The City Council approved increases in appropriations during the year in the amount of \$6,417,189 in the General Fund, \$23,042,199 in the Special Revenue Funds and \$24,332,379 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.



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## *Supplementary Schedules*

CITY OF ORANGE  
Combining Balance Sheet  
Non-Major Governmental Funds  
June 30, 2015

	Special Revenue Funds	Capital Projects Funds	Totals 2015
<b>ASSETS:</b>			
Cash and investments	\$ 19,306,436	10,382,205	29,688,641
Cash and investments with fiscal agent	-	-	-
Receivables (net of allowance for estimated uncollectibles):			
Accounts	131,647	32,997	164,644
Taxes	156,898	-	156,898
Interest	31,749	17,414	49,163
Loans receivable	4,294,710	-	4,294,710
Total assets	23,921,440	10,432,616	34,354,056
<b>LIABILITIES AND FUND BALANCES:</b>			
Liabilities:			
Accounts payable	283,397	32	283,429
Deposits payable	3,090	113,678	116,768
Contracts payable	8,461	-	8,461
Unearned revenue	208,861	-	208,861
Total liabilities	503,809	113,710	617,519
<b>FUND BALANCES:</b>			
Restricted:			
Special revenue projects	16,170,070	-	16,170,070
Committed	7,247,561	-	7,247,561
Assigned:			
Capital projects	-	10,318,906	10,318,906
Total fund balances	23,417,631	10,318,906	33,736,537
Total liabilities and fund balances	\$ 23,921,440	10,432,616	34,354,056

**CITY OF ORANGE**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Non-Major Governmental Funds**  
**Year ended June 30, 2015**

	Special Revenue Funds	Capital Projects Funds	Totals <u>2015</u>
<b>REVENUES:</b>			
Taxes	\$ 1,600,008	-	1,600,008
Franchise fees	295,612	-	295,612
Use of money and property	200,628	149,167	349,795
Intergovernmental	3,829,332	-	3,829,332
Charges for services and fees	1,933,599	86,106	2,019,705
Other revenues	670,091	-	670,091
Total revenues	<u>8,529,270</u>	<u>235,273</u>	<u>8,764,543</u>
<b>EXPENDITURES:</b>			
Current:			
General government	216,123	28,615	244,738
Public safety	2,052,960	30,325	2,083,285
Public works	2,478,999	-	2,478,999
Community development	-	-	-
Parks and library	756,172	-	756,172
Capital outlay	<u>4,502,394</u>	<u>389,557</u>	<u>4,891,951</u>
Total expenditures	<u>10,006,648</u>	<u>448,497</u>	<u>10,455,145</u>
Net change in fund balances	(1,477,378)	(213,224)	(1,690,602)
Fund balances, beginning of year	<u>24,895,009</u>	<u>10,532,130</u>	<u>35,427,139</u>
Fund balances, end of year	<u><u>\$ 23,417,631</u></u>	<u><u>10,318,906</u></u>	<u><u>33,736,537</u></u>

## **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, 2015

	Transportation System Improvement Program	EMT Transport	Gas Tax	Proposition 172	Air Pollution Reduction
<b>ASSETS:</b>					
Cash and investments	\$ 6,590,199	580,893	7,146,353	1,211,605	75,092
Receivables (net of allowance for estimated uncollectibles):					
Accounts	-	-	10,344	-	45,344
Taxes	-	-	-	152,618	-
Interest	11,172	941	10,935	2,074	132
Loans receivable	-	-	-	-	-
Total assets	<u>6,601,371</u>	<u>581,834</u>	<u>7,167,632</u>	<u>1,366,297</u>	<u>120,568</u>
<b>LIABILITIES AND FUND BALANCES:</b>					
Liabilities:					
Accounts payable	430	18,467	120,175	1,533	333
Deposits payable	-	-	3,090	-	-
Contracts payable	5,610	-	-	-	-
Unearned revenue	-	-	-	-	-
Total liabilities	<u>6,040</u>	<u>18,467</u>	<u>123,265</u>	<u>1,533</u>	<u>333</u>
<b>FUND BALANCES:</b>					
Restricted:					
Special revenue projects	-	-	7,044,367	1,364,764	120,235
Committed	<u>6,595,331</u>	<u>563,367</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>6,595,331</u>	<u>563,367</u>	<u>7,044,367</u>	<u>1,364,764</u>	<u>120,235</u>
Total liabilities and fund balances	<u>\$ 6,601,371</u>	<u>581,834</u>	<u>7,167,632</u>	<u>1,366,297</u>	<u>120,568</u>

<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 2015</u>
2,168,328	145,641	498,258	669,798	220,269	19,306,436
-	-	-	75,959	-	131,647
-	-	4,280	-	-	156,898
3,659	249	906	1,311	370	31,749
-	-	-	-	4,294,710	4,294,710
<u>2,171,987</u>	<u>145,890</u>	<u>503,444</u>	<u>747,068</u>	<u>4,515,349</u>	<u>23,921,440</u>
13,420	54,176	60,018	14,845	-	283,397
-	-	-	-	-	3,090
-	2,851	-	-	-	8,461
208,861	-	-	-	-	208,861
<u>222,281</u>	<u>57,027</u>	<u>60,018</u>	<u>14,845</u>	<u>-</u>	<u>503,809</u>
1,949,706	-	443,426	732,223	4,515,349	16,170,070
-	88,863	-	-	-	7,247,561
<u>1,949,706</u>	<u>88,863</u>	<u>443,426</u>	<u>732,223</u>	<u>4,515,349</u>	<u>23,417,631</u>
<u>2,171,987</u>	<u>145,890</u>	<u>503,444</u>	<u>747,068</u>	<u>4,515,349</u>	<u>23,921,440</u>

CITY OF ORANGE  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Non-Major Special Revenue Funds  
Year ended June 30, 2015

	Transportation System Improvement Program	EMT Transport	Gas Tax	Proposition 172	Air Pollution Reduction
<b>REVENUES:</b>					
Taxes	\$ -	-	-	919,139	-
Franchise fees	-	-	-	-	-
Use of money and property	47,864	2,429	104,307	9,658	482
Intergovernmental	-	63,410	3,593,116	-	172,806
Charges for services and fees	26,218	1,906,524	857	-	-
Other revenues	-	-	202,888	-	-
Total revenues	<u>74,082</u>	<u>1,972,363</u>	<u>3,901,168</u>	<u>928,797</u>	<u>173,288</u>
<b>EXPENDITURES:</b>					
Current:					
General government	-	-	-	-	141,123
Public safety	-	1,529,380	-	380,105	6,360
Public works	-	-	2,473,237	-	-
Parks and library	-	-	-	-	-
Capital outlay	256,321	-	2,255,087	801,925	15,084
Total expenditures	<u>256,321</u>	<u>1,529,380</u>	<u>4,728,324</u>	<u>1,182,030</u>	<u>162,567</u>
Net change in fund balances	(182,239)	442,983	(827,156)	(253,233)	10,721
Fund balances, beginning of year	<u>6,777,570</u>	<u>120,384</u>	<u>7,871,523</u>	<u>1,617,997</u>	<u>109,514</u>
Fund balances, end of year	<u>\$ 6,595,331</u>	<u>563,367</u>	<u>7,044,367</u>	<u>1,364,764</u>	<u>120,235</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 2015</u>
-	-	680,869	-	-	1,600,008
-	-	-	295,612	-	295,612
12,128	13,144	3,407	5,650	1,559	200,628
-	-	-	-	-	3,829,332
-	-	-	-	-	1,933,599
424,321	-	42,882	-	-	670,091
<u>436,449</u>	<u>13,144</u>	<u>727,158</u>	<u>301,262</u>	<u>1,559</u>	<u>8,529,270</u>
-	-	-	75,000	-	216,123
137,115	-	-	-	-	2,052,960
-	5,762	-	-	-	2,478,999
-	-	756,172	-	-	756,172
602,584	64,403	244,728	262,262	-	4,502,394
<u>739,699</u>	<u>70,165</u>	<u>1,000,900</u>	<u>337,262</u>	<u>-</u>	<u>10,006,648</u>
(303,250)	(57,021)	(273,742)	(36,000)	1,559	(1,477,378)
<u>2,252,956</u>	<u>145,884</u>	<u>717,168</u>	<u>768,223</u>	<u>4,513,790</u>	<u>24,895,009</u>
<u>1,949,706</u>	<u>88,863</u>	<u>443,426</u>	<u>732,223</u>	<u>4,515,349</u>	<u>23,417,631</u>

CITY OF ORANGE  
 Budgetary Comparison Schedule  
 Transportation System Improvement Program  
 Year ended June 30, 2015

	2015			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<b>REVENUES:</b>				
Use of money and property	\$ 40,158	40,158	47,864	7,706
Charges for services and fees	<u>5,780</u>	<u>5,780</u>	<u>26,218</u>	<u>20,438</u>
Total revenues	<u>45,938</u>	<u>45,938</u>	<u>74,082</u>	<u>28,144</u>
<b>EXPENDITURES:</b>				
Capital outlay	<u>28,000</u>	<u>4,528,154</u>	<u>256,321</u>	<u>4,271,833</u>
Net change in fund balances	17,938	(4,482,216)	(182,239)	4,299,977
Fund balances, beginning of year	<u>6,777,570</u>	<u>6,777,570</u>	<u>6,777,570</u>	<u>-</u>
Fund balances, end of year	<u><u>\$ 6,795,508</u></u>	<u><u>2,295,354</u></u>	<u><u>6,595,331</u></u>	<u><u>4,299,977</u></u>

CITY OF ORANGE  
 Budgetary Comparison Schedule  
 EMT Transport  
 Year ended June 30, 2015

	2015			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<b>REVENUES:</b>				
Use of money and property	\$ 3	3	2,429	2,426
Intergovernmental	-	-	63,410	63,410
Charges for services and fees	1,706,500	1,706,500	1,906,524	200,024
Total revenues	<u>1,706,503</u>	<u>1,706,503</u>	<u>1,972,363</u>	<u>265,860</u>
<b>EXPENDITURES:</b>				
Current:				
Public safety:				
Fire	1,728,883	1,728,883	1,529,380	199,503
Net change in fund balances	(22,380)	(22,380)	442,983	465,363
Fund balances, beginning of year	120,384	120,384	120,384	-
Fund balances, end of year	<u>\$ 98,004</u>	<u>98,004</u>	<u>563,367</u>	<u>465,363</u>

CITY OF ORANGE  
 Budgetary Comparison Schedule  
 Gas Tax  
 Year ended June 30, 2015

	2015			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<b>REVENUES:</b>				
Use of money and property	\$ 96,226	96,226	104,307	8,081
Intergovernmental	3,568,163	3,568,163	3,593,116	24,953
Charges for services and fees	5,000	5,000	857	(4,143)
Other revenues	3,000	3,000	202,888	199,888
Total revenues	<u>3,672,389</u>	<u>3,672,389</u>	<u>3,901,168</u>	<u>228,779</u>
<b>EXPENDITURES:</b>				
Current:				
Public works	2,549,220	2,552,704	2,473,237	79,467
Capital outlay	2,902,058	5,420,156	2,255,087	3,165,069
Total expenditures	<u>5,451,278</u>	<u>7,972,860</u>	<u>4,728,324</u>	<u>3,244,536</u>
Net change in fund balances	(1,778,889)	(4,300,471)	(827,156)	3,473,315
Fund balances, beginning of year	<u>7,871,523</u>	<u>7,871,523</u>	<u>7,871,523</u>	<u>-</u>
Fund balances, end of year	<u><u>\$ 6,092,634</u></u>	<u><u>3,571,052</u></u>	<u><u>7,044,367</u></u>	<u><u>3,473,315</u></u>

CITY OF ORANGE  
 Budgetary Comparison Schedule  
 Proposition 172  
 Year ended June 30, 2015

	2015			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<b>REVENUES:</b>				
Taxes	\$ 932,067	932,067	919,139	(12,928)
Use of money and property	8,081	8,081	9,658	1,577
Total revenues	<u>940,148</u>	<u>940,148</u>	<u>928,797</u>	<u>(11,351)</u>
<b>EXPENDITURES:</b>				
Current:				
Public safety:				
Fire	15,255	15,255	14,911	344
Police	412,765	469,561	365,194	104,367
Capital outlay	403,012	1,039,560	801,925	237,635
Total expenditures	<u>831,032</u>	<u>1,524,376</u>	<u>1,182,030</u>	<u>342,346</u>
Excess (deficiency) of revenues over (under) expenditures	109,116	(584,228)	(253,233)	330,995
Fund balances, beginning of year	1,617,997	1,617,997	1,617,997	-
Fund balances, end of year	<u>\$ 1,727,113</u>	<u>1,033,769</u>	<u>1,364,764</u>	<u>330,995</u>

CITY OF ORANGE  
 Budgetary Comparison Schedule  
 Air Pollution Reduction  
 Year ended June 30, 2015

	2015			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<b>REVENUES:</b>				
Use of money and property	\$ 281	281	482	201
Intergovernmental	198,800	198,800	172,806	(25,994)
Total revenues	199,081	199,081	173,288	(25,793)
<b>EXPENDITURES:</b>				
Current:				
General government:				
Human Resources	149,268	149,268	141,123	8,145
Public safety:				
Police	6,500	6,500	6,360	140
Capital outlay	56,000	66,000	15,084	50,916
Total expenditures	211,768	221,768	162,567	59,201
Net changes in fund balances	(12,687)	(22,687)	10,721	33,408
Fund balances, beginning of year	109,514	109,514	109,514	-
Fund balances, end of year	\$ 96,827	86,827	120,235	33,408

CITY OF ORANGE  
 Budgetary Comparison Schedule  
 Asset Seizure  
 Year ended June 30, 2015

	2015			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<b>REVENUES:</b>				
Use of money and property	\$ 13,881	13,881	12,128	(1,753)
Other revenues	217,000	217,000	424,321	207,321
Total revenues	<u>230,881</u>	<u>230,881</u>	<u>436,449</u>	<u>205,568</u>
<b>EXPENDITURES:</b>				
Current:				
Public safety:				
Police	200,731	194,097	137,115	56,982
Capital outlay	39,000	693,540	602,584	90,956
Total expenditures	<u>239,731</u>	<u>887,637</u>	<u>739,699</u>	<u>147,938</u>
Net change in fund balances	(8,850)	(656,756)	(303,250)	353,506
Fund balances, beginning of year	2,252,956	2,252,956	2,252,956	-
Fund balances, end of year	<u>\$ 2,244,106</u>	<u>1,596,200</u>	<u>1,949,706</u>	<u>353,506</u>

CITY OF ORANGE  
 Budgetary Comparison Schedule  
 O.C.P.T. Building Maintenance  
 Year ended June 30, 2015

	2015			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<b>REVENUES:</b>				
Use of money and property	\$ 15,655	15,655	13,144	(2,511)
<b>EXPENDITURES:</b>				
Current:				
Public works	14,652	14,652	5,762	8,890
Capital outlay	45,000	83,000	64,403	18,597
Total expenditures	59,652	97,652	70,165	27,487
Net change in fund balances	(43,997)	(81,997)	(57,021)	24,976
Fund balances, beginning of year	145,884	145,884	145,884	-
Fund balances, end of year	\$ 101,887	63,887	88,863	24,976



CITY OF ORANGE  
 Budgetary Comparison Schedule  
 Landscape Maintenance Assessment Districts  
 Year ended June 30, 2015

	2015			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<b>REVENUES:</b>				
Taxes	\$ 681,180	681,180	680,869	(311)
Use of money and property	4,195	4,195	3,407	(788)
Other revenues	-	42,882	42,882	-
Total revenues	<u>685,375</u>	<u>728,257</u>	<u>727,158</u>	<u>(1,099)</u>
<b>EXPENDITURES:</b>				
Current:				
Parks and library:				
Community services	789,895	972,641	756,172	216,469
Capital outlay	-	252,406	244,728	7,678
Total expenditures	<u>789,895</u>	<u>1,225,047</u>	<u>1,000,900</u>	<u>224,147</u>
Net change in fund balances	(104,520)	(496,790)	(273,742)	223,048
Fund balances, beginning of year	<u>717,168</u>	<u>717,168</u>	<u>717,168</u>	<u>-</u>
Fund balances, end of year	<u>\$ 612,648</u>	<u>220,378</u>	<u>443,426</u>	<u>223,048</u>

CITY OF ORANGE  
 Budgetary Comparison Schedule  
 1% PEG Program  
 Year ended June 30, 2015

	2015			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<b>REVENUES:</b>				
Franchise fees	\$ 266,600	266,600	295,612	29,012
Use of money and property	3,439	3,439	5,650	2,211
Total revenues	270,039	270,039	301,262	31,223
<b>EXPENDITURES:</b>				
Current:				
General government	100,000	200,000	75,000	125,000
Capital outlay	150,000	286,682	262,262	24,420
Total expenditures	250,000	486,682	337,262	149,420
Net change in fund balances	20,039	(216,643)	(36,000)	180,643
Fund balances, beginning of year	768,223	768,223	768,223	-
Fund balances, end of year	\$ 788,262	551,580	732,223	180,643

CITY OF ORANGE  
 Budgetary Comparison Schedule  
 Housing in Lieu  
 Year ended June 30, 2015

	2015			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<b>REVENUES:</b>				
Use of money and property	\$ 14,868	14,868	1,559	(13,309)
Net change in fund balances	14,868	14,868	1,559	(13,309)
Fund balances, beginning of year	4,511,370	4,513,790	4,513,790	-
Fund balances, end of year	\$ 4,526,238	4,528,658	4,515,349	(13,309)

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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.

Community Facilities & Assessment Districts – This fund is used to account for capital projects financed by the issuance of 1915 Act Bonds in accordance with the provisions of Section 8683 of the Streets and Highway Code as well as Community Facilities District (CFD) Mello Roos debt for the purchase and construction of capital projects.

Sewer Construction – This fund is used to account for the construction of and improvements to sanitary sewer mains in the City.

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, 2015

	Fire Facilities Fees	Police Facilities Fees	Library Facilities Fees	Community Facilities & Assmt.	Sewer Construction
<b>ASSETS:</b>					
Cash and investments	\$ 3,787,620	152,984	658,962	-	263,414
Cash and investments with fiscal agent	-	-	-	-	-
Accounts receivable	-	-	-	-	2,561
Interest receivable	6,355	252	1,107	-	444
Total assets	<u>3,793,975</u>	<u>153,236</u>	<u>660,069</u>	<u>-</u>	<u>266,419</u>
<b>LIABILITIES AND FUND BALANCES:</b>					
Liabilities:					
Accounts payable	32	-	-	-	-
Deposits payable	-	-	-	-	113,678
Total liabilities	<u>32</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>113,678</u>
<b>FUND BALANCES:</b>					
Assigned:					
Capital projects	3,793,943	153,236	660,069	-	152,741
Total fund balances	<u>3,793,943</u>	<u>153,236</u>	<u>660,069</u>	<u>-</u>	<u>152,741</u>
Total liabilities and fund balances	<u>\$ 3,793,975</u>	<u>153,236</u>	<u>660,069</u>	<u>-</u>	<u>266,419</u>

Drainage District	Park Acquisition, Development and Maintenance	Total Capital Projects Funds 2015
3,842	5,515,383	10,382,205
-	-	-
-	30,436	32,997
6	9,250	17,414
<u>3,848</u>	<u>5,555,069</u>	<u>10,432,616</u>
-	-	32
-	-	113,678
<u>-</u>	<u>-</u>	<u>113,710</u>
<u>3,848</u>	<u>5,555,069</u>	<u>10,318,906</u>
<u>3,848</u>	<u>5,555,069</u>	<u>10,318,906</u>
<u>3,848</u>	<u>5,555,069</u>	<u>10,432,616</u>

CITY OF ORANGE  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Non-Major Capital Project Funds  
Year ended June 30, 2015

	Fire Facilities Fees	Police Facilities Fees	Library Facilities Fees	Community Facilities & Assmt. Dists.	Sewer Construction
<b>REVENUES:</b>					
Use of money and property	\$ 26,717	1,058	4,655	-	1,859
Charges for services and fees	22,762	7,538	4,482	-	3,360
Total revenues	<u>49,479</u>	<u>8,596</u>	<u>9,137</u>	<u>-</u>	<u>5,219</u>
<b>EXPENDITURES:</b>					
Current:					
General government	-	-	-	28,615	-
Public safety	-	30,325	-	-	-
Capital outlay	2,802	-	1,521	-	597
Total expenditures	<u>2,802</u>	<u>30,325</u>	<u>1,521</u>	<u>28,615</u>	<u>597</u>
Net change in fund balances	46,677	(21,729)	7,616	(28,615)	4,622
Fund balances, beginning of year	<u>3,747,266</u>	<u>174,965</u>	<u>652,453</u>	<u>28,615</u>	<u>148,119</u>
Fund balances, end of year	<u><u>\$ 3,793,943</u></u>	<u><u>153,236</u></u>	<u><u>660,069</u></u>	<u><u>-</u></u>	<u><u>152,741</u></u>



Drainage District	Park Acquisition, Development and Maintenance	Total Capital Project Funds 2015
28	114,850	149,167
-	47,964	86,106
28	162,814	235,273
-	-	28,615
-	-	30,325
-	384,637	389,557
-	384,637	448,497
28	(221,823)	(213,224)
3,820	5,776,892	10,532,130
3,848	5,555,069	10,318,906

CITY OF ORANGE  
 Budgetary Comparison Schedule  
 Capital Improvement  
 Year ended June 30, 2015

	2015			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<b>REVENUES:</b>				
Use of money and property	\$ 2,784	2,784	50,073	47,289
Intergovernmental	1,972,913	3,092,778	1,826,414	(1,266,364)
Charges for services and fees	8,000	8,000	7,335	(665)
Other revenues	-	-	579	579
Total revenues	<u>1,983,697</u>	<u>3,103,562</u>	<u>1,884,401</u>	<u>(1,219,161)</u>
<b>EXPENDITURES:</b>				
Current:				
Parks and library	8,000	10,142	6,750	3,392
Capital outlay	<u>15,768,601</u>	<u>37,726,824</u>	<u>1,569,282</u>	<u>36,157,542</u>
Total expenditures	<u>15,776,601</u>	<u>37,736,966</u>	<u>1,576,032</u>	<u>36,160,934</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(13,792,904)</u>	<u>(34,633,404)</u>	<u>308,369</u>	<u>34,941,773</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	1,000,000	3,025,395	3,025,395	-
Transfers out	<u>(283,921)</u>	<u>(283,921)</u>	<u>(283,921)</u>	<u>-</u>
Total other financing sources (uses)	<u>716,079</u>	<u>2,741,474</u>	<u>2,741,474</u>	<u>-</u>
Extraordinary gain	-	-	<u>14,548,779</u>	<u>14,548,779</u>
Net change in fund balances	<u>(13,076,825)</u>	<u>(31,891,930)</u>	<u>17,598,622</u>	<u>49,490,552</u>
Fund balances, beginning of year	<u>3,708,694</u>	<u>3,708,694</u>	<u>3,708,694</u>	<u>-</u>
Fund balances, end of year	<u><u>\$ (9,368,131)</u></u>	<u><u>(28,183,236)</u></u>	<u><u>21,307,316</u></u>	<u><u>49,490,552</u></u>

CITY OF ORANGE  
 Budgetary Comparison Schedule  
 Fire Facilities Fees  
 Year ended June 30, 2015

	2015			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<b>REVENUES:</b>				
Use of money and property	\$ 19,557	19,557	26,717	7,160
Charges for services and fees	15,000	15,000	22,762	7,762
Total revenues	<u>34,557</u>	<u>34,557</u>	<u>49,479</u>	<u>14,922</u>
<b>EXPENDITURES:</b>				
Capital outlay	<u>1,300,000</u>	<u>3,183,230</u>	<u>2,802</u>	<u>3,180,428</u>
Net change in fund balances	(1,265,443)	(3,148,673)	46,677	3,195,350
Fund balances, beginning of year	<u>3,747,266</u>	<u>3,747,266</u>	<u>3,747,266</u>	<u>-</u>
Fund balances, end of year	<u><u>\$ 2,481,823</u></u>	<u><u>598,593</u></u>	<u><u>3,793,943</u></u>	<u><u>3,195,350</u></u>

CITY OF ORANGE  
 Budgetary Comparison Schedule  
 Police Facilities Fees  
 Year ended June 30, 2015

	2015			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<b>REVENUES:</b>				
Use of money and property	\$ 317	317	1,058	741
Charges for services and fees	3,000	3,000	7,538	4,538
Total revenues	<u>3,317</u>	<u>3,317</u>	<u>8,596</u>	<u>5,279</u>
<b>EXPENDITURES:</b>				
Current:				
Public safety:				
Police	37,005	37,005	30,325	6,680
Total expenditures	<u>37,005</u>	<u>37,005</u>	<u>30,325</u>	<u>6,680</u>
Net change in fund balances	(33,688)	(33,688)	(21,729)	11,959
Fund balances, beginning of year	174,965	174,965	174,965	-
Fund balances, end of year	<u><u>\$ 141,277</u></u>	<u><u>141,277</u></u>	<u><u>153,236</u></u>	<u><u>11,959</u></u>

CITY OF ORANGE  
 Budgetary Comparison Schedule  
 Library Facilities Fees  
 Year ended June 30, 2015

	2015			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<b>REVENUES:</b>				
Use of money and property	\$ 2,651	2,651	4,655	2,004
Charges for services and fees	3,024	3,024	4,482	1,458
Total revenues	<u>5,675</u>	<u>5,675</u>	<u>9,137</u>	<u>3,462</u>
<b>EXPENDITURES:</b>				
Capital outlay	315,000	315,000	1,521	313,479
Total expenditures	<u>315,000</u>	<u>315,000</u>	<u>1,521</u>	<u>313,479</u>
Net change in fund balances	(309,325)	(309,325)	7,616	316,941
Fund balances, beginning of year	652,453	652,453	652,453	-
Fund balances, end of year	<u>\$ 343,128</u>	<u>343,128</u>	<u>660,069</u>	<u>316,941</u>

CITY OF ORANGE  
 Budgetary Comparison Schedule  
 Community Facilities & Assessment Districts  
 Year ended June 30, 2015

	2015			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<b>EXPENDITURES:</b>				
Current:				
General government	\$ -	-	28,615	(28,615)
Capital outlay	-	38,480	-	38,480
Total expenditures	-	38,480	28,615	9,865
Net change in fund balances	-	(38,480)	(28,615)	9,865
Fund balances, beginning of year	28,615	28,615	28,615	-
Fund balances, end of year	\$ 28,615	(9,865)	-	9,865

CITY OF ORANGE  
 Budgetary Comparison Schedule  
 Sewer Construction  
 Year ended June 30, 2015

	2015			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<b>REVENUES:</b>				
Use of money and property	\$ 1,284	1,284	1,859	575
Charges for services and fees	4,000	4,000	3,360	(640)
Total revenues	5,284	5,284	5,219	(65)
<b>EXPENDITURES:</b>				
Capital outlay	3,000	8,527	597	7,930
Total expenditures	3,000	8,527	597	7,930
Net change in fund balances	2,284	(3,243)	4,622	7,865
Fund balances, beginning of year	148,119	148,119	148,119	-
Fund balances, end of year	\$ 150,403	144,876	152,741	7,865

CITY OF ORANGE  
 Budgetary Comparison Schedule  
 Drainage District  
 Year ended June 30, 2015

	2015			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<b>REVENUES:</b>				
Use of money and property	\$ 24	24	28	4
Net change in fund balances	24	24	28	4
Fund balances, beginning of year	3,820	3,820	3,820	-
Fund balances, end of year	\$ 3,844	3,844	3,848	4



CITY OF ORANGE  
 Budgetary Comparison Schedule  
 Park Acquisition, Development and Maintenance  
 Year ended June 30, 2015

	2015			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<b>REVENUES:</b>				
Use of money and property	\$ 56,955	61,955	114,850	52,895
Charges for services and fees	18,868	18,868	47,964	29,096
Total revenues	<u>75,823</u>	<u>80,823</u>	<u>162,814</u>	<u>81,991</u>
<b>EXPENDITURES:</b>				
Current:				
Parks and Library	-	5,000	-	5,000
Capital outlay	796,500	1,236,277	384,637	851,640
Total expenditures	<u>796,500</u>	<u>1,241,277</u>	<u>384,637</u>	<u>856,640</u>
Net change in fund balances	(720,677)	(1,160,454)	(221,823)	938,631
Fund balances, beginning of year	<u>5,776,892</u>	<u>5,776,892</u>	<u>5,776,892</u>	<u>-</u>
Fund balances, end of year	<u><u>\$ 5,056,215</u></u>	<u><u>4,616,438</u></u>	<u><u>5,555,069</u></u>	<u><u>938,631</u></u>

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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, 2015

	Equipment Maintenance	Equipment Replacement	Major Building Improvements	Workers' Compensation
<b>ASSETS:</b>				
Current assets:				
Cash and investments	\$ 1,231,864	9,413,396	154,639	8,221,352
Accounts receivable				
Inventories	316,745	-	-	-
Prepaid items	-	-	-	-
Noncurrent assets:				
Cash and investments with fiscal agent	-	-	-	42,940
Capital assets, net	20,574	8,045,987	-	-
Total assets	<u>1,569,183</u>	<u>17,459,383</u>	<u>154,639</u>	<u>8,264,292</u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>				
Deferred pension related items	230,672	-	-	-
Total deferred outflows of resources	<u>230,672</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>LIABILITIES:</b>				
Current liabilities:				
Accounts payable	99,693	8,803	21,786	2,306
Accrued expenses	-	-	-	3,887
Claims payable	-	-	-	2,578,136
Long-term liabilities:				
Claims payable	-	-	-	5,313,005
Net pension liability	2,954,431	-	-	-
Total liabilities	<u>3,054,124</u>	<u>8,803</u>	<u>21,786</u>	<u>7,897,334</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>				
Deferred pension related items	647,079	-	-	-
Total deferred inflows of resources	<u>647,079</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET POSITION:</b>				
Investment in capital assets	20,574	8,045,987	-	-
Unrestricted (note 17)	(1,921,922)	9,404,593	132,853	366,958
Total net position	<u>\$ (1,901,348)</u>	<u>17,450,580</u>	<u>132,853</u>	<u>366,958</u>

<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>				<u>2015</u>
2,813,429	264,434	5,248,893	611,288	2,956,279	30,915,574
-	-	-	-	-	-
-	30,000	-	-	-	316,745
-	-	-	-	-	30,000
-	-	-	-	-	42,940
-	-	-	-	-	8,066,561
<u>2,813,429</u>	<u>294,434</u>	<u>5,248,893</u>	<u>611,288</u>	<u>2,956,279</u>	<u>39,371,820</u>
-	-	-	-	-	230,672
-	-	-	-	-	230,672
34,499	37,720	-	33,485	140,825	379,117
-	-	-	-	-	3,887
391,028	-	-	-	-	2,969,164
-	-	-	-	-	-
448,236	-	-	-	-	5,761,241
-	-	-	-	-	2,954,431
<u>873,763</u>	<u>37,720</u>	<u>-</u>	<u>33,485</u>	<u>140,825</u>	<u>12,067,840</u>
-	-	-	-	-	647,079
-	-	-	-	-	647,079
-	-	-	-	-	8,066,561
<u>1,939,666</u>	<u>256,714</u>	<u>5,248,893</u>	<u>577,803</u>	<u>2,815,454</u>	<u>18,821,012</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>

CITY OF ORANGE  
Combining Statement of Revenues, Expenses and Changes in Net Position  
Internal Service Funds  
Year ended June 30, 2015

	<u>Equipment Maintenance</u>	<u>Equipment Replacement</u>	<u>Major Building Improvements</u>	<u>Workers' Compensation</u>
<b>OPERATING REVENUES:</b>				
Charges for services and fees	\$ 2,405,828	1,419,495	-	3,005,570
Other revenues	298	4,304	-	133,993
Total operating revenues	<u>2,406,126</u>	<u>1,423,799</u>	<u>-</u>	<u>3,139,563</u>
<b>OPERATING EXPENSES:</b>				
Salaries and wages	902,078	-	-	345,948
Maintenance and operations	1,635,542	80,458	40,367	179,329
Contractual services	47,551	-	-	10,974
Depreciation	8,777	1,218,436	-	-
Insurance claims and charges	-	-	-	2,695,237
Total operating expenses	<u>2,593,948</u>	<u>1,298,894</u>	<u>40,367</u>	<u>3,231,488</u>
Operating income (loss)	<u>(187,822)</u>	<u>124,905</u>	<u>(40,367)</u>	<u>(91,925)</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>				
Gain (loss) on retirement of assets	-	11,855	-	-
Interest expense	(515)	-	-	-
Total nonoperating revenues (expenses)	<u>(515)</u>	<u>11,855</u>	<u>-</u>	<u>-</u>
Income (loss) before transfers	<u>(188,337)</u>	<u>136,760</u>	<u>(40,367)</u>	<u>(91,925)</u>
Transfers in	-	250,000	115,000	260,000
Change in net position	<u>(188,337)</u>	<u>386,760</u>	<u>74,633</u>	<u>168,075</u>
Net position, beginning of year	<u>(1,713,011)</u>	<u>17,063,820</u>	<u>58,220</u>	<u>198,883</u>
Net position, end of year	<u>\$ (1,901,348)</u>	<u>17,450,580</u>	<u>132,853</u>	<u>366,958</u>

<u>Self-Insurance Funds</u>		Employee Accrued Liability	Information Systems	Computer Replacement	<u>Totals 2015</u>
<u>Liability</u>	<u>Dental</u>				
839,943	454,015	610,780	1,848,708	1,095,244	11,679,583
2,013	-	-	-	295	140,903
<u>841,956</u>	<u>454,015</u>	<u>610,780</u>	<u>1,848,708</u>	<u>1,095,539</u>	<u>11,820,486</u>
402,546	-	1,146,859	48,914	29,037	2,875,382
100,779	11,557	25,823	20,668	1,216,467	3,310,990
95,484	48,691	-	1,855,437	-	2,058,137
-	-	-	-	-	1,227,213
<u>1,022,128</u>	<u>322,138</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,039,503</u>
<u>1,620,937</u>	<u>382,386</u>	<u>1,172,682</u>	<u>1,925,019</u>	<u>1,245,504</u>	<u>13,511,225</u>
<u>(778,981)</u>	<u>71,629</u>	<u>(561,902)</u>	<u>(76,311)</u>	<u>(149,965)</u>	<u>(1,690,739)</u>
-	-	-	-	-	11,855
-	-	-	-	-	(515)
-	-	-	-	-	11,340
<u>(778,981)</u>	<u>71,629</u>	<u>(561,902)</u>	<u>(76,311)</u>	<u>(149,965)</u>	<u>(1,679,399)</u>
<u>918,921</u>	<u>-</u>	<u>2,500,000</u>	<u>-</u>	<u>-</u>	<u>4,043,921</u>
<u>139,940</u>	<u>71,629</u>	<u>1,938,098</u>	<u>(76,311)</u>	<u>(149,965)</u>	<u>2,364,522</u>
<u>1,799,726</u>	<u>185,085</u>	<u>3,310,795</u>	<u>654,114</u>	<u>2,965,419</u>	<u>24,523,051</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>

CITY OF ORANGE  
Combining Statement of Cash Flows  
Internal Service Funds  
Year ended June 30, 2015

	Equipment Maintenance	Equipment Replacement	Major Building Improvements
Cash flows from operating activities:			
Cash received from customers	\$ -	-	-
Cash received from user departments	1,111,941	1,486,859	-
Cash payments to suppliers for goods and services	(1,704,418)	(1,136,288)	(18,581)
Cash payments to employees for services	(912,317)	-	-
Cash received (paid) for other activities	1,370,329	4,304	-
Net cash provided by (used for) operating activities	<u>(134,465)</u>	<u>354,875</u>	<u>(18,581)</u>
Net cash flows from noncapital financing activities:			
Transfers in (out) from other funds	-	250,000	115,000
Net cash provided by noncapital financing activities	<u>-</u>	<u>250,000</u>	<u>115,000</u>
Cash flows from capital and related financing:			
Acquisition and construction of capital assets	-	(1,618,113)	-
Interest paid on financing obligation	(515)	-	-
Gain/(Loss) of sale of asset	-	11,855	-
Net cash used for capital and related financing activities	<u>(515)</u>	<u>(1,606,258)</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	(134,980)	(1,001,383)	96,419
Cash and cash equivalents at beginning of year	1,366,844	10,414,779	58,220
Cash and cash equivalents at end of year	<u>\$ 1,231,864</u>	<u>9,413,396</u>	<u>154,639</u>
Cash flows from operating activities:			
Operating income (loss)	\$ (187,822)	124,905	(40,367)
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:			
Depreciation	8,777	1,218,436	-
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	-	67,365	-
(Increase) decrease in inventory	76,144	-	-
Increase (decrease) in accounts payable	(21,325)	(1,055,831)	21,786
Increase (decrease) in net pension liability	(10,239)	-	-
Increase (decrease) in claims payable	-	-	-
Total adjustments	<u>53,357</u>	<u>229,970</u>	<u>21,786</u>
Net cash provided by (used for) operating activities	<u>\$ (134,465)</u>	<u>354,875</u>	<u>(18,581)</u>



Workers' Compensation	Self-Insurance Funds		Employee Accrued Liability	Information Systems	Computer Replacement	Totals 2015
	Liability	Dental				
133,993	2,013	-	-	-	-	136,006
3,037,320	839,943	454,015	610,780	1,848,708	1,096,381	10,485,947
(2,121,428)	(1,195,630)	(372,925)	(25,823)	(1,844,467)	(1,122,546)	(9,542,106)
(375,491)	(402,546)	-	(1,146,859)	(48,914)	(29,136)	(2,915,263)
-	-	-	-	-	295	1,374,928
674,394	(756,220)	81,090	(561,902)	(44,673)	(55,006)	(460,488)
260,000	918,921	-	2,500,000	-	-	4,043,921
260,000	918,921	-	2,500,000	-	-	4,043,921
-	-	-	-	-	-	(1,618,113)
-	-	-	-	-	-	(515)
-	-	-	-	-	-	11,855
-	-	-	-	-	-	(1,606,773)
934,394	162,701	81,090	1,938,098	(44,673)	(55,006)	1,976,660
7,329,898	2,650,728	183,344	3,310,795	655,961	3,011,285	28,981,854
8,264,292	2,813,429	264,434	5,248,893	611,288	2,956,279	30,958,514
(91,925)	(778,981)	71,629	(561,902)	(76,311)	(149,965)	(1,690,739)
-	-	-	-	-	-	1,227,213
31,750	-	-	-	-	1,137	100,252
-	-	-	-	-	-	76,144
(36,174)	(33,555)	9,461	-	31,638	93,822	(990,178)
-	-	-	-	-	-	(10,239)
770,743	56,316	-	-	-	-	827,059
766,319	22,761	9,461	-	31,638	94,959	1,230,251
674,394	(756,220)	81,090	(561,902)	(44,673)	(55,006)	(460,488)

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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.

Eastern/Foothill Transportation Corridor Fund – This fund is used to account for the major thoroughfare and bridge construction fees collected for and remitted to the Eastern/Foothill Transportation Corridor Agency.

CITY OF ORANGE  
Combining Statement of Changes in Assets and Liabilities  
All Agency Funds  
Year ended June 30, 2015

	Balance July 1, 2014	Additions	Deductions	Balance June 30, 2015
<b><u>Special Assessment Districts:</u></b>				
<b>ASSETS:</b>				
Cash and investments	\$ 3,137,508	3,864,933	3,790,596	3,211,845
Cash and investments with fiscal agent	4,119,768	5,300,088	6,234,443	3,185,413
Taxes/Interest receivable	69,538	59,365	81,562	47,341
	<u>7,326,814</u>	<u>9,224,386</u>	<u>10,106,601</u>	<u>6,444,599</u>
<b>LIABILITIES:</b>				
Due to bondholders	\$ 7,326,814	5,545,568	6,427,783	6,444,599
 <b><u>County Sanitation Districts:</u></b>				
<b>ASSETS:</b>				
Cash and investments	\$ 23,464	90,112	108,511	5,065
<b>LIABILITIES:</b>				
Accounts payable	\$ 23,464	220,076	238,475	5,065
 <b><u>Cash Bond Deposit Fund:</u></b>				
<b>ASSETS:</b>				
Cash and investments	\$ 759,579	139,633	186,888	712,324
<b>LIABILITIES:</b>				
Deposits payable	\$ 759,579	266,543	313,798	712,324

(Continued)

CITY OF ORANGE  
Combining Statement of Changes in Assets and Liabilities  
All Agency Funds  
Year ended June 30, 2015

	Balance July 1, 2014	Additions	Deductions	Balance June 30, 2015
<b><u>Flexible Benefits Plan Fund:</u></b>				
<b>ASSETS:</b>				
Cash and investments with fiscal agent	\$ 4,619	279,166	272,634	11,151
<b>LIABILITIES:</b>				
Deposits payable	\$ 4,619	269,166	262,634	11,151
<b><u>Total - All Agency Funds:</u></b>				
<b>ASSETS:</b>				
Cash and investments	\$ 3,920,551	4,094,678	4,085,995	3,929,234
Interest receivable	69,538	59,365	81,562	47,341
Restricted assets:				
Cash and investments with fiscal agent	4,124,387	5,579,254	6,507,077	3,196,564
Total assets	8,114,476	9,733,297	10,674,634	7,173,139
<b>LIABILITIES:</b>				
Accounts payable	23,464	220,076	238,475	5,065
Deposits payable	764,198	535,709	576,432	723,475
Due to bondholders	7,326,814	5,545,568	6,427,783	6,444,599
Total liabilities	\$ 8,114,476	6,301,353	7,242,690	7,173,139

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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, 2015

	Bond Proceeds Funds	Other Funds	Total
<b>ASSETS:</b>			
Cash and investments	\$ 31,406	10,147,237	10,178,643
Cash and investments with fiscal agent		2,632,572	2,632,572
Accounts receivable	-	62,342	62,342
Interest receivable	-	9,803	9,803
Due from other agencies	-	3,123,577	3,123,577
Loans receivable	-	1,318,671	1,318,671
Land held for resale	2,913,881	720,162	3,634,043
Capital assets (net of accumulated depreciation)	-	5,238,228	5,238,228
Total assets	<u>2,945,287</u>	<u>23,252,592</u>	<u>26,197,879</u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>			
Deferred pension related items	-	57,668	57,668
Deferred loss on bond refunding	-	454,134	454,134
Total deferred outflows of resources	<u>-</u>	<u>511,802</u>	<u>511,802</u>
<b>LIABILITIES:</b>			
Accounts payable	-	81,868	81,868
Interest payable	-	983,221	983,221
Deposits payable	-	39,376	39,376
Non current liabilities:			
Net pension liability	-	738,608	738,608
Due in one year	-	4,091,823	4,091,823
Due in more than one year	-	62,338,938	62,338,938
Total liabilities	<u>-</u>	<u>68,273,834</u>	<u>68,273,834</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Deferred pension related items	-	161,770	161,770
Total deferred inflows of resources	<u>-</u>	<u>161,770</u>	<u>161,770</u>
<b>NET POSITION</b>			
Held in trust	<u>\$ 2,945,287</u>	<u>(44,671,210)</u>	<u>(41,725,923)</u>



CITY OF ORANGE  
Combining Statement of Changes in Fiduciary Net Position  
All Agency Funds  
Year ended June 30, 2015

	Bond Proceeds Funds	Other Funds	Total
<b>ADDITIONS:</b>			
Other	\$ -	111,011	111,011
Interest	57,257	166,490	223,747
Rental income	-	237,909	237,909
County revenue	-	10,330,501	10,330,501
Total additions	<u>57,257</u>	<u>10,845,911</u>	<u>10,903,168</u>
<b>DEDUCTIONS:</b>			
Interest expense	-	2,431,796	2,431,796
Administrative expenses	-	370,420	370,420
Maintenance and operations expenses	-	337,709	337,709
Depreciation	-	52,329	52,329
Payment to other agencies	-	1,608,434	1,608,434
Bond refunding costs	-	456,709	456,709
Disposition and development agreement payments	-	2,284,259	2,284,259
City capital improvement projects	-	114,434	114,434
Total deductions	<u>-</u>	<u>7,656,090</u>	<u>7,656,090</u>
Transfers in/out	(19,642)	19,642	-
Extraordinary gain/(loss)	<u>(14,548,779)</u>	<u>(1,056,589)</u>	<u>(15,605,368)</u>
Changes in net position	(14,511,164)	2,152,874	(12,358,290)
Net position - beginning of year, as restated	<u>17,456,451</u>	<u>(46,824,084)</u>	<u>(29,367,633)</u>
Net position - end of year	<u>\$ 2,945,287</u>	<u>(44,671,210)</u>	<u>(41,725,923)</u>

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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.

<b>Contents</b>	<b>Page</b>
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>	150
Revenue Capacity <i>These schedules contain information to help the reader assess the City’s most significant revenue source, property tax.</i>	160
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>	166
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>	175
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>	177

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			
	2015	2014	2013	2012
Governmental activities:				
Net investment in capital assets	\$ 691,177,418	690,214,241	680,071,465	680,653,854
Restricted for:				
Debt service	-	-	-	-
Specific projects and programs	56,695,286	58,195,215	72,390,829	71,255,345
Unrestricted	(115,036,341)	69,801,995	48,255,167	45,184,110
Total governmental act.net position	<u>\$ 632,836,363</u>	<u>818,211,451</u>	<u>800,717,461</u>	<u>797,093,309</u>
Business-type activities:				
Net investment in capital assets	66,354,962	62,656,018	60,319,081	60,790,056
Unrestricted	3,876,072	18,512,931	15,701,571	12,022,350
Total business-type act. net position	<u>70,231,034</u>	<u>81,168,949</u>	<u>76,020,652</u>	<u>72,812,406</u>
Primary government:				
Net investment in capital assets	\$ 757,532,380	752,870,259	740,390,546	741,443,910
Restricted for:				
Debt service	-	-	-	-
Specific projects and programs	56,695,286	58,195,215	72,390,829	71,255,345
Unrestricted	(111,160,269)	88,314,926	63,956,738	57,206,460
Total primary gov't net position	<u>\$ 703,067,397</u>	<u>899,380,400</u>	<u>876,738,113</u>	<u>869,905,715</u>

Fiscal Year					
2011	2010	2009	2008	2007	2006
682,215,948	672,552,834	663,940,503	651,314,240	613,182,183	589,234,339
-	-	8,456	8,522	11,233,051	9,887,253
84,776,077	82,627,732	73,476,789	63,444,940	57,835,777	52,821,548
49,110,307	45,593,983	61,222,826	58,737,998	48,821,700	43,116,681
<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>	<u>695,059,821</u>
60,735,472	62,561,262	61,530,606	62,930,245	62,581,402	62,351,619
8,252,394	8,949,534	11,305,558	12,072,901	13,407,636	12,815,366
<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>	<u>75,166,985</u>
742,951,420	735,114,096	725,471,109	714,244,485	675,763,585	651,585,958
-	-	8,456	8,522	11,233,051	9,887,253
84,776,077	82,627,732	73,476,789	63,444,940	57,835,777	52,821,548
57,362,701	54,543,517	72,528,384	70,810,899	62,229,336	55,932,047
<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>	<u>770,226,806</u>

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

	Fiscal Year			
	2015	2014	2013	2012
<b>Expenses:</b>				
General government	\$ 11,043,299	8,745,250	8,650,762	7,573,827
Public safety	68,074,704	64,237,453	66,030,873	67,474,677
Public works	18,432,374	19,408,557	17,469,905	33,194,601
Community development	3,760,037	3,487,860	3,463,631	3,653,495
Parks and library	14,226,553	12,585,457	12,618,550	11,595,065
Economic development	2,026,364	797,263	295,633	5,510,897
Health and sanitation	4,677,346	4,232,920	4,517,124	5,187,635
Interest on long-term debt	-	-	-	2,343,601
Total governmental activities expenses	<u>122,240,677</u>	<u>113,494,760</u>	<u>113,046,478</u>	<u>136,533,798</u>
<b>Program revenues:</b>				
<b>Charges for services:</b>				
Public safety	6,594,312	6,960,513	6,497,674	7,050,813
Community development	2,144,006	2,054,395	1,863,250	1,926,843
Sanitation	4,642,609	5,108,090	4,890,178	4,947,478
Other activities	5,889,501	9,796,993	6,114,917	6,143,889
Operating grants and contributions	5,110,904	4,827,666	6,904,603	7,468,477
Capital grants and contributions	3,355,657	4,658,990	5,358,521	7,390,398
Total governmental activities program revenues	<u>27,736,989</u>	<u>33,406,647</u>	<u>31,629,143</u>	<u>34,927,898</u>
Net program revenues (expenses)	<u>(94,503,688)</u>	<u>(80,088,113)</u>	<u>(81,417,335)</u>	<u>(101,605,900)</u>
<b>General revenues and other changes in net position:</b>				
<b>Taxes:</b>				
Property taxes	24,378,818	23,605,854	27,450,047	37,082,310
Sales tax	43,928,900	40,343,068	37,879,514	36,397,582
Transient occupancy taxes	4,545,827	3,851,012	3,819,199	3,439,673
Franchise taxes	3,157,617	2,950,916	3,029,552	3,001,851
Other taxes	37,067	41,159	37,242	35,351
Investment income	1,629,390	1,782,285	858,028	2,622,117
State motor vehicle in lieu (unrestricted)	11,313,325	10,837,071	10,443,766	10,393,791
Other general revenues	3,160,624	3,102,953	1,158,960	1,745,532
Capital contributions	-	-	-	-
Extraordinary items	15,605,368	10,449,117	(1,497,975)	(12,121,701)
Transfers	-	-	-	-
Total general revenues and other changes in net position	<u>107,756,936</u>	<u>96,963,435</u>	<u>83,178,333</u>	<u>82,596,506</u>
Changes in net position - governmental activities	<u>\$ 13,253,248</u>	<u>16,875,322</u>	<u>1,760,998</u>	<u>(19,009,394)</u>

Fiscal Year					
2011	2010	2009	2008	2007	2006
8,083,976	7,611,620	7,727,545	8,469,692	5,971,096	7,866,170
63,811,301	64,759,853	65,974,738	65,544,490	56,919,560	54,647,821
36,351,349	25,887,963	19,860,008	23,847,760	21,662,917	21,671,639
4,098,950	3,924,603	4,260,532	4,368,038	3,698,599	3,405,982
11,703,484	12,219,168	12,954,817	13,198,534	10,804,584	9,622,563
11,603,427	18,202,620	11,111,536	8,598,900	8,001,822	8,941,077
8,993,317	9,428,711	9,944,577	9,869,351	9,377,518	8,883,434
4,522,361	4,208,654	4,397,561	3,637,031	3,138,932	3,291,905
<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>	<u>118,330,591</u>
7,279,418	6,742,305	6,575,231	6,283,575	6,309,589	6,081,446
1,685,083	1,597,055	1,719,801	1,708,949	2,317,898	1,721,778
8,711,098	9,178,253	9,436,222	9,253,762	8,837,734	8,364,004
5,964,598	7,396,100	6,116,451	5,121,136	2,551,664	2,425,630
5,772,625	5,789,828	6,511,818	8,499,329	9,374,578	13,220,064
12,668,226	10,191,377	8,519,787	5,911,303	21,151,026	11,668,837
<u>42,081,048</u>	<u>40,894,918</u>	<u>38,879,310</u>	<u>36,778,054</u>	<u>50,542,489</u>	<u>43,481,759</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>	<u>(74,848,832)</u>
46,819,758	50,497,078	58,307,034	47,424,224	40,327,332	37,692,215
32,303,175	28,651,446	34,045,831	35,590,036	35,495,878	35,287,953
3,168,933	2,723,911	2,763,220	3,229,875	3,242,957	3,240,324
2,771,661	2,545,449	2,719,951	2,500,582	2,588,042	2,431,321
37,626	69,708	411,769	3,146,840	3,587,726	3,074,158
4,127,341	4,791,602	7,117,154	7,787,472	6,149,669	3,078,100
10,903,030	10,817,690	11,106,742	10,623,048	10,523,669	10,478,473
21,767,895	7,358,551	5,938,704	6,745,505	3,133,356	1,421,474
-	-	-	-	-	2,409
-	-	-	-	(3,200)	(1,684)
<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>96,704,743</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>	<u>21,855,911</u>



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

	Fiscal Year			
	2015	2014	2013	2012
Expenses:				
Water	\$ 28,440,276	27,914,474	26,153,824	24,714,055
Program revenues:				
Charges for services:				
Water	28,795,052	30,870,221	29,329,940	26,943,335
Capital contributions	385,000	2,382,000	-	1,479,728
Total program revenues	29,180,052	33,252,221	29,329,940	28,423,063
Net Program revenues (expenses)	739,776	5,337,747	3,176,116	3,709,008
General revenues and other changes in net position:				
Investment income	156,077	185,232	32,130	132,168
Transfers	-	-	-	-
Total general revenues and other	156,077	185,232	32,130	132,168
Changes in net position - business-type activities	\$ 895,853	5,522,979	3,208,246	3,841,176

Fiscal Year					
2011	2010	2009	2008	2007	2006
25,056,167	25,427,613	24,676,117	24,253,458	22,405,629	21,524,356
22,541,514	22,351,695	22,688,351	22,468,356	22,499,087	21,283,188
-	1,363,900	-	-	-	-
22,541,514	23,715,595	22,688,351	22,468,356	22,499,087	21,283,188
(2,514,653)	(1,712,018)	(1,987,766)	(1,785,102)	93,458	(241,168)
115,144	287,214	368,118	697,644	725,395	833,388
-	-	-	-	3,200	1,684
115,144	287,214	368,118	697,644	728,595	835,072
(2,399,509)	(1,424,804)	(1,619,648)	(1,087,458)	822,053	593,904

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

	Fiscal Year			
	2015	2014	2013	2012
General fund:				
Nonspendable	\$ 109,731	105,777	104,969	90,699
Unassigned	31,493,563	34,262,063	29,150,885	28,388,264
Reserved	-	-	-	-
Unreserved:				
Designated	-	-	-	-
Undesignated	-	-	-	-
Total general fund	<u>\$ 31,603,294</u>	<u>34,367,840</u>	<u>29,255,854</u>	<u>28,478,963</u>
All other governmental funds:				
Nonspendable	-	-	32,973,321	4,766,062
Restricted	56,695,286	58,195,215	23,669,922	52,279,327
Committed	13,486,748	13,850,031	13,836,833	14,209,956
Assigned	-	14,240,824	10,247,492	7,341,801
Unassigned	31,626,222	-	963,179	(347,541)
Reserved	-	-	-	-
Unreserved:				
Designated	-	-	-	-
Undesignated, reported in				
Special revenue funds	-	-	-	-
Debt service funds	-	-	-	-
Capital projects funds	-	-	-	-
Total all other governmental funds	<u>\$ 101,808,256</u>	<u>86,286,070</u>	<u>81,690,747</u>	<u>78,249,605</u>

Fiscal Year					
2011	2010	2009	2008	2007	2006
9,350,454	-	-	-	-	-
37,688,966	-	-	-	-	-
-	645,160	1,235,027	1,019,987	1,653,832	900,041
-	18,634,450	19,593,444	20,294,072	20,407,059	19,449,479
-	15,012,102	19,021,106	18,839,276	16,685,811	16,004,138
47,039,420	34,291,712	39,849,577	40,153,335	38,746,702	36,353,658
33,431,002	-	-	-	-	-
65,025,541	-	-	-	-	-
16,623,055	-	-	-	-	-
41,856,308	-	-	-	-	-
(4,107,237)	-	-	-	-	-
-	96,129,838	59,662,566	41,952,236	37,181,671	40,497,965
-	1,871,104	864,965	-	-	-
-	56,456,050	48,952,339	44,392,981	37,906,871	35,188,752
-	-	-	7,367,653	973,388	5,020,492
-	635,868	46,768,997	50,867,532	25,425,699	18,063,969
152,828,669	155,092,860	156,248,867	144,580,402	101,487,629	98,771,178

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

	Fiscal Year			
	2015	2014	2013	2012
<b>Revenues:</b>				
Taxes	\$ 72,890,611	67,841,093	69,186,002	76,954,916
Franchise fees	3,157,618	2,950,916	3,029,552	3,001,851
Licenses and permits	4,080,299	4,473,533	4,009,413	4,002,748
Use of money and property	1,629,390	1,780,461	851,805	2,474,065
Intergovernmental	20,574,583	20,703,372	19,564,084	26,778,563
Charges for services and fees	13,740,393	17,774,897	13,800,248	14,145,960
Fines and forfeitures	2,190,664	2,341,032	2,383,191	2,691,867
Gas tax exchange	-	-	1,399,992	1,400,000
Other revenues	2,640,918	3,022,791	3,599,606	2,078,700
<b>Total Revenues</b>	<b>120,904,476</b>	<b>120,888,095</b>	<b>117,823,893</b>	<b>133,528,670</b>
<b>Expenditures:</b>				
<b>Current:</b>				
General government	9,750,112	7,137,074	6,846,453	6,949,681
Public safety	65,620,597	63,914,038	64,873,258	63,178,602
Public works	9,942,108	9,593,548	8,800,587	8,062,755
Community development	3,735,548	3,536,074	3,447,753	3,467,940
Parks and library	12,796,867	11,272,908	11,399,670	10,225,175
Economic development	557,096	711,397	404,757	2,094,473
Health and sanitation	4,595,026	4,259,091	4,443,690	5,012,951
Gas tax exchange	-	-	1,399,992	1,400,000
Capital outlay	11,654,340	11,225,325	9,538,315	35,251,178
<b>Debt service:</b>				
Principal	-	-	-	4,345,000
Interest	-	-	-	2,088,317
Cost of issuance	-	-	-	-
Pass-through payments	-	-	-	3,390,041
ERAF/SERAF	-	-	-	-
<b>Total expenditures</b>	<b>118,651,694</b>	<b>111,649,455</b>	<b>111,154,475</b>	<b>145,466,113</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>2,252,782</b>	<b>9,238,640</b>	<b>6,669,418</b>	<b>(11,937,443)</b>
<b>Other Financing sources (uses):</b>				
Transfers in	3,025,395	105,000	1,855,759	9,968,878
Transfers out	(7,069,316)	(255,000)	(2,950,759)	(15,807,410)
Issuance of long-term debt	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-
Discount on bonds	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>(4,043,921)</b>	<b>(150,000)</b>	<b>(1,095,000)</b>	<b>(5,838,532)</b>
Extraordinary gain/(loss)	14,548,779	-	(1,497,975)	(75,228,120)
<b>Net change in fund balances</b>	<b>\$ 12,757,640</b>	<b>9,088,640</b>	<b>4,076,443</b>	<b>(93,004,095)</b>
Debt service as a percentage of noncapital expenditures	0.00%	0.00%	0.00%	4.96%

Fiscal Year					
2011	2010	2009	2008	2007	2006
82,329,492	81,942,143	95,569,549	90,329,531	83,851,379	80,433,944
2,771,661	2,545,449	2,719,950	2,500,582	2,588,042	2,431,320
3,774,323	4,326,899	4,173,262	3,898,877	9,610,729	3,755,952
3,551,781	4,927,061	7,158,274	10,565,695	8,825,751	4,430,106
28,403,147	27,300,822	26,862,436	24,992,109	25,330,674	23,933,575
18,177,972	18,200,804	17,846,596	19,275,683	19,324,746	17,021,510
2,508,035	2,406,125	2,447,662	2,517,233	2,462,429	2,253,568
1,400,000	1,400,001	1,283,333	1,399,992	1,516,586	1,399,920
26,335,916	3,506,223	4,849,492	6,239,113	4,543,246	3,306,332
<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>	<u>138,966,227</u>
7,061,583	7,578,767	7,912,652	8,318,609	7,956,831	7,860,630
60,918,438	61,065,521	63,953,976	62,188,520	57,314,746	54,774,424
7,797,685	8,446,034	9,293,512	9,411,293	8,321,571	8,152,196
3,962,744	3,904,892	4,038,220	4,154,338	3,653,185	3,438,317
10,384,204	10,616,892	11,755,994	11,986,559	10,476,307	9,334,166
3,205,665	3,041,485	2,777,568	2,490,872	3,196,758	3,312,174
8,722,900	9,062,949	9,760,095	9,425,043	9,437,049	8,933,920
1,400,000	1,400,001	1,400,000	1,399,992	1,399,920	1,399,920
39,454,570	25,073,310	24,314,129	25,638,942	37,165,934	26,160,059
4,165,000	4,034,226	4,216,805	3,009,750	3,301,291	3,247,397
4,431,985	4,115,795	4,002,425	3,128,715	3,228,849	3,318,560
-	-	256	1,045,003	-	-
5,875,595	6,793,642	8,179,688	6,043,592	4,714,652	4,235,599
1,678,909	8,154,699	-	-	-	3,068,464
<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>	<u>137,235,826</u>
<u>10,193,049</u>	<u>(6,732,686)</u>	<u>11,305,234</u>	<u>13,477,587</u>	<u>7,886,489</u>	<u>1,730,401</u>
25,269,353	9,642,668	11,624,782	29,933,864	13,327,551	6,557,597
(24,978,885)	(9,642,668)	(12,049,782)	(31,444,865)	(16,104,545)	(7,560,309)
-	-	-	39,630,000	-	-
-	-	-	(6,588,093)	-	-
-	-	-	(386,130)	-	-
<u>290,468</u>	<u>-</u>	<u>(425,000)</u>	<u>31,144,776</u>	<u>(2,776,994)</u>	<u>(1,002,712)</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>	<u>727,689</u>
5.88%	6.07%	6.20%	5.09%	5.33%	5.49%

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	
2006	9,909,271,877	134,445,544	10,043,717,421	0.168%
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%

**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
2,886,731,488	634,863,560	3,521,595,048	0.591%	0.278%
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%



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

	Fiscal Year			
	2015	2014	2013	2012
Basic levy	\$ 1.00000	\$ 1.00000	1.00000	1.00000
Overlapping Rates:				
School Services:				
North Orange County Community College District	0.01704	0.01704	0.01902	0.01742
Rancho Santiago Community College District	0.05078	0.03334	0.03241	0.03146
Anaheim Elementary School District	0.02867	0.05848	0.05382	0.05371
Anaheim High School District	0.02412	0.02620	0.02858	0.02678
Santa Ana Unified School District	0.06869	0.07359	0.07749	0.07147
Placentia Yorba Linda Unified	0.05822	0.06525	0.06203	0.05846
Tustin Unified School District SFID No. 2002-1	0.06955	0.08912	0.06729	0.05586
Garden Grove Unified 2010 Series A & B	0.04148	0.03703	0.03135	0.02483
Total School Services	<u>0.35855</u>	<u>0.40005</u>	<u>0.37199</u>	<u>0.33999</u>
Metropolitan Water District	0.00350	0.00350	0.00350	0.00370
Irvine Ranch Water District	0.02803	0.05581	0.05581	0.05581
Total Direct Rate	<u>\$ 1.39008</u>	<u>\$ 1.45936</u>	<u>1.43130</u>	<u>1.39950</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					
2011	2010	2009	2008	2007	2006
1.00000	1.00000	1.00000	1.00000	1.00000	1.00000
0.01758	0.01662	0.01493	0.01502	0.01444	0.01696
0.03141	0.02735	0.02253	0.02373	0.01911	0.01691
0.03363	0.03193	0.02248	0.03544	0.02240	0.02811
0.02745	0.02617	0.02363	0.02516	0.02355	0.02444
0.07167	0.07388	0.03212	0.03585	0.03915	0.04353
0.05804	0.06166	0.04764	0.02950	0.02650	0.02751
0.05962	0.03797	0.03102	0.03173	0.00232	0.03105
0.03308	-	-	-	-	-
0.33248	0.27558	0.19435	0.19643	0.14747	0.18851
0.00370	0.00430	0.00430	0.00450	0.00470	0.00520
0.04591	0.04591	0.03980	0.03981	0.00002	0.02603
1.38209	1.32579	1.23845	1.24074	1.15219	1.21974

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

Taxpayer	2015		2006	
	Taxable Assessed Value	Percentage of Total Taxable Assessed Value	(1) Taxable Assessed Value	Percentage of Total Taxable Assessed Value
Orange City Mills LP	\$ 149,589,704	0.87%	124,867,235	0.98%
Irvine Company LLC	149,146,386	0.87%	-	0.00%
Children's Hospital of Orange County	131,046,853	0.76%	-	0.00%
Passco TVO-S LLC	118,183,377	0.69%	103,469,109	0.81%
BRE Properties Inc	100,227,954	0.58%	-	0.00%
St. Joseph Hospital	97,396,142	0.57%	185,373,629	1.45%
Mullrock Executive Land	75,022,721	0.44%	-	0.00%
Orange County Realty Investors LLC	73,000,000	0.42%	-	0.00%
National Oilwell Varco LP	69,758,177	0.41%	-	0.00%
3091 Chapman Avenue Apts. Investors	68,894,374	0.40%	-	0.00%
EOP-The City LLC	-	0.00%	185,759,337	1.45%
Chapman University	-	0.00%	160,844,661	1.26%
CA-Orange Limited Partnership	-	0.00%	74,079,003	0.58%
Massachusetts Mutual	-	0.00%	58,207,359	0.45%
E. Verne Breeze Trust	-	0.00%	46,530,981	0.36%
SSR Realty Advisors	-	0.00%	41,542,581	0.32%
EOP-1100 Executive Tower LLC	-	0.00%	39,361,077	0.31%
	<u>\$ 1,032,265,688</u>	<u>6.01%</u>	<u>1,020,034,972</u>	<u>7.97%</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
2006	36,780,441	35,879,748	97.55%	455,048	(329,125)	36,005,671	97.89%
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%

**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	
2006	61,805,000	7,550,000	437,710	88,635	69,881,345
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	-	-	-	-	-

**Notes:**

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

<sup>1</sup> 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).

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

<sup>3</sup> 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 Primary Government	Percentage of Personal Income <sup>1</sup>	Debt Per Capita <sup>2</sup>
333,000	17,290	350,290	70,231,635	1.26%	510
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

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
2006	61,805,000	10,885,190	50,919,810	7,550,000	92,295	7,457,705
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	-	-	-	-	-	-

**Notes:**

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

<sup>1</sup> 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.

<sup>2</sup> Population data can be found in the Schedule of Demographic and Economic Statistics.

<sup>3</sup> 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 <sup>1</sup>	Per Capita <sup>2</sup>
58,377,515	0.430%	424
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, 2015**

2014-15 Assessed Valuation: \$17,948,279,036

	Total Debt	6/30/2015 % Applicable (1)	City's Share of Debt 6/30/15
<b><u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u></b>			
Metropolitan Water District	\$110,420,000	0.774%	\$854,651
Irvine Ranch Water District, Improvement District No. 105	185,047,920	1.169	2,163,210
Irvine Ranch Water District, Improvement District No. 250	238,386,060	0.03	71,516
North Orange County Joint Community College District	187,039,001	0.124	231,928
Rancho Santiago Community College District	277,290,443	28.024	77,707,874
Anaheim Union High School District	151,308,955	0.361	546,225
Anaheim School District	147,075,460	0.617	907,456
Tustin Unified School District School Facilities Improvement District No. 2002-1	49,798,788	0.061	30,377
Tustin Unified School District School Facilities Improvement District No. 2008-1	70,495,000	0.063	44,412
Tustin Unified School District School Facilities Improvement District No. 2012-1	32,535,000	0.043	13,990
Orange Unified School District Community Facilities District No. 2005-1	6,555,000	100	6,555,000
Orange Unified School District Community Facilities District No. 2005-2	5,945,000	100	5,945,000
City of Orange Community Facilities District No. 91-2	27,690,000	100	27,690,000
City of Orange Community Facilities District No. 06-1	23,920,000	100	23,920,000
City of Orange 1915 Act Bonds	415,000	100	415,000
<b>TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT</b>			<b>\$147,096,639</b>
<b><u>OVERLAPPING GENERAL FUND DEBT:</u></b>			
Orange County General Fund Obligations	\$98,906,000	3.809%	\$3,767,330
Orange County Pension Obligations	366,854,623	3.809	13,973,493
Orange County Board of Education Certificates of Participation	15,190,000	3.809	578,587
Municipal Water District of Orange County Water Facilities Corporation	5,360,000	4.553	244,041
North Orange County Regional Occupation Program Certificates of Participation	10,450,000	0.127	13,272
Orange Unified School District Certificates of Participation and Benefit Obligations	115,579,699	58.63	67,764,378
Anaheim Union High School District Certificates of Participation	35,478,095	0.361	128,076
<b>City of Orange General Fund Obligations</b>	<b>0</b>	<b>100</b>	<b>0</b>
<b>TOTAL GROSS OVERLAPPING GENERAL FUND DEBT</b>			<b>\$86,469,177</b>
Less: MWDOC Water Facilities Corporation (100% self-supporting)			244,041
<b>TOTAL NET OVERLAPPING GENERAL FUND DEBT</b>			<b>\$86,225,136</b>
<b><u>OVERLAPPING TAX INCREMENT DEBT:</u></b>	<b>\$62,670,000</b>	<b>100</b>	<b>\$62,670,000</b>
<b>TOTAL DIRECT DEBT</b>			<b>\$0</b>
<b>TOTAL GROSS OVERLAPPING DEBT</b>			<b>\$296,235,816</b>
<b>TOTAL NET OVERLAPPING DEBT</b>			<b>\$295,991,775</b>
<b>GROSS COMBINED TOTAL DEBT</b>			<b>\$296,235,816</b>
<b>NET COMBINED TOTAL DEBT</b>			<b>\$295,991,775</b>

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 2014-15 Assessed Valuation:

Total Overlapping Tax and Assessment Debt	0.82%
<b>Total Direct Debt</b>	<b>0.00%</b>
Gross Combined Total Debt	1.65%
Net Combined Total Debt	1.65%

Ratios to Redevelopment Incremental Valuation (\$3,313,681,857):

Total Overlapping Tax Increment Debt	1.89%
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CITY OF ORANGE  
 Legal Debt Margin Information  
 Last Ten Fiscal Years

	Fiscal Year			
	2015	2014	2013	2012
Assessed valuation	\$ 17,948,279,036	17,185,459,884	16,538,150,330	16,575,115,925
Conversion percentage	25%	25%	25%	25%
Adjusted assessed valuation	4,487,069,759	4,296,364,971	4,134,537,583	4,143,778,981
Debt limit percentage	15%	15%	15%	15%
Debt limit	673,060,464	644,454,746	620,180,637	621,566,847
Total net debt applicable to limit	-	-	-	-
Legal debt margin	673,060,464	644,454,746	620,180,637	621,566,847
Total debt applicable to the limit as a percentage of debt limit	0.0%	0.0%	0.0%	0.0%

Fiscal Year					
2011	2010	2009	2008	2007	2006
16,238,708,233	16,587,389,587	16,947,603,456	15,955,833,046	14,776,468,639	13,565,312,469
25%	25%	25%	25%	25%	25%
4,059,677,058	4,146,847,397	4,236,900,864	3,988,958,262	3,694,117,160	3,391,328,117
15%	15%	15%	15%	15%	15%
608,951,559	622,027,110	635,535,130	598,343,739	554,117,574	508,699,218
-	-	-	-	-	-
608,951,559	622,027,110	635,535,130	598,343,739	554,117,574	508,699,218
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			
	Property Tax Increment	Debt Service		Coverage
		Principal	Interest	
2006	20,812,823	2,135,000	2,825,375	4.20
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	-	-	-	-

CITY OF ORANGE  
Demographic and Economic Statistics  
Last Ten Fiscal Years

Fiscal Year Ended June 30	Population <sup>1</sup>	Personal Income (expressed in thousands) <sup>2</sup>	Per Capita Personal Income <sup>2</sup>	Public School Enrollment <sup>3</sup>	Unemployment Rate <sup>4</sup>
2006	137,801	143,949,044	48,209	16,432	3.7%
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	*	*	15,147	4.6%
2015	140,094	*	*	14,982	4.2%

Sources:

<sup>1</sup> State of California, Department of Finance

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

<sup>3</sup> Orange Unified School District region

<sup>4</sup> State of California, Employment Development Department

\* Not available at time of printing

CITY OF ORANGE  
Principal Employers  
Current Year and Nine Years Ago

Employer	2015		2006	
	Number of Employees	Percent of Total Employment	Number of Employees	Percent of Total Employment <sup>1</sup>
St. Joseph Hospital of Orange	4,850	19.09%	3,279	-
UCI Irvine Healthcare	4,000	15.75%	3,800	-
CHOC Children's Hospital	2,900	11.42%	1,816	-
Chapman University	1,235	4.86%	800	-
Santiago Canyon College	913	3.59%	-	-
CalOptima Health Plans	900	3.54%	-	-
NOV Rig Systems (formerly National Oilwell Varco)	900	3.54%	-	-
American Advisors Group (AAG)	800	3.15%	-	-
City of Orange	753	2.96%	848	-
Western Dental Services, Inc. (formerly Sybron Dental Specialists)	700	2.76%	-	-
Orange County Transportation Authority	500	1.97%	1,000	-
California Choice	490	1.93%	-	-
Chapman Medical Center	460	1.81%	-	-
AECOM Technology Corp	450	1.77%	-	-
MS International	266	1.05%	-	-

**Notes:**

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

<sup>1</sup> Total employment for 2006 not available to calculate percentage.

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*									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
<b>Governmental Activities:</b>										
General Government	75	75	75	78	80	80	80	80	78	78
Public Safety	412	412	411	414	414	414	414	414	411	410
Public Works	67	74	74	74	76	76	76	76	75	74
Community Development	36	36	36	35	35	35	35	35	34	33
Parks and Library	109	107	105	114	115	115	114	115	115	112
Economic Development	-	-	-	11	11	11	11	11	11	11
Sanitation	21	15	21	22	22	22	22	22	22	22
Subtotal governmental activities	720	719	722	748	753	753	752	753	746	740
<b>Business-Type Activities:</b>										
Water	45	44	46	44	44	44	44	44	44	44
<b>Total activities</b>	<b>765</b>	<b>763</b>	<b>768</b>	<b>792</b>	<b>797</b>	<b>797</b>	<b>796</b>	<b>797</b>	<b>790</b>	<b>784</b>

\* Includes budgeted but frozen positions

Source: City of Orange



CITY OF ORANGE  
Operating Indicators by Department  
Last Ten Fiscal Years

	Fiscal Year				
	2015	2014	2013	2012	2011
<b>City Attorney:</b>					
Number of claims/cases handled <sup>4</sup>	486	790	384	344	371
Number of resolutions/ordinances/agreements	269	367	257	387	334
<b>City Clerk:</b>					
Number of passports processed	1,837	1,530	1,288	1,004	1,075
Number of documents scanned	2,220	2,810	3,089	3,603	5,107
<b>Finance:</b>					
Number of business licenses issued	20,190	19,991	19,699	21,026	21,583
Number of water accounts billed	35,174	35,166	35,153	36,338	36,326
<b>Human Resources:</b>					
Number of recruitments held	60	52	47	48	30
Number of applications processed	6,717	9,881	8,189	7,744	3,033
<b>Library:</b>					
Number of items checked out <sup>1</sup>	643,791	688,716	647,818	648,690	670,816
Total library cards <sup>2</sup>	59,316	60,063	61,282	80,731	70,711
Number of patrons/visitors <sup>1</sup>	502,276	534,686	510,864		494,372
<b>Fire:</b>					
Number of calls:					
Medical	9,416	9,051	9,938	9,609	9,065
Fire	355	365	538	530	467
Other	1,843	1,813	1,904	1,627	1,664
Number of inspections performed <sup>3</sup>	5,970	5,518	6,959	6,944	6,922
<b>Police:</b>					
Number of calls for service	103,793	98,148	99,967	101,783	99,687
Number of arrests	4,683	4,558	4,424	4,777	5,767
<b>Public Works:</b>					
Lane miles of streets resurfaced	28	26	34	13	21
Miles of streets swept	40,180	32,219	32,219	32,137	32,155
<b>Water Division:</b>					
Number of active water connections	36,347	36,332	36,324	36,087	36,327
Million gallons of daily average distribution	26	29	28	26	26
<b>Sanitation Division:</b>					
Number of active sewer connections	33,943	33,513	33,511	33,511	33,510
Number of catch basins inspected	1,952	1,970	1,959	1,775	1,906
<b>Community Development:</b>					
Number of permits issued	3,803	3,497	2,733	2,815	2,683
Combined construction valuation	\$ 106,328,212	163,884,728	74,830,424	118,859,205	82,740,914
<b>Community Services:</b>					
Number of contract classes held	1,212	1,864	1,858	1,610	1,675
Total participants at all activities/events <sup>5</sup>	934,188	909,192	593,693	595,518	72,121

**Notes:**

<sup>1</sup> Main Library remodeling May 2005 - March 2007. Main Library re-opened on April 21, 2007.

<sup>2</sup> During 2007-08 and 2008-09 library cards that had not been used for at least 3 years were purged from the system.

<sup>3</sup> Effective 2007-08 all types of fire inspections are included. In prior years only certain types of inspections were included.

<sup>4</sup> Effective 2009-10 all types of claims/cases are included. In prior years only certain types of claims/cases were included.

<sup>5</sup> 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				
2010	2009	2008	2007	2006
591	90	160	118	112
460	317	298	235	382
1,302	1,416	1,283	1,134	526
9,222	5,210	6,010	6,199	7,971
21,805	22,644	21,368	19,615	19,357
36,313	36,293	36,057	36,043	35,800
18	41	119	122	118
1,455	5,806	7,408	3,229	2,366
696,873	653,143	633,082	442,053	436,106
64,621	51,855	70,349	86,248	74,775
541,158	524,424	387,003	246,600	246,550
8,888	8,667	8,711	8,488	7,427
582	583	647	627	433
1,719	1,862	1,792	1,713	1,648
6,910	6,338	6,403	3,768	3,870
108,348	109,119	103,328	108,707	102,016
5,686	6,073	6,471	6,644	5,769
10	8	23	18	4
32,330	31,673	32,337	34,678	34,345
35,135	33,254	34,714	34,756	34,561
27	31	31	31	29
33,423	33,461	33,459	33,454	33,359
80	1,855	1,663	1,549	1,898
2,522	2,477	3,056	3,700	5,000
64,066,166	90,468,233	93,608,776	130,000,000	170,000,000
1,400	950	781	767	1,032
72,600	77,017	62,349	62,966	64,448

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

	Fiscal Year				
	2015	2014	2013	2012	2011
<b>Library:</b>					
Number of libraries	3	3	3	3	3
Number of books & other items held <sup>1</sup>	212,373	209,128	266,487	272,077	262,284
<b>Fire:</b>					
Number of fire stations	8	8	8	8	8
Number of vehicles in fleet	58	57	54	54	54
<b>Police:</b>					
Number of stations/sub-stations	2	2	2	2	2
Number of vehicles in fleet	132	128	128	129	128
<b>Public Works:</b>					
Streets (in miles) <sup>2</sup>	328	328	327	314	339
Number of streetlights <sup>1</sup>	3,125	2,926	2,780	2,696	2,662
Number of traffic signals	157	156	155	155	153
Number of street trees <sup>1</sup>	20,430	19,728	19,528	19,746	19,520
<b>Water Division:</b>					
Number of wells	16	16	17	17	17
Water mains (in miles)	452	452	451	450	450
Number of hydrants	4,410	4,413	4,411	4,399	4,398
<b>Sanitation Division:</b>					
Miles of sewer lines/storm drains <sup>1</sup>	436	436	436	436	436
<b>Facilities Maintenance Division:</b>					
Number of city buildings owned <sup>1</sup>	82	82	82	82	82
Square feet of city buildings <sup>1</sup>	529,995	529,995	529,995	529,995	529,995
Number of other city vehicles	236	241	241	237	237
<b>Community Services:</b>					
Number of parks	22	22	22	22	22
Acres of parkland <sup>3</sup>	258	258	252	252	252
Number of community pools	2	2	2	2	2

**Notes:**

<sup>1</sup> In Fiscal Year 06-07, information was revised to improve accuracy.

<sup>2</sup> In Fiscal Year 05-06, the City conducted a study using Pavement Management Program which provided a more accurate number.

<sup>3</sup> In Fiscal Year 2014, information was revised to improve accuracy.

\* Information not available.

Fiscal Year				
2010	2009	2008	2007	2006
3	3	3	3	3
254,718	254,031	252,145	266,210	254,201
8	8	8	8	8
54	54	51	48	48
2	3	5	5	5
126	126	123	120	121
326	332	331	331	315
2,601	2,863	2,863	2,546	2,600
148	149	152	147	148
21,352	21,947	21,956	22,580	28,380
17	17	17	17	17
450	449	449	447	445
4,371	4,351	4,339	4,315	4,254
424	424	410	410	503
87	86	86	87	47
552,696	550,896	550,896	553,896	452,046
234	235	238	233	232
22	22	22	22	22
252	252	252	252	246
2	2	2	1	1

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