



# CITY OF YORBA LINDA

## COMPREHENSIVE ANNUAL FINANCIAL REPORT



FOR THE FISCAL YEAR ENDED JUNE 30, 2016



The images on the front cover this year are renderings of the Yorba Linda Town Center, which is currently under construction at the corner of Yorba Linda Boulevard and Imperial Highway. This project, over 20 years in the making, will bring a movie theater, numerous dining options, and other retail outlets to Yorba Linda's historic Town Center and facilitate additional redevelopment along Main Street and in surrounding areas.

**CITY OF YORBA LINDA, CALIFORNIA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**



**City Council**

**Tom Lindsey  
Mayor**

**Peggy Huang  
Mayor Pro Tem**

**Gene Hernandez  
Council Member**

**Craig Young  
Council Member**

**Mark Schwing  
Council Member**

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

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



# CITY OF YORBA LINDA

P.O. BOX 87014

CALIFORNIA 92885-8714

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December 31, 2016

## **HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL**

It is our pleasure to submit the Comprehensive Annual Financial Report (CAFR) of the City of Yorba Linda (the City) for the fiscal year ended June 30, 2016.

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

The City's financial statements have been audited by Moss, Levy, & Hartzheim, LLP, a firm of certified public accountants. The independent auditor concluded, based on the audit, that there was a reasonable basis for rendering an unmodified opinion on the City's financial statements for the fiscal year ended June 30, 2016. The independent auditor's report is presented as the first component of the financial section of this report.

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

### **City of Yorba Linda Profile**

The City of Yorba Linda, which has a population of 67,637 and is 20.0 square miles, is located in the northeast section of Orange County. The City is strategically located in Southern California, 37 miles from downtown Los Angeles and 13 miles from downtown Santa Ana. Neighboring communities include Anaheim, Brea, Placentia, and Corona. Among the attractions located in the City is the Richard Nixon Presidential Library.

The City of Yorba Linda is a General Law City and was incorporated in 1967. Since its incorporation, the City has committed itself to providing the highest quality public services at the lowest possible cost. This has been accomplished through the use of contract service providers combined with the development of a skilled, customer service-oriented City

workforce. The City has a Council-Manager form of government, with a City Council comprised of five members elected bi-annually to four-year alternating terms. City Council members are elected at-large, on a non-partisan basis, with the City Council annually selecting a Mayor from its members. The City Council appoints the City Manager and City Attorney. The City Manager is responsible for implementing the policy direction of the City Council and directing the day-to-day administration and management of City business within all City departments.

The City provides a wide range of municipal services to its residents either directly or by contract with private vendors or other government agencies. These services including construction and maintenance of streets and other infrastructure, planning and zoning, recreational activities, golf course, library services, and general administrative and support services provided through a staff of approximately 200 full- and part-time employees. The City contracts with the Orange County Sheriff's Department to provide Police Services and Fire Protection Services are provided by the Orange County Fire Authority. In addition to general City activities, the City Council is financially accountable for the Yorba Linda Public Financing Authority. This entity is therefore included as an integral part of the City's financial statements. Additional information regarding this legally separate entity can be found in Note 1 in the notes to the financial statements.

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

### **Local Economic Outlook**

The California economy continues to grow, with the City of Yorba Linda and the County of Orange outperforming much of the State. The City relies heavily on taxes, its primary source of revenue, comprising approximately 83% of all General Fund revenues. The majority of the tax revenues are collected from property taxes and sales taxes. The City's sales tax revenue has increased over the past several years and is expected to continue to increase next year, which reflects a thriving local business community. The City's property tax revenues are expected to continue to show positive growth based on an increase in assessed valuation and continued residential development in the City. While the City expects revenues to increase during the upcoming fiscal year, we continue to be cautious with the City's financial resources and are committed to maintaining a balanced operating budget and one of the strongest General Fund budget reserves in Orange County.

## **Long-Term Financial Policies and Planning**

A portion of fund balance in the General Fund is set aside and committed for future emergencies, economic contingencies, and known long-term needs pursuant to a City Council-approved budget reserves policy (the policy). The policy requires operating reserves to be maintained at a level of at least 50% of budgeted General Fund expenditures (excluding transfers) and other reserves for long-term needs to be established and funded in a prudent manner. As of June 30, 2016, the City's General Fund had budget reserves of approximately \$23.1 million. Of this amount, \$15.6 million is committed to operating reserves for emergencies and economic contingencies and \$7.5 million is committed to special reserves for facilities, road maintenance, self-insurance, and other long-term needs. Assigned fund balance amounts to approximately \$2.8 million assigned to capital projects, budget carryovers, and encumbrances. Nonspendable fund balance of approximately \$25.6 million consists primarily of outstanding loans to the City's Successor Agency and the Golf enterprise fund. The remainder of fund balance, amounting to approximately \$4.7 million, is unassigned and available for any purpose at the direction of the City Council.

## **Major Initiatives**

Annually, the City updates a five (5) year Capital Improvement Program (CIP). Planned capital expenditures during fiscal year 2016/17 are budgeted at approximately \$15.1 million. Funding comes from multiple sources, including existing funds, user fees, impact fees, and regional, state and federal funds. The CIP consists primarily of transportation-related projects and parks & recreation facilities. The current CIP includes publicly-funded infrastructure and a parking garage related to the Yorba Linda Town Center development and the initial funding for development of a new Yorba Linda Public Library and community arts center, both significant projects for the City.

## **Acknowledgements**

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

Respectfully submitted,



Mark A. Pulone  
City Manager



Scott Catlett  
Finance Director / City Treasurer

## LEGISLATIVE OFFICIALS

Tom Lindsey ..... Mayor  
 Peggy Huang ..... Mayor Pro Tem  
 Gene Hernandez ..... Council Member  
 Mark Schwing ..... Council Member  
 Craig Young ..... Council Member

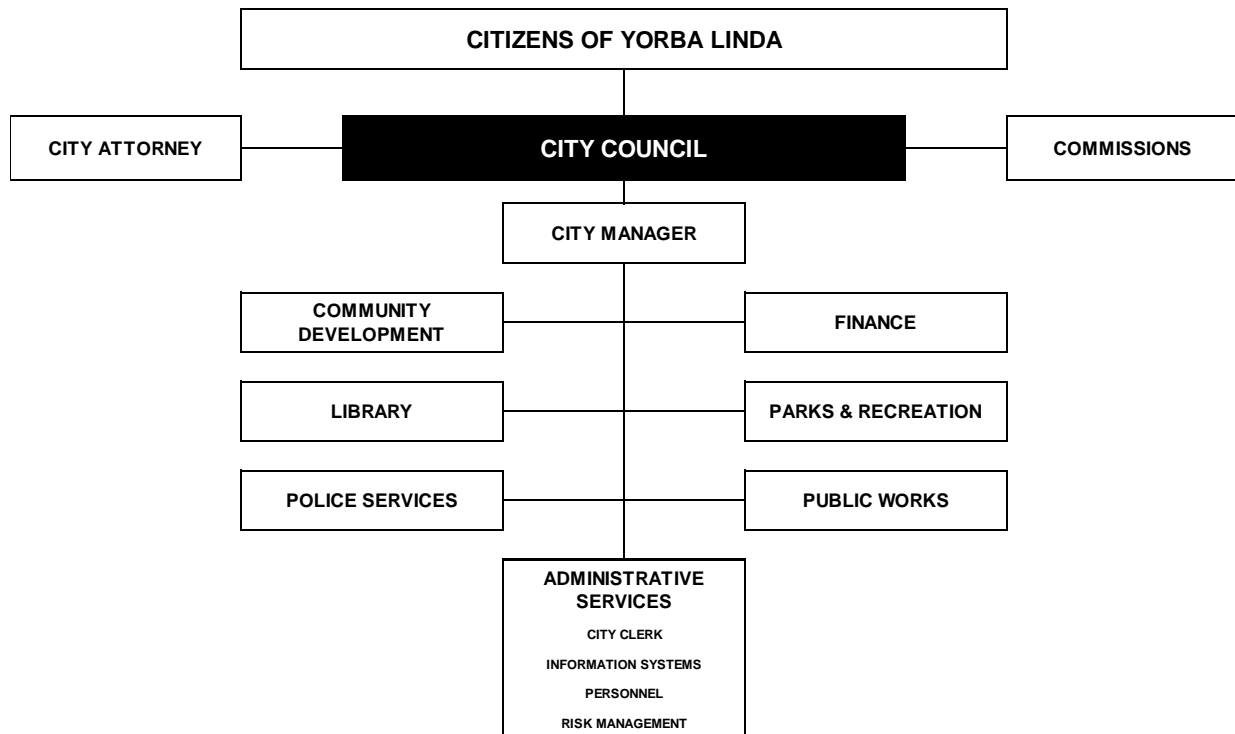
## APPOINTED CITY OFFICIALS

Mark Pulone ..... City Manager  
 Todd Litfin ..... City Attorney

## CITY OFFICIALS

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

## ORGANIZATIONAL CHART



CITY OF YORBA LINDA, CALIFORNIA  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

TABLE OF CONTENTS

|   | <u>Page<br/>Number</u> |
|---|------------------------|
| <br><b>INTRODUCTORY SECTION</b>   |                        |
| LETTER OF TRANSMITTAL.....  | i                      |
| CITY OFFICIALS AND ORGANIZATIONAL CHART .....   | iv                     |
| <br><b>FINANCIAL SECTION</b>  |                        |
| INDEPENDENT AUDITOR'S REPORT .....  | 1                      |
| MANAGEMENT'S DISCUSSION AND ANALYSIS (REQUIRED SUPPLEMENTAL<br>INFORMATION – UNAUDITED).....  | 4                      |
| <b>BASIC FINANCIAL STATEMENTS</b>   |                        |
| Government-Wide Financial Statements:   |                        |
| Statement of Net Position .....   | 16                     |
| Statement of Activities.....  | 17                     |
| Fund Financial Statements:  |                        |
| Balance Sheet – Governmental Funds .....  | 19                     |
| Reconciliation of the Balance Sheet of Governmental Funds<br>to the Statement of Net Position .....   | 22                     |
| Statement of Revenues, Expenditures, and Changes in Fund<br>Balances of Governmental Funds.....   | 23                     |
| Reconciliation of the Statement of Revenues, Expenditures, and<br>Changes in Fund Balances of Governmental Funds to the Statement of Activities ..... | 25                     |
| Statement of Net Position – Proprietary Funds .....   | 26                     |
| Statement of Revenues, Expenses, and Changes in Net<br>Position – Proprietary Funds.....  | 27                     |
| Statement of Cash Flows – Proprietary Funds .....   | 28                     |
| Statement of Fiduciary Net Position – Fiduciary Funds.....  | 29                     |
| Statement of Changes in Fiduciary Net Position – Fiduciary Funds .....  | 30                     |
| Notes to Financial Statements.....  | 31                     |
| <br><b>REQUIRED SUPPLEMENTARY INFORMATION (Unaudited)</b>   |                        |
| Budgetary Comparison Schedule – General Fund.....   | 73                     |
| Budgetary Comparison Schedule – Housing Special Revenue Fund.....   | 74                     |
| Budgetary Comparison Schedule – Library Special Revenue Fund .....  | 75                     |
| Budgetary Comparison Schedule – Street Lighting & Maintenance District<br>Special Revenue Fund .....  | 76                     |
| Note to Required Supplementary Information .....  | 77                     |
| Schedule of Changes in the Net Pension Liability and Related Ratios - Last 10 Years .....   | 78                     |
| Schedule of Pension Contributions – Last 10 Years .....   | 79                     |
| Schedule of Funding Progress – Other Postemployment Benefits .....  | 80                     |
| Modified Approach for City Infrastructure Capital Assets.....   | 81                     |



CITY OF YORBA LINDA, CALIFORNIA  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

TABLE OF CONTENTS - Continued

|  | <u>Page<br/>Number</u> |
|--|------------------------|
| <b>FINANCIAL SECTION (Continued)</b>   |                        |
| <b>OTHER SUPPLEMENTARY INFORMATION</b>   |                        |
| Budgetary Comparison Schedule – Capital Improvements Capital Projects Fund .....                                   | 82                     |
| Nonmajor Governmental Funds .....  | 84                     |
| Combining and Individual Fund Statements and Schedules:  |                        |
| Combining Balance Sheet – Nonmajor Governmental Funds .....  | 85                     |
| Combining Statement of Revenues, Expenditures, and Changes in<br>Fund Balances – Nonmajor Governmental Funds ..... | 87                     |
| Budgetary Comparison Schedules – Special Revenue Funds:  |                        |
| Gas Tax .....  | 89                     |
| Aid to Cities .....  | 90                     |
| Traffic Safety .....   | 91                     |
| HCD Grant .....  | 92                     |
| Citizens Option for Public Safety .....  | 93                     |
| AQMD .....   | 94                     |
| Park In-Lieu .....   | 95                     |
| Street Improvement .....   | 96                     |
| Measure M .....  | 97                     |
| Mortgage Assistance Program .....  | 98                     |
| Budgetary Comparison Schedules – Capital Projects Funds:   |                        |
| Master Plan of Drainage .....  | 99                     |
| Street and Traffic Signal Improvements .....   | 100                    |
| Combining Statement of Changes in Assets and Liabilities – All Agency Funds .....                                  | 101                    |
| <b>STATISTICAL SECTION</b>   |                        |
| Net Position by Component .....  | 103                    |
| Changes in Net Position .....  | 105                    |
| Fund Balances of Governmental Funds .....  | 109                    |
| Changes in Fund Balances of Governmental Funds .....   | 111                    |
| Assessed Value and Estimated Actual Value of Taxable Property .....  | 113                    |
| Direct and Overlapping Property Tax Rates .....  | 114                    |
| Principal Property Tax Payers .....  | 115                    |
| Property Tax Levies and Collections .....  | 116                    |
| Ratios of Outstanding Debt by Type .....   | 117                    |
| Ratios of General Bonded Debt Outstanding .....  | 118                    |
| Direct and Overlapping Debt .....  | 119                    |
| Legal Debt Margin Information .....  | 120                    |
| Pledged Revenue Coverage .....   | 121                    |
| Demographic and Economic Statistics .....  | 122                    |
| Principal Employers .....  | 123                    |
| Full-Time Equivalent City Government Employees by Function .....   | 124                    |
| Operating Indicators by Function .....   | 125                    |
| Capital Asset Statistics by Function .....   | 126                    |

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# MOSS, LEVY & HARTZHEIM LLP

CERTIFIED PUBLIC ACCOUNTANTS

## **PARTNERS**

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TRAVIS J HOLE, CPA

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FAX: 310.670.1689  
www.mlhcpas.com

## **INDEPENDENT AUDITOR'S REPORT**

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Yorba Linda, California, (the City) as of and for the fiscal year ended June 30, 2016, 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

## **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 Yorba Linda, California, as of June 30, 2016, and the respective changes in financial position, and, where applicable, cash flows thereof, for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter**

### *Change in Accounting Principle*

As discussed in Note 1 to the financial statements effective July 1, 2015, the City adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Applications*. Our opinion is not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 15, budgetary comparison information on pages 73 to 76, Schedule of Changes in the Net Pension Liability and Related Ratios – Last 10 Years on page 78, Schedule of Pension Contributions – Last 10 Years on page 79, Schedule of Funding Progress - OPEB on page 80, and the Modified Approach for Infrastructure Capital Assets on page 81 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, budgetary comparison schedule – Capital Improvement fund, combining nonmajor fund financial statements, nonmajor funds budgetary comparison schedules, the combining agency fund financial statement, and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The budgetary comparison schedule – Capital Improvement fund, combining nonmajor fund financial statements, nonmajor funds budgetary comparison schedules, and the combining agency fund financial statement are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison schedule – Capital Improvement fund, combining nonmajor fund financial statements, nonmajor funds budgetary comparison schedules, and the combining agency fund financial statement 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 31, 2016, 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 City's internal control over financial reporting and compliance.

*Moss, Levy & Hartzheim*

Moss, Levy & Hartzheim, LLP  
Culver City, California  
December 31, 2016

## MANAGEMENT'S DISCUSSION AND ANALYSIS

The management of the City of Yorba Linda ("City") offers readers of the City's financial statements this narrative overview and analysis of the City's financial activities for the fiscal year ended June 30, 2016. We encourage readers to consider the information presented here in conjunction with additional information that is provided in our letter of transmittal. The presentation of the City's financial data in this analysis and statements will differ from the City's budget, in that the analysis and statements are required to follow Governmental Accounting Standards Board Statement Number 34 and other Statements to allocate costs associated with capital related items, long-term debt transactions, accrued interest, compensated absences, and depreciation to the various functions of the City; whereas, the City's budget is an operational financial plan for the upcoming fiscal year.

### OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

The government-wide financial statements include the activities of the City and one blended component unit, the Yorba Linda Public Financing Authority. Although legally separate, this entity functions for all practical purposes as a department of the City and therefore has been blended as part of the primary government. The Successor Agency to the Yorba Linda Redevelopment Agency (Successor Agency) is also included as a private-purpose trust fund since it would be misleading to exclude the Successor Agency

due to the nature and significance of the relationship between the City and the Successor Agency. The activity of the Successor Agency is reported with the City's fiduciary funds, which are not included in the government-wide statements since the resources of those funds are not available to support the City's own programs.

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

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

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

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

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

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

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

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

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

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

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

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

The two tables on the following pages focus on the net position and changes in net position of the City's governmental and business-type activities. The table below summarizes the City's assets, liabilities, deferred inflows and outflows, and net position as of June 30, 2016, and the end of the prior fiscal year. As noted earlier, a government's net position may serve over time as a useful indicator of its financial position.

|                                | Governmental Activities |               | Business-Type Activities |                | Total         |               |
|--------------------------------|-------------------------|---------------|--------------------------|----------------|---------------|---------------|
|                                | 2016                    | 2015          | 2016                     | 2015           | 2016          | 2015          |
| Current and other assets       | \$145,685,616           | \$139,600,539 | (\$22,735,273)           | (\$23,820,121) | \$122,950,343 | \$115,780,418 |
| Capital assets, net            | 375,388,766             | 369,642,916   | 25,867,362               | 26,228,533     | 401,256,128   | 395,871,449   |
| Total assets                   | 521,074,382             | 509,243,455   | 3,132,089                | 2,408,412      | 524,206,471   | 511,651,867   |
| Deferred outflows of resources | 1,186,312               | 1,377,543     | -                        | -              | 1,186,312     | 1,377,543     |
| Current liabilities            | 4,479,705               | 3,351,810     | 1,073,226                | 1,028,726      | 5,552,931     | 4,380,536     |
| Noncurrent liabilities         |                         |               |                          |                |               |               |
| Long-term liabilities          | 2,527,161               | 1,157,953     | -                        | -              | 2,527,161     | 1,157,953     |
| Net OPEB obligation            | 9,044,845               | 7,990,781     | -                        | -              | 9,044,845     | 7,990,781     |
| Net pension liability          | 16,510,080              | 15,094,792    | -                        | -              | 16,510,080    | 15,094,792    |
| Total liabilities              | 32,561,791              | 27,595,336    | 1,073,226                | 1,028,726      | 33,635,017    | 28,624,062    |
| Deferred inflows of resources  | 1,300,772               | 3,057,930     | -                        | -              | 1,300,772     | 3,057,930     |
| Net position:                  |                         |               |                          |                |               |               |
| Net invested in capital assets | 375,388,766             | 369,642,916   | 5,780,632                | 6,425,228      | 381,169,398   | 376,068,144   |
| Restricted                     | 84,293,217              | 78,795,131    | -                        | -              | 84,293,217    | 78,795,131    |
| Unrestricted                   | 28,716,148              | 31,529,685    | (3,721,769)              | (5,045,542)    | 24,994,379    | 26,484,143    |
| Total net position             | \$488,398,131           | \$479,967,732 | \$ 2,058,863             | \$ 1,379,686   | \$490,456,994 | \$481,347,418 |

The City's assets and deferred outflows exceeded liabilities and deferred inflows by \$490.5 million at June 30, 2016, an increase of \$9.1 million from June 30, 2015.

The largest portion of the City's net position reflects its investment in capital assets (i.e., land, buildings, machinery, equipment and infrastructure), net of accumulated depreciation and any related debt that is still outstanding used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these



assets are not available for future spending. An additional portion of the City's net position represents resources that are subject to external restrictions on how they may be used. The remaining unrestricted net position may be used to meet the government's ongoing obligations to citizens and creditors. Unrestricted net position had a positive balance of \$25.0 million at June 30, 2016. Governmental activities decreased the City's unrestricted net position by \$2.8 million, primarily due to increases in the City's net pension liability and net OPEB obligation. Business-type activities increased the City's unrestricted net position by \$1.3 million, primarily due to positive operating results of the Black Gold Golf Course and a transfer of \$550,980 from the General Fund to the Disposal Fund to eliminate the deficit net position remaining in the fund. In total, unrestricted net position decreased by \$1.5 million as of June 30, 2016, as compared to the prior fiscal year.

A condensed summary of activities for the period ended June 30, 2016, and the prior fiscal year is illustrated in the table below.

|   | Governmental Activities |                      | Business-Type Activities |                     | Total                |                      |
|---|-------------------------|----------------------|--------------------------|---------------------|----------------------|----------------------|
|   | 2016                    | 2015                 | 2016                     | 2015                | 2016                 | 2015                 |
| <b>Revenues</b>                                 |                         |                      |                          |                     |                      |                      |
| Program revenues:                               |                         |                      |                          |                     |                      |                      |
| Charges for services                            | \$7,815,562             | \$7,584,936          | \$5,995,944              | \$9,976,475         | \$13,811,506         | \$17,561,411         |
| Operating contributions and grants              | 1,850,120               | 2,471,970            | -                        | -                   | 1,850,120            | 2,471,970            |
| Capital contributions and grants                | 3,687,861               | 4,451,347            | -                        | -                   | 3,687,861            | 4,451,347            |
| General revenues:                               |                         |                      |                          |                     |                      |                      |
| Taxes:  |                         |                      |                          |                     |                      |                      |
| Property taxes                                  | 22,256,451              | 20,803,253           | -                        | -                   | 22,256,451           | 20,803,253           |
| Sales taxes                                     | 7,215,608               | 6,515,766            | -                        | -                   | 7,215,608            | 6,515,766            |
| Franchise taxes                                 | 2,271,901               | 2,239,149            | -                        | -                   | 2,271,901            | 2,239,149            |
| Transient occupancy taxes                       | 488,437                 | 442,656              | -                        | -                   | 488,437              | 442,656              |
| Business license taxes                          | 395,184                 | 378,306              | -                        | -                   | 395,184              | 378,306              |
| Other taxes                                     | 6,995,040               | 6,903,837            | -                        | -                   | 6,995,040            | 6,903,837            |
| Motor vehicle in lieu - unrestricted            | 27,323                  | 28,389               | -                        | -                   | 27,323               | 28,389               |
| Use of money and property                       | 559,845                 | 577,480              | -                        | 681                 | 559,845              | 578,161              |
| Other   | 172,973                 | 411,483              | -                        | -                   | 172,973              | 411,483              |
| Transfers                                       | (550,980)               | -                    | 550,980                  | -                   | -                    | -                    |
| Total revenues                                  | <u>53,185,325</u>       | <u>52,808,572</u>    | <u>6,546,924</u>         | <u>9,977,156</u>    | <u>\$59,732,249</u>  | <u>62,785,728</u>    |
| <b>Expenses</b>                                 |                         |                      |                          |                     |                      |                      |
| General government                              | 11,181,226              | 9,589,107            | -                        | -                   | 11,181,226           | 9,589,107            |
| Public safety                                   | 10,194,206              | 9,625,078            | -                        | -                   | 10,194,206           | 9,625,078            |
| Community development                           | 3,307,460               | 3,301,567            | -                        | -                   | 3,307,460            | 3,301,567            |
| Parks and recreation                            | 6,829,957               | 6,893,996            | -                        | -                   | 6,829,957            | 6,893,996            |
| Public works                                    | 13,659,070              | 14,666,439           | -                        | -                   | 13,659,070           | 14,666,439           |
| Golf  | -                       | -                    | 5,692,893                | 6,105,749           | 5,692,893            | 6,105,749            |
| Disposal  | -                       | -                    | -                        | 3,889,115           | -                    | 3,889,115            |
| Community center catering                       | -                       | -                    | 174,854                  | 176,712             | 174,854              | 176,712              |
| Total expenditures                              | <u>45,171,919</u>       | <u>44,076,187</u>    | <u>5,867,747</u>         | <u>10,171,576</u>   | <u>51,039,666</u>    | <u>54,247,763</u>    |
| Change in net position                          | 8,013,406               | 8,732,385            | 679,177                  | (194,420)           | \$8,692,583          | 8,537,965            |
| Net position, beginning, as previously reported | 479,967,732             | 487,977,115          | 1,379,686                | 2,003,353           | 481,347,418          | 489,980,468          |
| Prior period adjustment                         | 416,993                 | (16,741,768)         | -                        | (429,247)           | 416,993              | (17,171,015)         |
| Net position, beginning, as restated            | <u>480,384,725</u>      | <u>471,235,347</u>   | <u>1,379,686</u>         | <u>1,574,106</u>    | <u>481,764,411</u>   | <u>472,809,453</u>   |
| Net position, ending                            | <u>\$488,398,131</u>    | <u>\$479,967,732</u> | <u>\$ 2,058,863</u>      | <u>\$ 1,379,686</u> | <u>\$490,456,994</u> | <u>\$481,347,418</u> |

**Governmental Activities.** Governmental activities increased the City's net position by \$8.0 million (1.7%) compared to a net increase of \$8.7 million (1.9%) in the prior year. Key elements of this year's activity in relation to the prior year are as follows:

## Revenues:

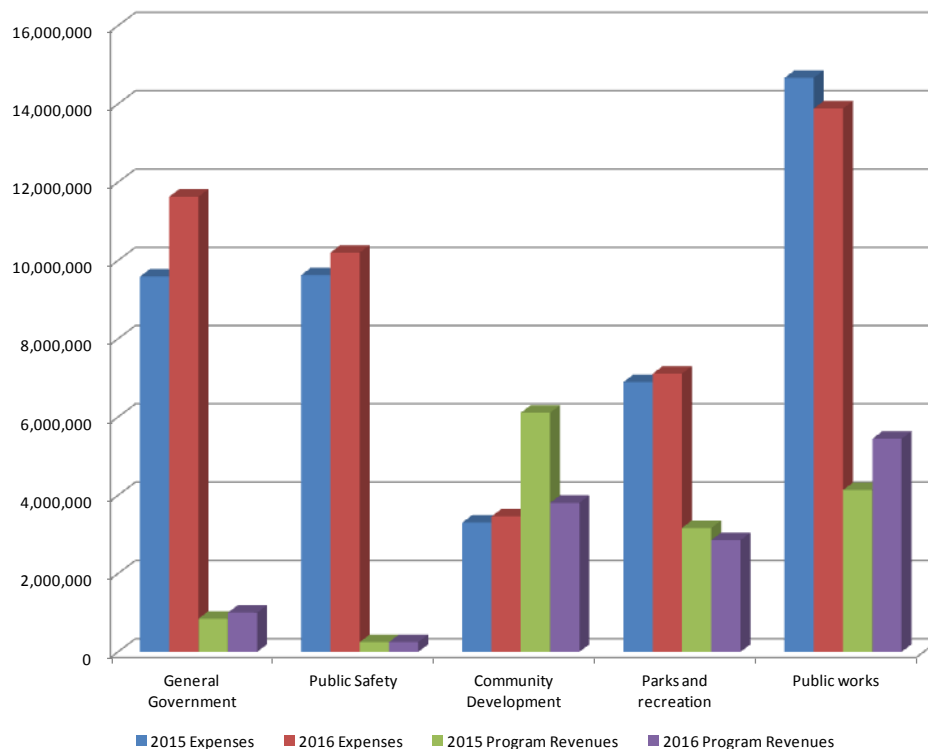
- While variances between years exist for the various revenue categories, the total net increase was \$376,753. Of note, property tax revenues increased by \$1.5 million and sales tax revenues increased by \$0.7 million. These increases are the result of continued growth in assessed valuation and residential development in the City, and stronger retail sales, respectively. Increases in property tax and sales tax revenues were partially offset by a reduction of \$0.6 million in operating contributions and grants and \$0.8 million in capital contributions and grants. These decreases are due to routine fluctuations in revenues from other government agencies as well as capital contributions from the City's Successor Agency.

## Expenses:

- While variances between years exist for the various expense functions, the total net increase was \$1.1 million, which is primarily attributable to an increase in general government offset by a decrease in public works. General government expenses increased by \$1.6 million in the current year, which is primarily due to recognition of a workers' compensation liability to the City of Brea associated with outstanding claims from the time when the City of Brea provided police services to the City. Public works expenses decreased by \$1.0 million in the current year, which is primarily due to a decrease in road infrastructure spending not subject to capitalization due to the City's utilization of the modified approach for these assets.

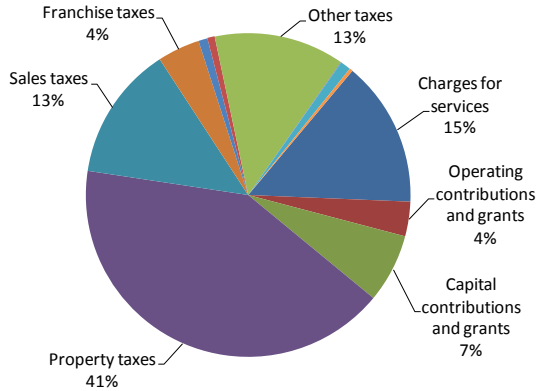
The chart below presents the cost of each of the City's five governmental fund programs, as well as their respective program revenues.

### Expenses and Program Revenues – Governmental Activities

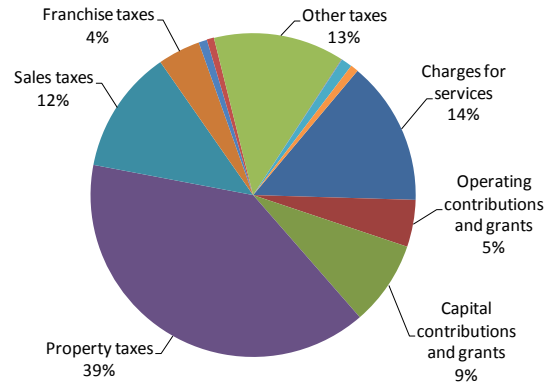


The charts below compares the governmental fund revenues by source in fiscal years 2015 and 2016.

### 2016 Governmental Revenues



### 2015 Governmental Revenues



Note: revenue sources totaling less than 4% are not labeled.

**Business-Type Activities.** Business-type activities increased the City's net position by \$0.7 million (49.2%) compared to a net decrease of \$0.2 million (12.4%) in the prior year. Key elements of this year's activity in relation to the prior year are as follows:

#### Revenues:

- Revenues decreased significantly by \$3.4 million, primarily due to the outsourcing of the City's disposal enterprise. The third-party operator now collects all revenue directly from customers. Revenue from the Black Gold Golf Course and the Community Center Catering operation were essentially flat when compared to the prior year.

#### Expenses:

- As was the case with revenues, expenses decreased significantly by \$4.3 million, primarily due to the outsourcing of the City's disposal enterprise. This resulted in a decrease in expenses of \$3.9 million. Additionally, expenses for the Black Gold Golf Course decreased by \$0.4 million when compared to the prior year as a result of reduced spending on operations.

### FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

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

The balance sheet for the City's General fund and Other Governmental Funds in the aggregate for the period ended June 30, 2016, and the prior fiscal year is illustrated in the table below.

|   | General Fund  |               | Other Governmental Funds |               | Total          |                |
|---|---------------|---------------|--------------------------|---------------|----------------|----------------|
|   | 2016          | 2015          | 2016                     | 2015          | 2016           | 2015           |
| Total assets  | \$ 59,374,026 | \$ 58,572,386 | \$ 89,345,099            | \$ 82,234,957 | \$ 148,719,125 | \$ 140,807,343 |
| Total liabilities                                     | 2,461,332     | 1,466,236     | 5,051,882                | 3,092,378     | 7,513,214      | 4,558,614      |
| Deferred inflows of resources                         |               |               |                          |               |                |                |
| Unavailable revenues                                  | 648,146       | 1,358,629     | 2,426,419                | 917,439       | 3,074,565      | 2,276,068      |
| Fund balances:  |               |               |                          |               |                |                |
| Nonspendable  | 25,615,978    | 25,879,553    | 465                      | 2,164         | 25,616,443     | 25,881,717     |
| Committed:  |               |               |                          |               |                |                |
| Operating reserves                                    | 15,599,569    | 14,721,931    | -                        | -             | 15,599,569     | 14,721,931     |
| Special reserves                                      | 7,543,962     | 8,403,575     | -                        | -             | 7,543,962      | 8,403,575      |
| Restricted  | -             | 5,352         | 83,854,496               | 78,712,066    | 83,854,496     | 78,717,418     |
| Assigned  | 2,810,864     | 3,750,035     | -                        | -             | 2,810,864      | 3,750,035      |
| Unassigned  | 4,694,175     | 2,987,075     | (1,988,163)              | (489,090)     | 2,706,012      | 2,497,985      |
| Total fund balance                                    | 56,264,548    | 55,747,521    | 81,866,798               | 78,225,140    | 138,131,346    | 133,972,661    |
| Total liabilities, deferred inflows and fund balances | \$ 59,374,026 | \$ 58,572,386 | \$ 89,345,099            | \$ 82,234,957 | \$ 148,719,125 | \$ 140,807,343 |

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balance of \$138.1 million, an increase of \$4.2 million (3.1%) from the prior fiscal year's balance. The components of this combined fund balance are as follows:

- 60.7% of fund balance (\$83.9 million) is restricted, which represents the portion of fund balance that is subject to externally enforceable limitations by law, enabling legislation, or limitations imposed by creditors or grantors.
- 18.5% of fund balance (\$25.6 million) is nonspendable, which represents the portion of fund balance that cannot be spent due to form. Specifically, this amount offsets prepaid costs and advances to the Black Gold Golf Course and Successor Agency from the General Fund.
- 16.8% of fund balance (\$23.1 million) is committed due to the City Council-approved Budget Reserves Policy, which establishes required minimum balances for operating reserves (50% of the expenditure budget excluding transfers) and special reserves (various amounts set aside for facilities, self-insured retention, and other long-term costs).
- 2.0% of fund balance (\$2.8 million) is constrained by the City's intent to utilize fund balance for specific purposes, which is reported within the assigned fund balance classification.
- The remaining 2.0% of fund balance (\$2.7 million) is unassigned and available for use at the City Council's discretion.

The City's governmental funds reported combined total assets of \$148.7 million as of June 30, 2016, an increase of \$7.9 million compared to the prior year. Liabilities and

deferred inflows of resources amounted to \$10.6 million, an increase of \$3.8 million compared to the prior year. The primary reason for the increase in total assets is increased cash balances in the Library, Gas Tax, Park In-Lieu, and Master Plan of Drainage Funds. The primary reason for the increase in total liabilities and deferring inflows of resources relates to routine grant-funded project activity in the Aid to Cities (grants) Fund.

The General Fund is the principal operating fund of the City. At the end of the current fiscal year, total fund balance equaled \$56.3 million in comparison to \$55.7 million in the prior year. Of note, unassigned fund balance increased from \$3.0 million to \$4.7 million as a result of positive operating results.

Other governmental funds realized an increase in fund balance of \$3.6 million. While variances between years exist for the various other governmental funds, the net increase was primarily attributable to the aforementioned increases in total assets in the Library, Gas Tax, Park In-Lieu, and Master Plan of Drainage Funds. Of note, the available fund balance in the Library Fund increased by \$1.8 million from \$16.6 million to \$18.5 million. This increase was the result of continued strong growth in property tax revenues, which are the primary revenue source of the Library Fund. The available fund balance of the Library Fund is currently earmarked for funding a portion of the new Library and Community Arts Center now in the design phase.

**Proprietary Funds.** The City's proprietary funds provide the same type of information found in the government-wide financial statements, but with additional detail. The table below summarized the assets, liabilities, and net position of the City's proprietary funds as of June 30, 2016, and the end of the prior fiscal year.

|                                    | Golf          |               | Other Proprietary Funds |            | Total         |               |
|------------------------------------|---------------|---------------|-------------------------|------------|---------------|---------------|
|                                    | 2016          | 2015          | 2016                    | 2015       | 2016          | 2015          |
| Total assets                       | \$ 26,775,871 | \$ 27,050,636 | \$ 504,780              | \$ 462,072 | \$ 27,280,651 | \$ 27,512,708 |
| Total liabilities                  | 24,536,941    | 24,930,572    | 684,847                 | 1,202,450  | 25,221,788    | 26,133,022    |
| Net position:                      |               |               |                         |            |               |               |
| Net investment in capital assets   | 5,780,632     | 6,425,228     | -                       | -          | 5,780,632     | 6,425,228     |
| Unrestricted                       | (3,541,702)   | (4,305,164)   | (180,067)               | (740,378)  | (3,721,769)   | (5,045,542)   |
| Total net position                 | 2,238,930     | 2,120,064     | (180,067)               | (740,378)  | 2,058,863     | 1,379,686     |
| Total liabilities and net position | \$ 26,775,871 | \$ 27,050,636 | \$ 504,780              | \$ 462,072 | \$ 27,280,651 | \$ 27,512,708 |

Total unrestricted net position of the Black Gold Golf Course, Disposal, and Community Center Catering Funds as of June 30, 2016, amounted to negative \$3.7 million, a decrease in the negative unrestricted net position of \$1.3 million as compared to the prior year. The decrease in the negative unrestricted net position is primarily the result of positive operating results at the Black Gold Golf Course. Additionally, a residual deficit unrestricted net position in the Disposal Fund was eliminated during 2016 with a transfer from the General Fund.

## GENERAL FUND BUDGETARY HIGHLIGHTS

The table below provides a comparison of the original adopted budget for the City's General Fund versus the final budget and actual amounts expended during fiscal year 2016.

|   | Original<br>Budget | Final<br>Budget | Actual<br>Amounts | Variance w/<br>Final Budget |
|---|--------------------|-----------------|-------------------|-----------------------------|
| Revenues  |                    |                 |                   |                             |
| Taxes   | \$ 25,904,438      | \$ 26,587,438   | \$ 27,865,571     | \$ 1,278,133                |
| Other revenues  | 6,529,926          | 6,541,429       | 5,694,567         | (846,862)                   |
| Total revenues  | 32,434,364         | 33,128,867      | 33,560,138        | 431,271                     |
| Expenditures  |                    |                 |                   |                             |
| General government                                    | 5,699,325          | 5,596,220       | 4,864,715         | (731,505)                   |
| Public safety   | 10,450,868         | 10,474,860      | 10,111,264        | (363,596)                   |
| Community development                                 | 3,306,531          | 3,343,306       | 2,970,361         | (372,945)                   |
| Parks and recreation                                  | 6,054,390          | 6,153,239       | 5,603,750         | (549,489)                   |
| Public works  | 3,932,748          | 4,520,678       | 3,576,371         | (944,307)                   |
| Capital outlay  | -                  | 861,898         | 364,716           | (497,182)                   |
| Total expenditures                                    | 29,443,862         | 30,950,201      | 27,491,177        | (3,459,024)                 |
| Excess of revenues over expenditures                  | 2,990,502          | 2,178,666       | 6,068,961         | 3,890,295                   |
| Other financing sources (transfers in/out)            | (1,891,837)        | (9,768,123)     | (5,968,927)       | 3,799,196                   |
| Net change in fund balances                           | 1,098,665          | (7,589,457)     | 100,034           | 7,689,491                   |
| Fund balance at beginning of fiscal year              | 55,747,521         | 55,747,521      | 55,747,521        | -                           |
| Prior period adjustments                              | -                  | -               | 416,993           | 416,993                     |
| Fund balance at beginning of fiscal year, as restated | 55,747,521         | 55,747,521      | 56,164,514        | 416,993                     |
| Fund balance at end of fiscal year                    | \$ 56,846,186      | \$ 48,158,064   | \$ 56,264,548     | \$ 8,106,484                |

Actual revenues were \$0.4 million higher than the final budgeted amount, which is primarily due to better than projected property and sales tax revenue as previously discussed. In comparison to the original budget, the variance is \$1.1 million. The expenditures for the General Fund at fiscal year-end were \$3.5 million less than the final budgeted expenditures, which is primarily due to routine vacancy, operational, and contract savings across all City departments. Some of this amount has been carried forward into fiscal year 2017 that relates to incomplete projects and purchases, and a portion of the savings reflected in the other financial sources amount relates to pending transfers to the City's Capital Improvement Fund that will be carried forward into fiscal year 2017. However, even after adjusting for these funds that are to be carried forward into fiscal year 2017, positive operating results in the General Fund resulted in an increase in unassigned fund balance of \$1.7 million.

## CAPITAL ASSETS AND LONG-TERM LIABILITIES

**Capital Assets.** Governmental Accounting Standard Board (GASB) Statement No. 34 allows for governmental agencies to either depreciate their infrastructure assets or to use a modified approach to maintain an inventory of these assets. The City has elected the modified approach for its street pavement infrastructure, which does not require these assets to be depreciated as long as the assets are managed using an asset management system and are being preserved approximately at or above a condition level established and disclosed by the City. There have been no significant changes in the assessed condition of the street pavement infrastructure assets during fiscal year 2016, and the current condition of these assets complies with the condition level established by the City. All other capital assets, including other infrastructure assets, are depreciated. More detail on the City's capital assets can be found in Note 4 to the financial statements of this report.

The table below summarizes the current capital assets held by the City as of June 30, 2016, as compared to the prior fiscal year.

|                                | Governmental Activities |                       | Business-Type Activities |                      | Total                 |                       |
|--------------------------------|-------------------------|-----------------------|--------------------------|----------------------|-----------------------|-----------------------|
|                                | 2016                    | 2015                  | 2016                     | 2015                 | 2016                  | 2015                  |
| Land                           | \$ 29,410,822           | \$ 29,410,822         | \$ 12,726,948            | \$ 12,726,948        | \$ 42,137,770         | \$ 42,137,770         |
| Street pavement infrastructure | 200,603,744             | 200,603,744           | -                        | -                    | 200,603,744           | 200,603,744           |
| Construction in progress       | 18,081,444              | 10,614,819            | -                        | -                    | 18,081,444            | 10,614,819            |
| Buildings and improvements     | 31,937,874              | 32,645,917            | 12,140,981               | 12,762,092           | 44,078,855            | 45,408,009            |
| Machinery and equipment        | 2,154,236               | 1,932,620             | 999,433                  | 739,493              | 3,153,669             | 2,672,113             |
| Motor vehicles                 | 345,572                 | 239,666               | -                        | -                    | 345,572               | 239,666               |
| Other infrastructure           | 92,855,074              | 94,195,328            | -                        | -                    | 92,855,074            | 94,195,328            |
| Totals                         | <u>\$ 375,388,766</u>   | <u>\$ 369,642,916</u> | <u>\$ 25,867,362</u>     | <u>\$ 26,228,533</u> | <u>\$ 401,256,128</u> | <u>\$ 395,871,449</u> |

At the end of fiscal year 2016, the City had \$401.3 million invested in capital assets, including land, buildings, infrastructure, and equipment. This amount represents a net increase of \$5.4 million in comparison to the prior year, which is primarily due to an increase in the construction in progress balance related to a number of capital projects currently under construction or design. The increase is entirely reflected in the City's governmental funds, which saw total capital assets increase by \$5.7 million. Depreciation related to the Black Gold Golf Course entirely offset asset additions for the City's business-type activities and resulted in a decrease in total business-type capital assets of \$0.4 million.

**Long-term liabilities.** The table below summarizes the current long-term liabilities of the City as of June 30, 2016, as compared to the prior fiscal year.

|                                | Governmental Activities |                      |
|--------------------------------|-------------------------|----------------------|
|                                | 2016                    | 2015                 |
| Net pension liability          | \$ 16,510,080           | \$ 15,094,792        |
| Other post-employment benefits | 9,044,845               | 7,990,781            |
| Claims and judgments           | 1,466,035               | 151,421              |
| Compensated absences           | 1,061,126               | 1,006,532            |
| Total long-term liabilities    | <u>\$ 28,082,086</u>    | <u>\$ 24,243,526</u> |

At the end of fiscal year 2016, the City had \$28.1 million in long-term liabilities, which include a net pension liability of \$16.5 million and an other post-employment benefits

(OPEB) liability related to medical insurance provide to retirees of \$9.0 million. Both of these amounts increased when compared to the prior fiscal year as a result of additional accrued liabilities related to future retiree-related costs. The current CalPERS rates charged to the City are amortizing the City's net pension liability over a period of 30 years. The City currently funds OPEB benefits on a pay-as-you-go basis, which will result in a gradual increase in the City's OPEB liability. The City Council is currently evaluating strategies to address both of these issues on an accelerated basis, with action anticipated as the City's next two-year budget is adopted.

The City's compensated absences liability relates to accrued but as yet unutilized vacation and sick leave balances of employees, and the claims and judgments liability relates to incurred but as yet unpaid liability and workers' compensation claims. The significant increase in the claims and judgments liability is the result of recognition during fiscal year 2016 of a workers' compensation liability to the City of Brea associated with outstanding claims from the time when the City of Brea provided police services to the City. The City has an amount set aside in Special Reserves sufficient to fully cover both of these liabilities.

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

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

Yorba Linda has experienced strong growth in property tax and sales tax revenues in recent years, and that trend is expected to continue in the years ahead. A forecast commissioned by the City from Beacon Economics projects growth in the 3-5% range for the City's core revenue sources over the next five years. Consistent with past practice, the City will continue to budget conservatively and utilize any new revenues prudently to address long-term liabilities, unfunded needs, and targeted increases in service levels and program-related spending. The budget for fiscal year 2017 remains balanced, with the mid-term adjustment approved in July bringing the total General Fund budget to \$33.8 million with a \$0.3 million revenue surplus projected. As of the first quarter budget update report presented to the City Council in November, the projected surplus had increased to \$0.7 million.

While the City is currently in sound financial shape, there are several long-term liabilities and unfunded needs that have yet to be addressed through the budget process. As part of the upcoming two-year budget process, City staff will be recommending a strategy to begin to address the City's unfunded pension and OPEB liabilities as well as other unfunded needs such as full funding for the rehabilitation of existing city infrastructure and facilities. With upcoming known increases in the rates charged to the City by CalPERS for employee pensions, soon to be approved labor contracts, and upcoming increases in the costs that the City pays for contract services, long-term financial planning is important to ensure that the City remains on strong financial footing. City staff is working on a five-year financial plan that will be presented to the City Council with the next two-year budget that will help facilitate this planning and prioritize the City's needs as new revenues become available. With these enhancements to the City's already conservative and



sound financial management, Yorba Linda will remain in good financial condition throughout the fiscal year and in the future, with no General Fund debt and one of the strongest General Fund budget reserves in Orange County.

### **REQUESTING ADDITIONAL FINANCIAL INFORMATION**

This financial report is designed to provide the City of Yorba Linda's citizens, customers, and creditors with a general overview of the City's finances and to illustrate the City's accountability for the money that it receives. If you have questions about this report or need additional financial information, please contact the City's Finance Department at P.O. Box 87014, Yorba Linda, California 87014 or at (714) 961-7100.

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CITY OF YORBA LINDA

STATEMENT OF NET POSITION  
JUNE 30, 2016

|  | Primary Government      |                          |                       |
|--|-------------------------|--------------------------|-----------------------|
|  | Governmental Activities | Business-Type Activities | Total                 |
| <b>Assets:</b>   |                         |                          |                       |
| Cash and investments                                       | \$ 68,083,302           | \$ -                     | \$ 68,083,302         |
| Receivables:   |                         |                          |                       |
| Accounts   | 766,043                 | 1,024,482                | 1,790,525             |
| Taxes  | 1,104,223               | -                        | 1,104,223             |
| Notes and loans  | 37,878,376              | -                        | 37,878,376            |
| Accrued interest   | 88,983                  | -                        | 88,983                |
| Internal balances  | 23,884,835              | (23,884,835)             | -                     |
| Advances to Successor Agency of Former RDA                 | 9,851,425               | -                        | 9,851,425             |
| Prepaid costs  | 58,889                  | 452                      | 59,341                |
| Due from other governments                                 | 3,969,540               | -                        | 3,969,540             |
| Inventories  | -                       | 124,628                  | 124,628               |
| Capital assets, not being depreciated                      | 248,096,010             | 12,726,948               | 260,822,958           |
| Capital assets, net of accumulated depreciation            | 127,292,756             | 13,140,414               | 140,433,170           |
| <b>Total assets</b>  | <b>521,074,382</b>      | <b>3,132,089</b>         | <b>524,206,471</b>    |
| <b>Deferred Outflows of Resources:</b>                     |                         |                          |                       |
| Deferred outflows related to pension                       | 1,186,312               | -                        | 1,186,312             |
| <b>Total assets and deferred outflows of resources</b>     | <b>522,260,694</b>      | <b>3,132,089</b>         | <b>525,392,783</b>    |
| <b>Liabilities:</b>  |                         |                          |                       |
| Accounts payable   | 3,823,231               | 567,425                  | 4,390,656             |
| Accrued liabilities  | 491,093                 | 23,492                   | 514,585               |
| Unearned revenue   | 165,381                 | 472,309                  | 637,690               |
| Deposits payable   | -                       | 10,000                   | 10,000                |
| Noncurrent liabilities:                                    |                         |                          |                       |
| Due within one year  | 777,041                 | -                        | 777,041               |
| Due in more than one year                                  | 27,305,045              | -                        | 27,305,045            |
| <b>Total liabilities</b>                                   | <b>32,561,791</b>       | <b>1,073,226</b>         | <b>33,635,017</b>     |
| <b>Deferred Inflows of Resources:</b>                      |                         |                          |                       |
| Deferred inflows related to pension                        | 1,300,772               | -                        | 1,300,772             |
| <b>Total liabilities and deferred inflows of resources</b> | <b>33,862,563</b>       | <b>1,073,226</b>         | <b>34,935,789</b>     |
| <b>Net position:</b>                                       |                         |                          |                       |
| Net investment in capital assets                           | 375,388,766             | 5,780,632                | 381,169,398           |
| Restricted for:  |                         |                          |                       |
| Public safety  | 55,653                  | -                        | 55,653                |
| Parks and recreation                                       | 1,819,946               | -                        | 1,819,946             |
| Public works   | 19,695,949              | -                        | 19,695,949            |
| Library  | 18,465,204              | -                        | 18,465,204            |
| Community development                                      | -                       | -                        | -                     |
| Low and moderate housing                                   | 44,256,465              | -                        | 44,256,465            |
| Unrestricted   | 28,716,148              | (3,721,769)              | 24,994,379            |
| <b>Total net position</b>                                  | <b>\$ 488,398,131</b>   | <b>\$ 2,058,863</b>      | <b>\$ 490,456,994</b> |

CITY OF YORBA LINDA  
STATEMENT OF ACTIVITIES

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

|                                       | Expenses             | Program Revenues     |                                    |                                  |
|---------------------------------------|----------------------|----------------------|------------------------------------|----------------------------------|
|                                       |                      | Charges for Services | Operating Contributions and Grants | Capital Contributions and Grants |
| <b>Functions/programs</b>             |                      |                      |                                    |                                  |
| <b>Primary government:</b>            |                      |                      |                                    |                                  |
| Governmental activities:              |                      |                      |                                    |                                  |
| General government                    | \$ 11,181,226        | \$ 975,797           | \$ 24,847                          | \$ -                             |
| Public safety                         | 10,194,206           | 128,051              | 121,342                            | -                                |
| Community development                 | 3,307,460            | 2,284,965            | 134,852                            | 1,386,056                        |
| Parks and recreation                  | 6,829,957            | 2,853,198            | -                                  | -                                |
| Public works                          | 13,659,070           | 1,573,551            | 1,569,079                          | 2,301,805                        |
| <b>Total governmental activities</b>  | <b>45,171,919</b>    | <b>7,815,562</b>     | <b>1,850,120</b>                   | <b>3,687,861</b>                 |
| Business-type activities:             |                      |                      |                                    |                                  |
| Black Gold Golf Course                | 5,692,893            | 5,811,759            | -                                  | -                                |
| Disposal                              | -                    | -                    | -                                  | -                                |
| Community Center Catering             | 174,854              | 184,185              | -                                  | -                                |
| <b>Total business-type activities</b> | <b>5,867,747</b>     | <b>5,995,944</b>     | <b>-</b>                           | <b>-</b>                         |
| <b>Total primary government</b>       | <b>\$ 51,039,666</b> | <b>\$ 13,811,506</b> | <b>\$ 1,850,120</b>                | <b>\$ 3,687,861</b>              |

**General revenues:**

Taxes:

Property taxes, levied for general purpose

Sales taxes

Franchise taxes

Transient occupancy taxes

Business licenses taxes

Special assessments taxes

Other taxes

Motor vehicle in lieu - unrestricted

Investment income

Other

Transfers:

**Total general revenues and transfers**

Change in net position

Net position at beginning of fiscal year

Prior period adjustments

Net position at beginning of fiscal year, as restated

**Net position at end of fiscal year**

---

**Net (Expenses) Revenues and Changes in Net Position**

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| <b>Governmental<br/>Activities</b> | <b>Business-Type<br/>Activities</b> | <b>Total</b>    |
|------------------------------------|-------------------------------------|-----------------|
| \$ (10,180,582)                    | \$ -                                | \$ (10,180,582) |
| (9,944,813)                        | -                                   | (9,944,813)     |
| 498,413                            | -                                   | 498,413         |
| (3,976,759)                        | -                                   | (3,976,759)     |
| (8,214,635)                        | -                                   | (8,214,635)     |
| (31,818,376)                       | -                                   | (31,818,376)    |
| -                                  | 118,866                             | 118,866         |
| -                                  | -                                   | -               |
| -                                  | 9,331                               | 9,331           |
| -                                  | 128,197                             | 128,197         |
| (31,818,376)                       | 128,197                             | (31,690,179)    |
| 22,256,451                         | -                                   | 22,256,451      |
| 7,215,608                          | -                                   | 7,215,608       |
| 2,271,901                          | -                                   | 2,271,901       |
| 488,437                            | -                                   | 488,437         |
| 395,184                            | -                                   | 395,184         |
| 6,434,532                          | -                                   | 6,434,532       |
| 560,508                            | -                                   | 560,508         |
| 27,323                             | -                                   | 27,323          |
| 559,845                            | -                                   | 559,845         |
| 172,973                            | -                                   | 172,973         |
| (550,980)                          | 550,980                             | -               |
| 39,831,782                         | 550,980                             | 40,382,762      |
| 8,013,406                          | 679,177                             | 8,692,583       |
| 479,967,732                        | 1,379,686                           | 481,347,418     |
| 416,993                            | -                                   | 416,993         |
| 480,384,725                        | 1,379,686                           | 481,764,411     |
| \$ 488,398,131                     | \$ 2,058,863                        | \$ 490,456,994  |

## CITY OF YORBA LINDA

BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2016

|  | Special Revenue Funds |                      |                      |                                     |
|--|-----------------------|----------------------|----------------------|-------------------------------------|
|  | General               | Housing              | Library              | Street<br>Lighting &<br>Maintenance |
| <b>Assets:</b>   |                       |                      |                      |                                     |
| Pooled cash and investments  | \$ 24,344,710         | \$ 2,032,982         | \$ 18,596,639        | \$ 5,641,054                        |
| Receivables:   |                       |                      |                      |                                     |
| Accounts   | 671,735               | 79,015               | -                    | 15,293                              |
| Taxes  | 1,030,896             | -                    | 37,600               | 35,727                              |
| Notes and loans  | -                     | 37,878,376           | -                    | -                                   |
| Accrued interest   | 56,315                | 1,437                | 14,254               | 3,935                               |
| Prepaid costs  | 58,424                | -                    | 465                  | -                                   |
| Due from other governments   | 1,159,956             | -                    | -                    | -                                   |
| Due from other funds   | 5,929,688             | -                    | -                    | -                                   |
| Advances to other funds  | 20,086,730            | -                    | -                    | -                                   |
| Advances to Successor Agency of Former RDA                                     | 6,035,572             | 3,815,853            | -                    | -                                   |
| <b>Total assets</b>  | <b>\$ 59,374,026</b>  | <b>\$ 43,807,663</b> | <b>\$ 18,648,958</b> | <b>\$ 5,696,009</b>                 |
| <b>Liabilities, deferred inflows of resources,<br/>and fund balances:</b>      |                       |                      |                      |                                     |
| <b>Liabilities:</b>  |                       |                      |                      |                                     |
| Accounts payable   | \$ 1,752,521          | \$ 4,573             | \$ 112,820           | \$ 796,735                          |
| Accrued liabilities  | 399,120               | -                    | 70,934               | 21,039                              |
| Unearned revenues  | 105,381               | -                    | -                    | -                                   |
| Due to other funds   | 204,310               | -                    | -                    | -                                   |
| <b>Total liabilities</b>   | <b>2,461,332</b>      | <b>4,573</b>         | <b>183,754</b>       | <b>817,774</b>                      |
| <b>Deferred inflows of resources:</b>  |                       |                      |                      |                                     |
| Unavailable revenues   | 648,146               | -                    | -                    | -                                   |
| <b>Total deferred inflows of resources</b>                                     | <b>648,146</b>        | <b>-</b>             | <b>-</b>             | <b>-</b>                            |
| <b>Fund balances:</b>  |                       |                      |                      |                                     |
| <b>Nonspendable:</b>   |                       |                      |                      |                                     |
| Prepaid costs  | 58,424                | -                    | 465                  | -                                   |
| Advances to other funds  | 19,521,982            | -                    | -                    | -                                   |
| Advances to Successor Agency of Former RDA                                     | 6,035,572             | -                    | -                    | -                                   |
| <b>Restricted for:</b>   |                       |                      |                      |                                     |
| Public safety  | -                     | -                    | -                    | -                                   |
| Parks and recreation   | -                     | -                    | -                    | -                                   |
| Public works   | -                     | -                    | -                    | 4,878,235                           |
| Library  | -                     | -                    | 18,464,739           | -                                   |
| Low and moderate housing   | -                     | 43,803,090           | -                    | -                                   |
| <b>Committed:</b>  |                       |                      |                      |                                     |
| Operating reserves   | 15,599,569            | -                    | -                    | -                                   |
| Special reserves   | 7,543,962             | -                    | -                    | -                                   |
| <b>Assigned to:</b>  |                       |                      |                      |                                     |
| Capital projects   | 1,324,141             | -                    | -                    | -                                   |
| Budget carryovers  | 534,463               | -                    | -                    | -                                   |
| General government   | 34,458                | -                    | -                    | -                                   |
| Public safety  | 53,135                | -                    | -                    | -                                   |
| Community development  | 14,342                | -                    | -                    | -                                   |
| Public works   | 728,172               | -                    | -                    | -                                   |
| Parks and recreation   | 122,153               | -                    | -                    | -                                   |
| <b>Unassigned</b>  | <b>4,694,175</b>      | <b>-</b>             | <b>-</b>             | <b>-</b>                            |
| <b>Total fund balances</b>   | <b>56,264,548</b>     | <b>43,803,090</b>    | <b>18,465,204</b>    | <b>4,878,235</b>                    |
| <b>Total liabilities, deferred inflows of<br/>resources, and fund balances</b> | <b>\$ 59,374,026</b>  | <b>\$ 43,807,663</b> | <b>\$ 18,648,958</b> | <b>\$ 5,696,009</b>                 |

| <b>Capital<br/>Projects Fund</b> | <b>Total<br/>Nonmajor<br/>Governmental<br/>Funds</b> | <b>Total<br/>Governmental<br/>Funds</b> |
|----------------------------------|--|---|
| \$ 254,025                       | \$ 17,213,892  | \$ 68,083,302                           |
| -                                | -  | 766,043                                 |
| -                                | -  | 1,104,223                               |
| -                                | -  | 37,878,376                              |
| -                                | 13,042   | 88,983                                  |
| -                                | -  | 58,889                                  |
| -                                | 2,809,584  | 3,969,540                               |
| 901,926                          | -  | 6,831,614                               |
| -                                | -  | 20,086,730                              |
| -                                | -  | 9,851,425                               |
| <b>\$ 1,155,951</b>              | <b>\$ 20,036,518</b>                                 | <b>\$ 148,719,125</b>                   |
| \$ 1,155,951                     | \$ 631   | \$ 3,823,231                            |
| -                                | -  | 491,093                                 |
| -                                | 60,000   | 165,381                                 |
| -                                | 2,829,199  | 3,033,509                               |
| <b>1,155,951</b>                 | <b>2,889,830</b>                                     | <b>7,513,214</b>                        |
| -                                | 2,426,419  | 3,074,565                               |
| -                                | 2,426,419  | 3,074,565                               |
| -                                | -  | 58,889                                  |
| -                                | -  | 19,521,982                              |
| -                                | -  | 6,035,572                               |
| -                                | 55,653   | 55,653                                  |
| -                                | 1,819,946  | 1,819,946                               |
| -                                | 14,379,458   | 19,257,693                              |
| -                                | -  | 18,464,739                              |
| -                                | 453,375  | 44,256,465                              |
| -                                | -  | 15,599,569                              |
| -                                | -  | 7,543,962                               |
| -                                | -  | 1,324,141                               |
| -                                | -  | 534,463                                 |
| -                                | -  | 34,458                                  |
| -                                | -  | 53,135                                  |
| -                                | -  | 14,342                                  |
| -                                | -  | 728,172                                 |
| -                                | -  | 122,153                                 |
| -                                | (1,988,163)  | 2,706,012                               |
| -                                | 14,720,269   | 138,131,346                             |
| <b>\$ 1,155,951</b>              | <b>\$ 20,036,518</b>                                 | <b>\$ 148,719,125</b>                   |

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CITY OF YORBA LINDA

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2016**

|   |                     |                       |
|---|---------------------|-----------------------|
| <b>Fund balances of governmental funds</b>  |                     | \$ 138,131,346        |
| <p>Amounts reported for governmental activities in the statement of net position are different because:</p>   |                     |                       |
| Capital assets net of depreciation have not been included as financial resources in governmental fund activity.   |                     | 375,388,766           |
| Long-term debt, claims and judgements, compensated absences, net OPEB obligation, and net pension liability that have not been included in the governmental fund activity:  |                     |                       |
| Claims and judgments  | \$ (1,466,035)      |                       |
| Compensated absences  | (1,061,126)         |                       |
| Net OPEB obligation   | (9,044,845)         |                       |
| Net pension liability   | <u>(16,510,080)</u> | (28,082,086)          |
| statement of net position any excesses or deficiencies in contributions in relation to Revenues that are measurable but not available. Amounts are recorded as unavailable revenue under the modified accrual basis of accounting.                              |                     | 3,074,565             |
| Governmental funds do not report deferred outflows and inflows of resources relating to pensions because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pensions are reported: |                     |                       |
| Deferred outflows related to pension  | \$ 1,186,312        |                       |
| Deferred inflows related to pension   | <u>(1,300,772)</u>  | <u>(114,460)</u>      |
| <b>Net position of governmental activities</b>  |                     | <u>\$ 488,398,131</u> |

CITY OF YORBA LINDA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF  
 GOVERNMENTAL FUNDS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

|   | Special Revenue Funds |                      |                      |                                     |
|---|-----------------------|----------------------|----------------------|-------------------------------------|
|   | General               | Housing              | Library              | Street<br>Lighting &<br>Maintenance |
| <b>Revenues:</b>  |                       |                      |                      |                                     |
| Taxes   | \$ 27,865,571         | \$ -                 | \$ 5,257,009         | \$ 6,500,041                        |
| Licenses and permits                                      | 1,681,175             | -                    | -                    | -                                   |
| Intergovernmental   | 120,126               | -                    | 34,996               | -                                   |
| Charges for services                                      | 3,533,906             | -                    | 102,237              | -                                   |
| Investment income   | 217,973               | 13,285               | 112,337              | 26,407                              |
| Fines and forfeitures                                     | 34,966                | -                    | 70,893               | -                                   |
| Contributions   | -                     | -                    | 851                  | -                                   |
| Developer participation                                   | -                     | -                    | -                    | -                                   |
| Miscellaneous   | 106,421               | 21                   | 7,145                | -                                   |
| <b>Total Revenues</b>                                     | <b>33,560,138</b>     | <b>13,306</b>        | <b>5,585,468</b>     | <b>6,526,448</b>                    |
| <b>Expenditures:</b>                                      |                       |                      |                      |                                     |
| Current:  |                       |                      |                      |                                     |
| General government  | 4,829,556             | 25,232               | 3,742,240            | -                                   |
| Public safety   | 10,111,264            | -                    | -                    | -                                   |
| Community development                                     | 2,970,361             | -                    | -                    | -                                   |
| Parks and recreation                                      | 5,603,750             | -                    | -                    | -                                   |
| Public works  | 3,575,481             | -                    | -                    | 7,144,222                           |
| Capital outlay  | 400,765               | -                    | 27,779               | 111,038                             |
| <b>Total Expenditures</b>                                 | <b>27,491,177</b>     | <b>25,232</b>        | <b>3,770,019</b>     | <b>7,255,260</b>                    |
| Excess (deficiency) of revenues<br>over expenditures      | 6,068,961             | (11,926)             | 1,815,449            | (728,812)                           |
| <b>Other financing sources (uses):</b>                    |                       |                      |                      |                                     |
| Transfers in  | 218,133               | -                    | 12,685               | 1,651,934                           |
| Transfers out   | (6,187,060)           | -                    | (1,725)              | -                                   |
| Contributions from Successor Agency                       | -                     | 675,642              | -                    | -                                   |
| <b>Total other financing sources (uses)</b>               | <b>(5,968,927)</b>    | <b>675,642</b>       | <b>10,960</b>        | <b>1,651,934</b>                    |
| Net change in fund balances                               | 100,034               | 663,716              | 1,826,409            | 923,122                             |
| Fund balances at beginning of fiscal year                 | 55,747,521            | 43,139,374           | 16,638,795           | 3,955,113                           |
| Prior period adjustments                                  | 416,993               | -                    | -                    | -                                   |
| Fund balances at beginning of<br>fiscal year, as restated | 56,164,514            | 43,139,374           | 16,638,795           | 3,955,113                           |
| <b>Fund balances at end of fiscal year</b>                | <b>\$ 56,264,548</b>  | <b>\$ 43,803,090</b> | <b>\$ 18,465,204</b> | <b>\$ 4,878,235</b>                 |

| <b>Capital Projects Fund</b> |                                    |                                 |
|------------------------------|------------------------------------|---------------------------------|
| <b>Capital Improvements</b>  | <b>Nonmajor Governmental Funds</b> | <b>Total Governmental Funds</b> |
| \$ -                         | \$ -                               | \$ 39,622,621                   |
| -                            | -                                  | 1,681,175                       |
| -                            | 3,395,653                          | 3,550,775                       |
| -                            | -                                  | 3,636,143                       |
| -                            | 106,106                            | 476,108                         |
| -                            | 86,044                             | 191,903                         |
| -                            | -                                  | 851                             |
| -                            | 2,278,589                          | 2,278,589                       |
| -                            | -                                  | 113,587                         |
| -                            | 5,866,392                          | 51,551,752                      |
| -                            | -                                  | 8,597,028                       |
| -                            | -                                  | 10,111,264                      |
| -                            | 145,696                            | 3,116,057                       |
| -                            | -                                  | 5,603,750                       |
| -                            | -                                  | 10,719,703                      |
| 9,957,752                    | -                                  | 10,497,334                      |
| 9,957,752                    | 145,696                            | 48,645,136                      |
| (9,957,752)                  | 5,720,696                          | 2,906,616                       |
| 9,247,338                    | 29,134                             | 11,159,224                      |
| -                            | (5,521,419)                        | (11,710,204)                    |
| 710,414                      | -                                  | 1,386,056                       |
| 9,957,752                    | (5,492,285)                        | 835,076                         |
| -                            | 228,411                            | 3,741,692                       |
| -                            | 14,491,858                         | 133,972,661                     |
| -                            | -                                  | 416,993                         |
| -                            | 14,491,858                         | 134,389,654                     |
| \$ -                         | \$ 14,720,269                      | \$ 138,131,346                  |

CITY OF YORBA LINDA

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUNDS BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**Net changes in fund balances - total governmental funds** \$ 3,741,692

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

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

|   |                  |           |
|---|------------------|-----------|
| Capital outlay                            | \$ 9,634,621     |           |
| Depreciation                              | (3,440,204)      |           |
| Gain/(loss) on disposal of capital assets | <u>(448,567)</u> | 5,745,850 |

Additions to long-term liabilities is recorded as revenue in the governmental funds, but the issuance increases long-term liabilities in the government-wide statements.

|  |             |
|--|-------------|
| Changes in claims and judgments obligation | (1,314,614) |
|--|-------------|

Governmental funds report compensated absences, other postemployment benefits and claims payable in the period taken; however, in the statement of activities, such benefits are recorded in the year incurred.

|   |                    |             |
|---|--------------------|-------------|
| Change in compensated absence benefits, net | \$ (54,594)        |             |
| Change in OPEB obligation, net              | <u>(1,054,064)</u> | (1,108,658) |

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

798,497

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

150,639

**Change in net position of governmental activities** \$ 8,013,406

CITY OF YORBA LINDA

STATEMENT OF NET POSITION  
 PROPRIETARY FUNDS  
 JUNE 30, 2016

|  | Business-Type Activities - Enterprise Funds |             |                                 |                     |
|--|---|-------------|---------------------------------|---------------------|
|  | Black<br>Gold Golf<br>Course                | Disposal    | Community<br>Center<br>Catering | Total               |
| <b>Assets:</b>                                   |   |             |                                 |                     |
| Receivables:                                     |   |             |                                 |                     |
| Accounts   | \$ 519,702                                  | \$ -        | \$ 504,780                      | \$ 1,024,482        |
| Prepaid costs                                    | 452   | -           | -                               | 452                 |
| Due from other funds                             | 263,727                                     | -           | -                               | 263,727             |
| Inventories                                      | 124,628                                     | -           | -                               | 124,628             |
| <b>Total current assets</b>                      | <b>908,509</b>                              | <b>-</b>    | <b>504,780</b>                  | <b>1,413,289</b>    |
| Noncurrent:                                      |   |             |                                 |                     |
| Capital assets not being depreciated             | 12,726,948                                  | -           | -                               | 12,726,948          |
| Capital assets - net of accumulated depreciation | 13,140,414                                  | -           | -                               | 13,140,414          |
| <b>Total noncurrent assets</b>                   | <b>25,867,362</b>                           | <b>-</b>    | <b>-</b>                        | <b>25,867,362</b>   |
| <b>Total assets</b>                              | <b>26,775,871</b>                           | <b>-</b>    | <b>504,780</b>                  | <b>27,280,651</b>   |
| <b>Liabilities:</b>                              |   |             |                                 |                     |
| Current:   |   |             |                                 |                     |
| Accounts payable                                 | 565,718                                     | -           | 1,707                           | 567,425             |
| Accrued liabilities                              | 23,492                                      | -           | -                               | 23,492              |
| Unearned revenues                                | 472,309                                     | -           | -                               | 472,309             |
| Deposits payable                                 | 10,000                                      | -           | -                               | 10,000              |
| Due to other funds                               | 3,378,692                                   | -           | 683,140                         | 4,061,832           |
| Advances from other funds                        | 173,661                                     | -           | -                               | 173,661             |
| <b>Total current liabilities</b>                 | <b>4,623,872</b>                            | <b>-</b>    | <b>684,847</b>                  | <b>5,308,719</b>    |
| Noncurrent:                                      |   |             |                                 |                     |
| Advances from other funds                        | 19,913,069                                  | -           | -                               | 19,913,069          |
| <b>Total noncurrent liabilities</b>              | <b>19,913,069</b>                           | <b>-</b>    | <b>-</b>                        | <b>19,913,069</b>   |
| <b>Total liabilities</b>                         | <b>24,536,941</b>                           | <b>-</b>    | <b>684,847</b>                  | <b>25,221,788</b>   |
| <b>Net position:</b>                             |   |             |                                 |                     |
| Net investment in capital assets                 | 5,780,632                                   | -           | -                               | 5,780,632           |
| Unrestricted                                     | (3,541,702)                                 | -           | (180,067)                       | (3,721,769)         |
| <b>Total net position (deficit)</b>              | <b>\$ 2,238,930</b>                         | <b>\$ -</b> | <b>\$ (180,067)</b>             | <b>\$ 2,058,863</b> |

## CITY OF YORBA LINDA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION  
 PROPRIETARY FUNDS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

|   | Business-Type Activities - Enterprise Funds |                  |                                 | Total               |
|---|---|------------------|---------------------------------|---------------------|
|   | Black<br>Gold Golf<br>Course                | Disposal         | Community<br>Center<br>Catering |                     |
| <b>Operating revenues:</b>                          |   |                  |                                 |                     |
| Sales and service charges                           | \$ 5,811,759                                | \$ -             | \$ 184,185                      | \$ 5,995,944        |
| <b>Total operating revenues</b>                     | <u>5,811,759</u>                            | <u>-</u>         | <u>184,185</u>                  | <u>5,995,944</u>    |
| <b>Operating expenses:</b>                          |   |                  |                                 |                     |
| Administration and general                          | 4,025,278                                   | -                | 150,861                         | 4,176,139           |
| Transmission/collection                             | -   | -                | -                               | -                   |
| Cost of sales and services                          | 669,417                                     | -                | 23,993                          | 693,410             |
| Depreciation expense                                | 907,015                                     | -                | -                               | 907,015             |
| <b>Total operating expenses</b>                     | <u>5,601,710</u>                            | <u>-</u>         | <u>174,854</u>                  | <u>5,776,564</u>    |
| Operating income (loss)                             | <u>210,049</u>                              | <u>-</u>         | <u>9,331</u>                    | <u>219,380</u>      |
| <b>Non-operating revenues (expenses):</b>           |   |                  |                                 |                     |
| Interest revenue                                    | -   | -                | -                               | -                   |
| Interest expense                                    | (91,183)                                    | -                | -                               | (91,183)            |
| Transfer in   | -   | 550,980          | -                               | 550,980             |
| <b>Total nonoperating revenues (expenses)</b>       | <u>(91,183)</u>                             | <u>550,980</u>   | <u>-</u>                        | <u>459,797</u>      |
| Changes in net position                             | 118,866                                     | 550,980          | 9,331                           | 679,177             |
| Net position (deficit) at beginning of fiscal year  | <u>2,120,064</u>                            | <u>(550,980)</u> | <u>(189,398)</u>                | <u>1,379,686</u>    |
| <b>Net position (deficit) at end of fiscal year</b> | <u>\$ 2,238,930</u>                         | <u>\$ -</u>      | <u>\$ (180,067)</u>             | <u>\$ 2,058,863</u> |

CITY OF YORBA LINDA

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

|  | Business-Type Activities - Enterprise Funds |             |                           | Total               |
|--|---|-------------|---------------------------|---------------------|
|  | Black Gold Golf Course                      | Disposal    | Community Center Catering |                     |
| <b>Cash flows from operating activities:</b>   |   |             |                           |                     |
| Cash received from customers and users   | \$ 5,728,236                                | \$ -        | \$ 141,477                | \$ 5,869,713        |
| Cash paid to suppliers for goods and services  | (635,421)                                   | -           | (35,223)                  | (670,644)           |
| Cash paid to employees for services  | (4,018,246)                                 | -           | (150,861)                 | (4,169,107)         |
| <b>Net cash provided (used) by operating activities</b>  | <b>1,074,569</b>                            | <b>-</b>    | <b>(44,607)</b>           | <b>1,029,962</b>    |
| <b>Cash flows from capital and related financing activities:</b>   |   |             |                           |                     |
| Acquisition and construction of capital assets   | (546,534)                                   | -           | -                         | (546,534)           |
| Principal paid on capital debt   | -   | -           | -                         | -                   |
| Interest paid on capital debt  | (91,183)                                    | -           | -                         | (91,183)            |
| Principal paid on advances from other funds  | (173,661)                                   | -           | -                         | (173,661)           |
| Advance from other funds to pay off capital debt   | 457,086                                     | -           | -                         | 457,086             |
| Proceeds from sales of capital assets  | 690   | -           | -                         | 690                 |
| <b>Net cash provided (used) by capital and related financing activities</b>                                  | <b>(353,602)</b>                            | <b>-</b>    | <b>-</b>                  | <b>(353,602)</b>    |
| <b>Cash flows from non-capital financing activities:</b>   |   |             |                           |                     |
| Payments received from other funds   | 11,819                                      | -           | -                         | 11,819              |
| Repayment made to other funds  | (732,786)                                   | -           | 44,607                    | (688,179)           |
| <b>Net cash provided (used) by non-capital financing activities</b>  | <b>(720,967)</b>                            | <b>-</b>    | <b>44,607</b>             | <b>(676,360)</b>    |
| Net increase (decrease) in cash and cash equivalents   | -   | -           | -                         | -                   |
| Cash and cash equivalents at beginning of fiscal year  | -   | -           | -                         | -                   |
| <b>Cash and cash equivalents at end of fiscal year</b>   | <b>\$ -</b>                                 | <b>\$ -</b> | <b>\$ -</b>               | <b>\$ -</b>         |
| <b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities</b>         |   |             |                           |                     |
| Operating income (loss)  | \$ 210,049                                  | \$ -        | \$ 9,331                  | \$ 219,380          |
| <b>Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:</b> |   |             |                           |                     |
| Depreciation   | 907,015                                     | -           | -                         | 907,015             |
| Decrease (increase) in accounts receivable   | (106,862)                                   | -           | (42,708)                  | (149,570)           |
| Decrease (increase) in prepaid costs   | (452)                                       | -           | -                         | (452)               |
| Decrease (increase) in inventories   | 9,089                                       | -           | -                         | 9,089               |
| Increase (decrease) in accounts payable  | 25,359                                      | -           | (11,230)                  | 14,129              |
| Increase (decrease) in accrued liabilities   | 7,032                                       | -           | -                         | 7,032               |
| Increase (decrease) in unearned revenues   | 23,339                                      | -           | -                         | 23,339              |
| <b>Total adjustments</b>   | <b>864,520</b>                              | <b>-</b>    | <b>(53,938)</b>           | <b>810,582</b>      |
| <b>Net cash provided (used) by operating activities</b>  | <b>\$ 1,074,569</b>                         | <b>\$ -</b> | <b>\$ (44,607)</b>        | <b>\$ 1,029,962</b> |

CITY OF YORBA LINDA

STATEMENT OF FIDUCIARY NET POSITION  
 FIDUCIARY FUNDS  
 JUNE 30, 2016

|   | Agency<br>Funds     | Private-<br>Purpose Trust<br>Fund<br>Successor<br>Agency of the<br>former RDA |
|---|---------------------|---|
| <b>Assets:</b>                          |                     |   |
| Pooled cash and investments             | \$ 3,011,773        | \$ 2,939,547  |
| Accounts receivable                     | -                   | 3,391   |
| Accrued interest                        | -                   | 2,211   |
| Prepaid costs                           | -                   | 6,650   |
| Land held for resale                    | -                   | 18,812,640  |
| Restricted assets:                      |                     |   |
| Cash and investments with fiscal agents | -                   | 24,502,314  |
| Capital assets:                         |                     |   |
| Capital assets, not being depreciated   | -                   | 364,593   |
| <b>Total assets</b>                     | <b>\$ 3,011,773</b> | <b>46,631,346</b>   |
| <b>Liabilities:</b>                     |                     |   |
| Account payable                         | \$ 174,884          | 32,559  |
| Accrued interest                        | -                   | 2,351,133   |
| Due to City of Yorba Linda              | -                   | 596,890   |
| Deposits payable                        | 2,836,889           | -   |
| Long-term debt:                         |                     |   |
| Due in one year                         | -                   | 1,566,140   |
| Due in more than one year               | -                   | 100,264,355   |
| <b>Total liabilities</b>                | <b>\$ 3,011,773</b> | <b>104,811,077</b>  |
| <b>Net position (deficit):</b>          |                     |   |
| Held in trust for other purposes        |                     | <b>\$ (58,179,731)</b>  |



CITY OF YORBA LINDA

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
 FIDUCIARY FUNDS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

|   | Private-<br>Purpose Trust<br>Fund        |
|---|--|
|   | Successor<br>Agency of the<br>Former RDA |
| <b>Additions:</b>                                   |  |
| Taxes   | \$ 6,832,707                             |
| Interest and change in fair value of investments    | 84,045                                   |
| Charges for Services                                | 10,000                                   |
| Miscellaneous                                       | 6,156                                    |
|   | <hr/>                                    |
| <b>Total Additions</b>                              | 6,932,908                                |
|   | <hr/>                                    |
| <b>Deductions:</b>                                  |  |
| Administrative expenses                             | 250,000                                  |
| Contractual services                                | 37,136                                   |
| Interest expense                                    | 6,046,009                                |
| Contributions to City                               | 1,386,056                                |
|   | <hr/>                                    |
| <b>Total Deductions</b>                             | 7,719,201                                |
|   | <hr/>                                    |
| <b>Change in net position</b>                       | (786,293)                                |
| Net position (deficit) at beginning of fiscal year  | <hr/> (57,393,438)                       |
| <b>Net position (deficit) at end of fiscal year</b> | <hr/> <b>\$ (58,179,731)</b> <hr/>       |

**I. SIGNIFICANT ACCOUNTING POLICIES**

**Note 1: Summary of Significant Accounting Policies**

**a. Description of Entity**

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

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

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

**Blended Component Unit**

**Yorba Linda Public Financing Authority**

The Yorba Linda Public Financing Authority (the Authority) was established on July 18, 1989, pursuant to a joint exercise of powers agreement between the City and the Authority. The purpose of the Authority is to enable the City and the Authority to finance public capital improvements. The Authority's financial data and transactions are included in the debt service fund type. Separate financial statements for the Yorba Linda Public Financing Authority have not been prepared.

**b. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities that rely to a significant extent on fees and charges for support.

**Note 1: Summary of Significant Accounting Policies (Continued)**

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment, are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period except for sales tax, which the City considers to be available if collected within 90 days. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The City's fiduciary fund financial statements report one agency fund and one private purpose trust fund. Agency funds are used to account for situations where the government's role is purely custodial. All assets reported in an agency fund are offset by a liability to the party on whose behalf they are held. Private purpose trust fund funds are accounted for using the "economic resources" measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

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

**Note 1: Summary of Significant Accounting Policies (Continued)**

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

The City reports the following major governmental funds:

- The General Fund is the City's primary operating fund. It accounts for all financial resources of the general government except those required to be accounted for in another fund.
- The Housing Fund accounts for the assets and liabilities of the former Yorba Linda Redevelopment Agency low and moderate income housing fund.
- The Library Fund accounts for the revenues and expenditures relating to the operations of the public library.
- The Street Lighting and Maintenance District Fund accounts for the revenues and expenditures associated with the maintenance of City-owned street lights and landscaped areas within the districts. Benefiting property owners are assessed their proportionate share of the costs.
- The Capital Improvements Fund accounts for the expenditures of construction of various capital improvements projects throughout the City.

The City reports the following major proprietary funds:

- The Black Gold Golf Course Enterprise Fund accounts for all activities related to the operations of the Black Gold Golf Club.
- The Disposal Enterprise Fund accounts for the activities associated with residential and commercial refuse collections. Effective in the current fiscal year, this function has been outsourced and this Fund has been closed by the City.
- The Community Center Catering Enterprise Fund accounts for all activities related to the catering operations at the City's Community Center.

Additionally, the City reports the following fund types:

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

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

**Note 1: Summary of Significant Accounting Policies (Continued)**

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Enterprise Funds are charges to customers for sales and services. Operating expenses for Enterprise Funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

**Deposits and Investments**

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. For financial statement presentation purposes, cash and cash equivalents are shown as both restricted and unrestricted cash and investments in the Proprietary Funds.

Investments for the City as well as for its component units are reported at fair value. The City's policy is generally to hold investments until maturity or until market values equal or exceed cost. The State Treasurer's Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

**Receivables and Payables**

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

All trade and property tax receivables are shown net of an allowance for uncollectibles.

Property tax revenue is recognized on the modified accrual basis, that is, in the fiscal year for which the taxes have been levied providing they become available. Available means then due or past due, and receivable within the current period and collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. The County of Orange collects property taxes for the City. Tax liens attach annually as of 12:01 A.M. on the first day in January proceeding the fiscal year for which the taxes are levied. Taxes are levied on both real and personal property, as it exists on that date. The tax levy covers the

**Note 1: Summary of Significant Accounting Policies (Continued)**

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

Receivables and Payables (Continued)

fiscal period July 1 to June 30. All secured personal property taxes and one-half of the taxes on real property are due November 1; the second installment is due February 1. All taxes are delinquent if unpaid on December 10 and April 10, respectively. Unsecured personal property taxes become due on the first of March each year and are delinquent if unpaid on August 31.

Inventories, Prepaid Items, and Land Held for Resale

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventory costs are recorded as an expense when used. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Land purchased for resale is valued at acquisition costs or net realizable value, if lower.

Restricted Assets

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

Capital Assets

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

Donated capital assets are recorded at estimated fair value at the date of donation.

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2016

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**Note 1: Summary of Significant Accounting Policies (Continued)**

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

Capital Assets (Continued)

financial statements; however, the City maintains detailed information on these subsystems.

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

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

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

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

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

Deferred outflows/inflows of resources

In addition to assets, the statement of net position and balance sheet of governmental funds will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. See Note 10d for more information on deferred outflow of resources on the statement of net position.

In addition to liabilities, the statement of net position and balance sheet of governmental funds will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has two types of items, which arises only under a modified accrual basis of accounting that qualify for reporting in this category. The first item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from sources such as: property taxes, grant revenue, and long-term loan receivables. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The second

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2016

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item, differences between projected and actual earnings on pension plan investments, is reported only in the statement of net position. See Note 10d for more

**Note 1: Summary of Significant Accounting Policies (Continued)**

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

Deferred outflows/inflows of resources (Continued)

information on deferred inflows of resources on the statement of net position.

Net position flow assumption

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

Fund balance flow assumptions

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

Compensated Absences

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

Long-Term Obligations

In the government-wide financial statements, and the proprietary fund and fiduciary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, proprietary fund type or fiduciary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as



NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2016

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other financing sources while discounts on debt issuances are reported as other financing uses.

**Note 1: Summary of Significant Accounting Policies (Continued)**

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

Pensions

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

Functional Classifications

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

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

Fund Equity

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

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

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2016

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**Note 1: Summary of Significant Accounting Policies (Continued)**

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

Fund Equity (Continued)

Assigned includes amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. The City Manager and Finance Director are authorized to assign amounts to a specific purpose, which was established by the governing body in a resolution.

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

The City Council, as the City's highest level of decision-making authority, may commit fund balance for specific purposes pursuant to constraints imposed by formal actions taken, such as adoption of an ordinance or resolution. These committed amounts cannot be used for any other purpose unless the City Council removes or changes the specified use through the same type of formal action taken to establish the commitment. City Council action to commit fund balance needs to occur within the fiscal reporting period; however the amount can be determined subsequently.

Amounts that are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed, should be reported as assigned fund balance. Pursuant to the City's fund balance policy established by the City Council by resolution, it has delegated the authority to assign amounts to be used for specific purposes to the City Manager or Finance Director for the purpose of reporting these amounts on the annual financial statements.

**e. New Accounting Pronouncement**

Effect of New Accounting Standard

During the fiscal year ended June 30, 2016, the City implemented the following Governmental Accounting Standards Board (GASB) standard:

Governmental Accounting Standards Board Statement No. 72

For the fiscal year ended June 30, 2016, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Applications*. This Statement is effective for periods beginning after June 15, 2015. The objective of this Statement is to improve financial reporting by clarifying the definition of fair value for financial reporting purposes, establishing general principles for measuring fair value, providing additional fair value application guidance, and enhancing disclosures about fair value measurements. Implementation of GASB Statement No. 72 did have an impact on the City's financial statements for the fiscal year ended June 30, 2016, see Note 3.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2016**

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**Note 1: Summary of Significant Accounting Policies (Continued)**

**f. Future Accounting Pronouncements**

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

|                  |  |  |
|------------------|--|--|
| Statement No. 74 | "Financial Reporting for Postemployment Benefits Plans Other Than Pension Plans"         | The provisions of this statement are effective for fiscal years beginning after June 15, 2016. |
| Statement No. 75 | "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions"     | The provisions of this statement are effective for fiscal years beginning after June 15, 2017. |
| Statement No. 77 | "Tax Abatement Disclosures"  | The provisions of this statement are effective for fiscal years beginning after June 15, 2015. |
| Statement No. 78 | "Pension Provided through Certain Multiple-Employer Defined Benefit Pension Plans"       | The provisions of this statement are effective for fiscal years beginning after June 15, 2015. |
| Statement No. 79 | "Certain External Investment Pools and Pool Participants"                                | The provisions of this statement are effective for fiscal years beginning after June 15, 2015. |
| Statement No. 80 | "Blending Requirement for Certain Component Units-in amendment of GASB Statement No. 14" | The provisions of this statement are effective for fiscal years beginning after June 15, 2016. |
| Statement No. 81 | "Irrevocable Split-Interest Agreements"  | The provisions of this statement are effective for fiscal years beginning after June 15, 2016. |
| Statement No. 82 | "Pension Issues-in amendment of GASB Statements No. 67, No. 68, and No. 73"              | The provisions of this statement are effective for fiscal years beginning after June 15, 2016. |

**II. STEWARDSHIP**

**Note 2: Stewardship, Compliance and Accountability**

**a. Deficit Fund Balance/Net Position**

The Aid to Cities fund had a deficit fund balance of \$1,988,163 at June 30, 2016. The Aid to Cities deficit is fully offset by grant-related revenues that are reflected as a deferred inflow of resources due to all of the conditions of the related grants not yet being met to allow for recognition of the revenue. The Community Center Catering Enterprise fund had a deficit net position of \$180,067 at June 30, 2016. The Community Center Catering Enterprise fund deficit will be funded with future revenues.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2016

III. DETAILED NOTES ON ALL FUNDS

**Note 3: Cash and Investments**

Cash and investments as of June 30, 2016 are classified in the accompanying financial statements as follows:

|   |                          |
|---|--------------------------|
| Statement of Net Position:              |                          |
| Cash and investments                    | \$ 68,083,302            |
| Statement of Fiduciary Net Position:    |                          |
| Cash and investments                    | 5,951,320                |
| Cash and investments with Fiscal Agents | <u>24,502,314</u>        |
| <br>Total Cash and Investments          | <br><u>\$ 98,536,936</u> |

Cash and investments as of June 30, 2016 consist of the following:

|                                      |                          |
|--------------------------------------|--------------------------|
| Petty Cash                           | \$ 2,410                 |
| Deposits with financial institutions | 8,660,860                |
| Investments                          | <u>89,873,666</u>        |
| <br>Total Cash and Investments       | <br><u>\$ 98,536,936</u> |

The City of Yorba Linda maintains a cash and investment pool that is available for use for all funds. Each fund type's position in the pool is reported on the combined balance sheet as cash and investments. The City has adopted an investment policy that authorizes it to invest in various investments.

Deposits

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

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

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

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2016**

**Note 3: Cash and Investments (Continued)**

| Authorized Investment Type           | Maximum Maturity | Maximum Percentage of Portfolio* | Maximum Investment in One Issuer |
|--------------------------------------|------------------|----------------------------------|----------------------------------|
| United States (U.S.) Treasury Issues | 5 years          | N/A                              | N/A                              |
| U.S. Government Agency Securities    | 5 years          | N/A                              | N/A                              |
| Certificates of Deposit              | 5 years          | 30%                              | 50%                              |
| Bankers Acceptance                   | 180 days         | 40%                              | 30%                              |
| Commercial Paper                     | 270 days         | 25%                              | 10%                              |
| Medium Term Corporate Notes          | 5 years          | 30%                              | 50%                              |
| Negotiable Certificates of Deposit   | 5 years          | 30%                              | 50%                              |
| Money Market Mutual Funds            | None             | 20%                              | N/A                              |
| Passbook Savings/Money Market        | 5 years          | N/A                              | 50%                              |
| Local Agency Investment Fund (LAIF)  | N/A              | N/A                              | \$50 million                     |

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

## Investments Authorized by Debt Agreements

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

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

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2016**
**Note 3: Cash and Investments (Continued)**

## Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The City's investment policy limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The City has elected to use the segmented time distribution method of disclosure for its interest rate risk. As of June 30, 2016, the City had the following investments and original maturities:

|                                  | Remaining Investment Maturities |                    |                      |              | Fair Value           |
|----------------------------------|---------------------------------|--------------------|----------------------|--------------|----------------------|
|                                  | 6 months or less                | 6 months to 1 year | 1 to 3 years         | 3 to 5 years |                      |
| Federal Agency Securities:       |                                 |                    |                      |              |                      |
| Federal Farm Credit Bank         | \$ -                            | \$ -               | \$ 6,000,160         | \$ -         | \$ 6,000,160         |
| Federal Home Loan Mortgage Corp. | -                               | -                  | 4,020,040            | -            | 4,020,040            |
| Federal National Mortgage Assn.  | -                               | -                  | 4,002,480            | -            | 4,002,480            |
| Money Market                     | 6,047,073                       | -                  | -                    | -            | 6,047,073            |
| Local Agency Investment Fund     | 45,301,599                      | -                  | -                    | -            | 45,301,599           |
| Held by Fiscal Agent:            |                                 |                    |                      |              |                      |
| Money Market Mutual Funds        | 24,502,314                      | -                  | -                    | -            | 24,502,314           |
|                                  | <u>\$ 75,850,986</u>            | <u>\$ -</u>        | <u>\$ 14,022,680</u> | <u>\$ -</u>  | <u>\$ 89,873,666</u> |

## Fair Value Measurements

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

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

The Pool has the following recurring fair value measurements as of June 30, 2016:

| Investment Type                         | Totals<br>6/30/2016  | Quoted Prices in<br>Active Markets<br>for Identical<br>Assets (Level 1) | Significant Other<br>Observable Inputs<br>(Level 2) | Significant<br>Unobservable<br>Inputs (Level<br>3) |
|---|----------------------|---|---|--|
| Debt Securities:                        |                      |   |   |  |
| US Government Agency Securities         | \$ 14,022,680        | \$ -  | \$ 14,022,680                                       | \$ -   |
| Money Market Funds                      | 30,549,387           | 30,549,387  |   |  |
| Total Investments at Fair Value         | 44,572,067           | <u>\$ 30,549,387</u>  | <u>\$ -</u>   | <u>\$ -</u>  |
| Investments measured at amortized cost: |                      |   |   |  |
| LAIF                                    | 45,301,599           |   |   |  |
| Total Pooled and Directed Investments   | <u>\$ 89,873,666</u> |   |   |  |

**CITY OF YORBA LINDA**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2016**

**Note 3: Cash and Investments (Continued)**

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The City's investment policy does not limit investments in Federal Agency Securities to ratings issued by nationally recognized statistical rating organizations. Presented below is the minimum rating required by (where applicable) the California Government Code, the City's investment policy, or debt agreements, and the actual rating, by Standards and Poor, as of fiscal year end for each investment type:

| Investment Type                  | Amount               | Minimum<br>Legal<br>Rating | Rating as of Fiscal Year End |                      |             |                      |
|----------------------------------|----------------------|----------------------------|------------------------------|----------------------|-------------|----------------------|
|                                  |                      |                            | AAA                          | AA+                  | AA-         | Not<br>Rated         |
| Federal Agency Securities        |                      |                            |                              |                      |             |                      |
| Federal Farm Credit Bank         | \$ 6,000,160         | N/A                        | \$ -                         | \$ 6,000,160         | \$ -        | \$ -                 |
| Federal Home Loan Mortgage Corp. | 4,020,040            | N/A                        | -                            | 4,020,040            | -           | -                    |
| Federal National Mortgage Assn.  | 4,002,480            | N/A                        | -                            | 4,002,480            | -           | -                    |
| Money Market Funds               | 6,047,073            | N/A                        | -                            | -                    | -           | 6,047,073            |
| Local Agency Investment Fund     | 45,301,599           | N/A                        | -                            | -                    | -           | 45,301,599           |
| Held by Fiscal Agent:            |                      |                            |                              |                      |             |                      |
| Money Market Funds               | 24,502,314           | N/A                        | -                            | -                    | -           | 24,502,314           |
| Totals                           | <u>\$ 89,873,666</u> |                            | <u>\$ -</u>                  | <u>\$ 14,022,680</u> | <u>\$ -</u> | <u>\$ 75,850,986</u> |

Concentration of Credit Risk

The City is in compliance with restrictions imposed by its investment policy, which limits certain types of investments. In addition, GASB 40 requires a separate disclosure if any single issuer comprises more than 5% of the total investment value. Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total City investments are as follows:

| Issuer                   | Investment<br>Type        | Reported<br>Amount | Maturity |
|--------------------------|---------------------------|--------------------|----------|
| Federal Farm Credit Bank | Federal Agency Securities | \$ 6,000,160       | 2018     |

Custodial Credit Risk

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

As of June 30, 2016, none of the City's deposits or investments were exposed to custodial credit risk.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2016

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**Note 3: Cash and Investments (Continued)**

Investments in State Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. LAIF is overseen by the Local Agency Investment Advisory Board, which consists of five members, in accordance with State statute. The State Treasurer's Office audits the fund annually. The fair value of the position in the investment pool is the same as the value of the pool shares.

GASB Statement No. 31

The City adopted GASB Statement No. 31, Accounting and Financial Reporting for certain investments and for External Investment Pools, as of July 1, 1997. GASB Statement No. 31 establishes fair value standards for investments in participating interest earning investment contracts, external investment pools, equity securities, option contracts, stock warrants and stock rights that have readily determinable fair values. Accordingly, the City reports its investments at fair value in the balance sheet. All investment income, including changes in the fair value of investments, is recognized as revenue in the operating statement.



CITY OF YORBA LINDA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2016

**Note 4: Capital Assets**

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

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

|  | Balance<br>July 1, 2015 | Increases           | Decreases         | Transfers        | Balance<br>June 30, 2016 |
|--|-------------------------|---------------------|-------------------|------------------|--------------------------|
| <b>Governmental Activities:</b>        |                         |                     |                   |                  |                          |
| Capital Assets, Not Being Depreciated: |                         |                     |                   |                  |                          |
| Land                                   | \$ 29,410,822           | \$ -                | \$ -              | \$ -             | \$ 29,410,822            |
| Street pavement infrastructure         | 200,603,744             | -                   | -                 | -                | 200,603,744              |
| Construction In Progress               | 10,614,819              | 8,224,002           | 444,857           | (312,520)        | 18,081,444               |
| Total Capital Assets                   |                         |                     |                   |                  |                          |
| Not Being Depreciated                  | <u>240,629,385</u>      | <u>8,224,002</u>    | <u>444,857</u>    | <u>(312,520)</u> | <u>248,096,010</u>       |
| Capital Assets, Being Depreciated:     |                         |                     |                   |                  |                          |
| Buildings and improvements             | 55,766,850              | 299,590             | 4,984             | 312,520          | 56,373,976               |
| Machinery and equipment                | 10,178,134              | 809,762             | 424,256           | -                | 10,563,640               |
| Motor vehicles                         | 1,436,891               | 212,067             | 298,656           | -                | 1,350,302                |
| Other Infrastructure                   | 124,978,265             | 89,200              | -                 | -                | 125,067,465              |
| Total Capital Assets                   |                         |                     |                   |                  |                          |
| Being Depreciated                      | <u>192,360,140</u>      | <u>1,410,619</u>    | <u>727,896</u>    | <u>312,520</u>   | <u>193,355,383</u>       |
| Less Accumulated Depreciation:         |                         |                     |                   |                  |                          |
| Buildings and improvements             | 23,120,933              | 1,320,153           | 4,984             | -                | 24,436,102               |
| Machinery and equipment                | 8,245,514               | 584,436             | 420,546           | -                | 8,409,404                |
| Motor vehicles                         | 1,197,225               | 106,161             | 298,656           | -                | 1,004,730                |
| Other Infrastructure                   | 30,782,937              | 1,429,454           | -                 | -                | 32,212,391               |
| Total Accumulated Depreciation         | <u>63,346,609</u>       | <u>3,440,204</u>    | <u>724,186</u>    | <u>-</u>         | <u>66,062,627</u>        |
| Total Capital Assets                   |                         |                     |                   |                  |                          |
| Being Depreciated, Net                 | <u>129,013,531</u>      | <u>(2,029,585)</u>  | <u>3,710</u>      | <u>312,520</u>   | <u>127,292,756</u>       |
| Governmental Activities                |                         |                     |                   |                  |                          |
| Capital Assets, Net                    | <u>\$ 369,642,916</u>   | <u>\$ 6,194,417</u> | <u>\$ 448,567</u> | <u>\$ -</u>      | <u>\$ 375,388,766</u>    |

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

|                          |                     |
|--------------------------|---------------------|
| Governmental Activities: |                     |
| General government       | \$ 758,852          |
| Public safety            | 82,942              |
| Community development    | 40,207              |
| Parks and recreation     | 1,071,046           |
| Public works             | 1,487,157           |
| Total                    | <u>\$ 3,440,204</u> |

CITY OF YORBA LINDA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2016

**Note 4: Capital Assets (Continued)**

|  | Balance<br>July 1, 2015 | Increases           | Decreases     | Balance<br>June 30, 2016 |
|--|-------------------------|---------------------|---------------|--------------------------|
| <b>Business-Type Activities:</b>       |                         |                     |               |                          |
| Capital Assets, Not Being Depreciated: |                         |                     |               |                          |
| Land                                   | \$ 12,726,948           | \$ -                | \$ -          | \$ 12,726,948            |
| Total Capital Assets                   |                         |                     |               |                          |
| Not Being Depreciated                  | <u>12,726,948</u>       | <u>-</u>            | <u>-</u>      | <u>12,726,948</u>        |
| Capital Assets, Being Depreciated:     |                         |                     |               |                          |
| Structures and improvements            | 21,279,998              | 34,180              | -             | 21,314,178               |
| Machinery and equipment                | 2,312,551               | 512,354             | 27,148        | 2,797,757                |
| Total Capital Assets                   |                         |                     |               |                          |
| Being Depreciated                      | <u>23,592,549</u>       | <u>546,534</u>      | <u>27,148</u> | <u>24,111,935</u>        |
| Less Accumulated Depreciation:         |                         |                     |               |                          |
| Structures and improvements            | 8,517,906               | 655,291             | -             | 9,173,197                |
| Machinery and equipment                | 1,573,058               | 251,724             | 26,458        | 1,798,324                |
| Total Accumulated Depreciation         | <u>10,090,964</u>       | <u>907,015</u>      | <u>26,458</u> | <u>10,971,521</u>        |
| Total Capital Assets                   |                         |                     |               |                          |
| Being Depreciated, Net                 | <u>13,501,585</u>       | <u>(360,481)</u>    | <u>690</u>    | <u>13,140,414</u>        |
| Business-Type Activities               |                         |                     |               |                          |
| Capital Assets, Net                    | <u>\$ 26,228,533</u>    | <u>\$ (360,481)</u> | <u>\$ 690</u> | <u>\$ 25,867,362</u>     |

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

|             |                   |
|-------------|-------------------|
| Golf course | <u>\$ 907,015</u> |
|             | <u>\$ 907,015</u> |

**Note 5: Long-Term Receivables**

**Loans Receivable (Net)**

Contracts and notes receivable as of June 30, 2016, totaled \$37,878,376 and were recorded as follows in the Housing Fund:

**Owner Participation Agreements**

AHP Parkwood, L.P.

During fiscal year 2002-2003, the former Redevelopment Agency (the Agency) entered into an Owner Participation Agreement (OPA) and Regulatory Agreement with developer AHP Parkwood, L.P. (AHP) for the development of a 101-unit housing project designed for low-income senior citizens. Ninety-nine of the units are rent-restricted for 55 years. The Agency provided \$3,100,000 toward the total development cost of \$11,570,000. In return, the Agency was granted a security interest pursuant to a deed of trust in the property where the project was constructed. The developer is required to pay 12.75% of its net cash flow to the Housing Successor Agency over the 55 year covenant period; however, 1/55<sup>th</sup> of the debt and any accrued interest under this Residual Receipts Promissory note shall be forgiven each year provided AHP continues to operate the project as defined in the OPA. The documents were amended in April 2003 to defer the forgiveness of any debt during the first 15 years, thereby avoiding classification of the forgiveness as income under Internal Revenue Service regulations. Following this period, the amount due under the note during the first 15 years shall be forgiven and an additional 1/55<sup>th</sup> of the subsidy is forgiven each year thereafter at the request of AHP. During fiscal year 2003-2004, the Agency adopted a resolution approving the subordination of the Agency's trust deed, OPA, and Regulatory Agreement in order to facilitate the developer's construction financing. At June 30, 2016, the outstanding balance was \$3,100,000.

Yorba Linda Family Partners, L.P.

In March 2004, the former Redevelopment Agency (Agency) entered into an Owner Participation Agreement (OPA) with Yorba Linda Family Partners, L.P. (Owner) for the construction of a 44-unit apartment complex designed for low-income families. The Redevelopment Plan is incorporated by reference and this OPA is subject to the provisions of the Redevelopment Plan. Subject to the terms, conditions and limitations of the Agreement, the Agency provided the Owner with financial assistance in the form of a loan up to the maximum amount of \$2,200,000 toward

**Note 5: Long-term receivables (Continued)**

**Owner Participation Agreements (Continued)**

Yorba Linda Family Partners, L.P. (Continued)

the total development cost of \$11,025,000. This loan bears simple interest at 3% per annum. In return, the Agency was granted a security interest pursuant to a subordinated deed of trust in the property where the project was constructed. The Owner is required to pay 15% of all Residual Receipts (net cash flow) to the Housing Successor Agency over the 55 year covenant period. However, at any time on or after the 15<sup>th</sup> anniversary date of the Residual Receipts Promissory Note, the Owner may request that the Housing Successor Agency forgive all then-unpaid and accrued principal and interest of the note. At June 30, 2016, the outstanding balance was \$2,200,000.

Yorba Linda Housing Partners, L.P.

In May 2006, the former Redevelopment Agency (the Agency) entered into an Owner Participation Agreement (OPA) and Affordable Housing Agreement with Yorba Linda Housing Partners, L.P. (Owner) for the purchase and rehabilitation of a multi-family apartment complex commonly known as "Linda Gardens Apartments." The Project consists of substantially rehabilitating and developing the Property in order to create a 76-unit multi-family affordable rental housing comprised of a new community center, 52 two-bedroom units and 24 three-bedroom units subject to affordable housing restrictions. Subject to the terms, conditions and limitations of the Agreement, the Agency provided the Owner with financial assistance by providing: (1) a loan of \$7,400,000 to assist the Developer in financing the acquisition of the Property (Agency Acquisition Loan), and (2) a loan not to exceed \$5,376,000 to assist the Developer in financing the development of the Project (Development Loan). In June 2008, the Owner was granted an additional \$200,000 in loan proceeds from the Agency to comply with additional requirements placed upon the project by the Agency relating to ADA accessibility requirements. This brings the total maximum loan to \$12,976,000. The Acquisition Loan was rolled into the Development Loan. The loan bears simple interest at 3% per annum and will be repaid over the 55 year covenant period. The Agreement also provides that payments toward principal and interest shall not commence until the operation of the Project has generated Residual Receipts calculated annually. The outstanding balance at June 30, 2016, was \$12,726,406.

Victoria Woods

The former Redevelopment Agency (the Agency) entered into an Owner Participation Agreement (OPA) with Stonehaven Associates, LP (Owner) for the purpose of developing and providing a senior, multi-family affordable housing project known as "Victoria Woods". The Project consists of constructing 124 apartment units, and one manager's unit, including recreational and parking amenities. Subject to the terms, conditions and limitations of the Agreement, the Agency provided the Owner with financial assistance by providing a loan of \$720,000 to assist the Developer in developing the project. The loan does not bear interest. Each year 1/55<sup>th</sup> (or \$13,090.90) of the original loan amount is forgiven until year 55. The outstanding balance at June 30, 2016, was \$471,272.

**Note 5: Long-term receivables (Continued)**

**Affordable Housing Agreements**

Evergreen Villas LP

In December 2009, the former Redevelopment Agency (the Agency) entered into an Affordable Housing Agreement (AHA) with Evergreen Villas, LP (Owner) for the purchase and rehabilitation of a multi-family condominium complex commonly known as "Evergreen Condominiums". The project consists of rehabilitating all 26 condominium units and offering them at rents affordable to and to be occupied by very low-income occupants. The Agency assisted in the development of the Project by providing financial assistance in the form of a subordinate financing loan in an amount not to exceed \$3,254,200. This amount consists of the agreed upon value of the property of \$3,169,500 plus an amount not to exceed \$84,700 cash, for certain property acquisition and development expenses associated with the Project. The loan bears no interest and will be repaid over the 55 year covenant period from the close of escrow. In June 2010, the Agency provided further financial assistance in the form of a subordinate financing loan in the amount of \$196,140 for the developer's acquisition and rehabilitation of an additional unit. Additional amounts of \$744,142 and \$494,516 was loaned during fiscal year 2013-2014 and 2014-2015, respectively. The total outstanding balance at June 30, 2016, for Evergreen Villas was \$10,753,344.

National Community Renaissance of California LP

In March 2011, the former Redevelopment Agency (the Agency) entered into an Affordable Housing Agreement (AHA) with National Community Renaissance of California, LP (Owner) for the construction of 43 apartment units for extremely low, very low and low income residents. The AHA provided for Agency funds to be used as follows. An Agency acquisition loan was made in an amount not to exceed \$5,075,250 to close escrow on the property. This loan was secured by a promissory note that National CORE was not obligated to pay until it has received its tax credits. At that time the entire loan amount was rolled into the balance of an Agency development loan in an amount not to exceed \$3,257,227 towards the construction costs. National CORE will repay the Agency development loan, including the rolled-over acquisition loan, over a period of 55 years from the date a certificate of occupancy is issued, with simple interest accruing at a maximum rate of 3% per annum. The principal and accrued interest shall not commence until the operation of the project has generated residual receipts. The Agency has loaned the developer \$8,627,354, which is the outstanding balance at June 30, 2016.

**Advances to Successor Agency of Former RDA**

The advances to the Successor Agency of the former Redevelopment Agency (RDA) consist of \$6,035,572 for loans made to the former RDA to assist in various Redevelopment projects and a \$3,815,853 loan to make the SERAF payment. The total outstanding balance at June 30, 2016, was \$9,851,425. As of June 30, 2016, no repayment schedule existed for these advances due to pending litigation with the State Department of Finance over the timing and amount of the payments to be made. See notes 16 and 17 for additional information.

CITY OF YORBA LINDA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2016

**Note 6: Interfund Receivables, Payables and Transfers**

The composition of interfund balances as of June 30, 2016, was as follows:

**a. Due To / From Other Funds**

| <u>Paying Funds</u>                | <u>Amount</u>       | <u>Receiving Funds</u>         | <u>Amount</u>       |
|------------------------------------|---------------------|--------------------------------|---------------------|
| <u>Major Governmental Fund</u>     |                     | <u>Major Governmental Fund</u> |                     |
| General Fund                       | \$ 204,310          | Capital Improvements           | <u>\$ 901,926</u>   |
| <u>Nonmajor Governmental Funds</u> |                     |                                |                     |
| Gas Tax                            | 618,717             |                                |                     |
| Aid to Cities                      | 33,178              |                                |                     |
| Park In-Lieu                       | 33,458              |                                |                     |
| Measure M                          | 7,802               |                                |                     |
| Street and Traffic Signal          | 4,461               |                                |                     |
|                                    | <u>\$ 901,926</u>   |                                |                     |
| <u>Nonmajor Governmental Funds</u> |                     | <u>Major Governmental Fund</u> |                     |
| Aid to Cities                      | \$ 2,090,886        | General Fund                   | <u>\$ 5,929,688</u> |
| Traffic Safety                     | 1,040               |                                |                     |
| HCD Grant                          | 39,657              |                                |                     |
| <u>Proprietary Funds</u>           |                     |                                |                     |
| Black Gold Golf Course             | 3,378,692           |                                |                     |
| Community Center Catering          | 419,413             |                                |                     |
|                                    | <u>\$ 5,929,688</u> |                                |                     |
| <u>Proprietary Funds</u>           |                     | <u>Proprietary Funds</u>       |                     |
| Community Center Catering          | <u>\$ 263,727</u>   | Black Gold Golf Course         | <u>\$ 263,727</u>   |
| Totals                             | <u>\$ 7,095,341</u> |                                | <u>\$ 7,095,341</u> |

Interfund balances are the result of short term borrowing to cover negative cash balances and operating shortages at June 30, 2016, as well as from the time lag between the dates that reimbursable expenditures occur and the dates the related revenues are received. All balances are expected to be reimbursed within the subsequent year.

**b. Advances To/From Other Funds**

| <u>Receiving Fund</u>       | <u>Amount</u>        | <u>Paying Fund</u> | <u>Amount</u>        |
|-----------------------------|----------------------|--------------------|----------------------|
| Black Gold Golf Course Fund | <u>\$ 20,086,730</u> | General Fund       | <u>\$ 20,086,730</u> |
| Totals                      | <u>\$ 20,086,730</u> |                    | <u>\$ 20,086,730</u> |

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2016**
**Note 6: Interfund Receivables, Payables and Transfers (Continued)**
**b. Advances To/From Other Funds (Continued)**

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

- a. Various advances to the Black Gold Golf Course fund from the General Fund for capital projects when the Black Gold Golf Course was initially built. There is no set repayment schedule at this time. The balance as of June 30, 2016 was \$5,267,648 which including the accumulated interest of \$564,748 since fiscal year 2007-2008.
- b. During the 2012-2013 and 2015-2016 fiscal years, the General Fund advanced the Black Gold Golf Course fund \$1,204,595 for the purchase of equipment and a new fleet of golf carts. The total balance outstanding at June 30, 2016, was \$708,366.
- c. During the 2013-2014 fiscal year, the General Fund advanced the Black Gold Golf Course fund \$14,110,716 to pay off the remaining principal balance of the Golf Course's 2003 Revenue bonds, and related fees. See Note 7 for more details.

**c. Interfund Transfers**

| Receiving Funds                 | Amount               | Paying Funds          | Amount               |
|---------------------------------|----------------------|-----------------------|----------------------|
| General Fund                    | \$ 218,133           | Nonmajor Governmental | \$ 218,133           |
| Capital Improvements            | \$ 9,247,338         | General Fund          | \$ 3,942,327         |
|                                 |                      | Library               | 1,725                |
|                                 |                      | Nonmajor Governmental | 5,303,286            |
|                                 |                      |                       | <u>\$ 9,247,338</u>  |
| Street Lighting and Maintenance | \$ 1,651,934         | General Fund          | \$ 1,651,934         |
| Library                         | \$ 12,685            | General Fund          | \$ 12,685            |
| Disposal                        | \$ 550,980           | General Fund          | \$ 550,980           |
| HCD Grant                       | \$ 29,134            | General Fund          | \$ 29,134            |
| Totals                          | <u>\$ 11,710,204</u> |                       | <u>\$ 11,710,204</u> |

During the fiscal year, the Gas Tax, Traffic Safety, COPS, and AQMD Special Revenue Funds made payments to the General Fund for costs incurred that were eligible to be reimbursed from those funding sources. These transfers to the General Fund for the fiscal year amounted to \$218,133. The funding sources to account for capital projects were reported as transfers from various funds to the Capital Improvements Fund for the amount of \$9,247,338. Transfers from the General Fund to the Street Lighting and Maintenance Fund of \$1,651,934 were for support of general benefit expenditures incurred as well as to provide required funding for deficit zones. Transfers from the General Fund to the Library Fund of \$12,685 reflect use of restricted Special Reserves related to compensated absences. A transfer from the General Fund to the Disposal Fund of \$550,980, was a final City Council-approved transfer required to close the Fund and eliminate the remaining deficit unrestricted net position following the outsourcing of the City's disposal enterprise. Transfers from the General Fund to the HCD Grant Fund of \$29,134 were to eliminate the residual deficit fund balance in the Fund.

CITY OF YORBA LINDA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2016

**Note 7: Long-Term Debt**

**a. Long-Term Debt – Governmental Activities**

The following is a summary of changes in long-term debt of the City's governmental activities for the fiscal year ended June 30, 2016:

|                                 | Balance<br>July 1, 2015 | Additions           | Deletions           | Balance<br>June 30, 2016 | Due Within<br>One Year |
|---------------------------------|-------------------------|---------------------|---------------------|--------------------------|------------------------|
| Claims and judgments            | \$ 151,421              | \$ 1,407,949        | \$ 93,335           | \$ 1,466,035             | \$ -                   |
| Compensated absences            | 1,006,532               | 791,657             | 737,063             | 1,061,126                | 777,041                |
| Net Pension Liability (Note 10) | 15,094,792              | 1,435,522           | 20,234              | 16,510,080               | -                      |
| OPEB obligation (Note 11)       | 7,990,781               | 1,687,723           | 633,659             | 9,044,845                | -                      |
| <b>Total</b>                    | <b>\$ 24,243,526</b>    | <b>\$ 5,322,851</b> | <b>\$ 1,484,291</b> | <b>\$ 28,082,086</b>     | <b>\$ 777,041</b>      |

**Claims and Judgments**

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

At June 30, 2016, various claims have been received by the City that the City has denied, but no action has yet been filed. Litigation is still pending on cases that the City believes are adequately covered as described in the following paragraphs. Small dollar claims and judgments are recorded as expenditures when paid.

The City is a member of the California Insurance Pool Authority (CIPA) which provides: (a) a risk-sharing pool for general liability claims in excess of the self-insured retention level up to \$2,000,000, and (b) a non-risk sharing insurance-purchasing pool for liability claims in excess of \$2,000,000 up to \$20,000,000 per occurrence. The City's self-insured retention is \$250,000.

The City has obtained excess insurance coverage from an outside commercial insurance company through CIPA's non-risk sharing workers' compensation insurance purchasing program. The policy provides coverage for claims in excess of the \$500,000 self-insured retention level up to the California statutory limits for workers' compensation.

A liability as of June 30, 2016, of \$1,466,035 is reported in the Statement of Net Position for general liability and workers' compensation claims and judgments.

Changes in the balance of claims and liabilities for the fiscal years ended June 30, 2014, 2015, and 2016, including a provision for incurred but not reported claims were as follows:

| Fiscal<br>Year Ending<br>June 30, | Claims<br>Payable<br>Beginning | Claims and<br>Changes in<br>Estimates | Claims<br>Payments | Claims<br>Payable<br>Ending |
|-----------------------------------|--------------------------------|---------------------------------------|--------------------|-----------------------------|
| 2014                              | \$ 150,414                     | \$ -                                  | \$ -               | \$ 150,414                  |
| 2015                              | 150,414                        | 1,007                                 | -                  | 151,421                     |
| 2016                              | 151,421                        | 1,407,949                             | 93,335             | 1,466,035                   |

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



CITY OF YORBA LINDA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2016

**Note 7: Long-Term Debt (Continued)**

**a. Long-Term Debt – Governmental Activities (Continued)**

Compensated Absences

The City's policies relating to compensated absences are described in Note 1 of the Notes to Financial Statements. This liability will be paid in the future from the General Fund or the Library Fund. The outstanding balance at June 30, 2016, was \$1,061,126.

**b. Long-Term Debt – Business-Type Activities**

The following is a summary of changes in long-term debt of the City's business-type activities for the fiscal year ended June 30, 2016:

|                                      | Balance<br>July 1, 2015 | Additions         | Deletions         | Balance<br>June 30, 2016 |
|--------------------------------------|-------------------------|-------------------|-------------------|--------------------------|
| Advance from the City of Yorba Linda | \$ 19,803,305           | \$ 457,086        | \$ 173,661        | \$ 20,086,730            |
| Total                                | <u>\$ 19,803,305</u>    | <u>\$ 457,086</u> | <u>\$ 173,661</u> | <u>\$ 20,086,730</u>     |

Various advances from the City of Yorba Linda for various capital projects

In the early years of operating the Black Gold Golf Course, the General Fund loaned funds totaling \$4,702,900 to the Black Gold Golf Course Fund for various capital projects. Interest has been accrued on this balance since fiscal year 2007-2008. There is no set repayment schedule at this time; however, the advances will eventually be repaid as Black Gold Golf Course Fund revenues permit.

Advance from the City of Yorba Linda for repayment of 2003 Revenue Bonds Payable

During the 2013-2014 fiscal year, the remaining balance of \$15,635,000, of the 2003 Revenue Bonds was paid off. \$1,574,014 was paid with remaining cash on hand with the City's bond trustee, and the City of Yorba Linda paid the remaining \$14,060,986 on behalf of the Black Gold Golf Course from available unassigned fund balance of the General Fund. The City of Yorba Linda also paid \$49,730 in refunding fees, for a total of \$14,110,716 paid on behalf of the Black Gold Golf Course. An advance to the Black Gold Golf Course from the City of Yorba Linda was created as a result of this transaction. Interest has been accrued on this balance since fiscal year 2007-2008. There is no set repayment schedule at this time; however, the advances will eventually be repaid as Black Gold Golf Course Fund revenues permit.

Advances from the City of Yorba Linda to purchase equipment

During the 2012-2013 and 2015-2016 fiscal years, the City of Yorba Linda paid for equipment and a new fleet of golf carts, respectively, on behalf of the Black Gold Golf Course. Advances to the Black Gold Golf Course from the City of Yorba Linda were created as a result of these transactions. The total amount paid on the advances was \$173,661 for the fiscal year ended June 30, 2016. The future minimum advance payments relating to the advances are as follows:

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2016**


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**Note 7: Long-Term Debt (Continued)****b. Long-Term Debt – Business-Type Activities**

| Fiscal Year<br>Ending<br>June 30, | Amount            |
|-----------------------------------|-------------------|
| 2017                              | \$ 260,245        |
| 2018                              | 265,500           |
| 2019                              | 94,408            |
| 2020                              | 88,213            |
|                                   | <u>\$ 708,366</u> |

**Note 8: Operating Leases**

## Golf Cart GPS Lease

During fiscal year 2013-2014, The Golf Course Enterprise Fund entered into an operating lease agreement with GPSi Leasing LLC for 87 golf car GPS units for a period of four years. The total amount paid for the lease was \$49,068 for the fiscal year ended June 30, 2016. The future minimum lease payments relating to this lease are as follows:

| Fiscal Year<br>Ending<br>June 30, | Amount           |
|-----------------------------------|------------------|
| 2017                              | \$ 49,068        |
| 2018                              | 24,534           |
|                                   | <u>\$ 73,602</u> |

## Copier Leases

The City has entered into various operating leases for copiers. The monthly payments are \$452 for a period of five years.

**Note 9: Other Special Obligation**

During fiscal year 2000-2001, the Agency issued, on behalf of National CORE (Southern California Housing Corporation), the Yorba Linda Redevelopment Agency Multi-Family Housing Revenue Bonds 2000, Series A, in the principal amount of \$2,754,321. These bonds are not reflected in the long-term debt obligations because they are special obligations payable solely from and secured by specific revenue sources described in the resolution and official statement of the issue. Neither the faith and credit nor the taxing power of the City, the former Redevelopment Agency, the State of California or any political subdivision thereof, is pledged for the payment of these bonds. The balance as of June 30, 2016, is \$1,949,694.

## VI. Other information

## Note 10: City Employees Retirement Plan (Defined Benefit Pension Plan)

## a. General Information about the Pension Plan

Plan Description

All qualified employees are eligible to participate in the City's Miscellaneous Employee Pension Plan, an agent multiple employer defined benefit pension plan administered by the California Public Employees Retirement System (CalPERS). Benefit provisions under the Plan are established by State statute and City resolution. CalPERS issues publicly available report that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided

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

The Plans' provisions and benefits in effect at June 30, 2016, are summarized as follows:

|   | Miscellaneous               |                                |
|---|-----------------------------|--------------------------------|
|   | Prior to<br>January 1, 2013 | On or after<br>January 1, 2013 |
| Benefit formula                                   | 2.0% @ 55                   | 2.0% @ 62                      |
| Benefit vesting schedule                          | 5 years service             | 5 years service                |
| Benefit payments                                  | monthly for life            | monthly for life               |
| Retirement age                                    | 50-63                       | 52-67                          |
| Monthly benefits, as a % of eligible compensation | 1.426% to 2.418%            | 1.000% to 2.500%               |
| Required employee contribution rates              | 7.00%                       | 6.75%                          |
| Required employer contribution rates              | 20.068%                     | 20.068%                        |

Employees Covered

At June 30, 2016, the following employees were covered by the benefit terms for each Plan:

|  | Miscellaneous |
|--|---------------|
| Inactive employees or beneficiaries currently receiving benefits | 126           |
| Inactive employees entitled to but not yet receiving benefits    | 44            |
| Active employees   | 104           |
| Total  | 274           |

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2016**

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

**a. General Information about the Pension Plan (Continued)**

Contributions

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

The discount rate, as of the June 30 measurement date, was changed from 7.65% to 7.50%.

Employee contributions are based on the employee's annual covered salary. For the fiscal year ended June 30, 2016, the employee contribution rate was 7.00% for classic members and 6.75% for PEPRA members. The City's contribution rate and required contribution for the fiscal year were 20.068% and \$1,186,312, respectively. Actual contributions for the fiscal year equaled \$1,186,312 or 100% of required contributions.

Employees hired before January 1, 2013, or who were hired after January 1, 2013, but were employed by another public agency prior to January 1, 2013, and had membership with a previous reciprocal retirement system are required to contribute 6.0% towards the employer contribution rate, and the City contributes the balance of the employee's and employer's share of the contribution rates to PERS. All employees subject to PEPRA pay the 6.75% employee share.

**b. CalPERS Net Pension Liability**

The City's net pension liability for the Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of the Plan is measured as of June 30, 2014, using an annual actuarial valuation as of June 30, 2014 rolled forward to June 30, 2015 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

Actuarial Assumptions

The total pension liability in the June 30, 2014 actuarial valuations were determined using the following actuarial assumptions:

|                           |  |
|---------------------------|--|
| Valuation Date            | June 30, 2014  |
| Measurement Date          | June 30, 2015  |
| Actuarial Cost Method     | Entry-Age Normal Cost Method                         |
| Actuarial Assumptions:    |  |
| Discount Rate             | 7.65%  |
| Inflation                 | 2.75%  |
| Payroll Growth            | 3.00%  |
| Projected Salary Increase | 3.30% - 14.2% (1)                                    |
| Investment Rate of Return | 7.50% (2)  |
| Mortality                 | Derived using CalPERS' Membership Data for all Funds |

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

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

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

**b. CalPERS Net Pension Liability (Continued)**

Actuarial Assumptions (Continued)

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

Discount Rate

The discount rate used to measure the total pension liability was 7.65%. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.65% discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long-term expected discount rate of 7.65% 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.

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

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

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2016**

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

**b. CalPERS Net Pension Liability (Continued)**

*Discount Rate (Continued)*

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.

| <b>Asset Class</b>            | <b>New Strategic Allocation</b> | <b>Real Return Years 1 - 10<sup>1</sup></b> | <b>Real Return Years 11+<sup>2</sup></b> |
|-------------------------------|---------------------------------|---|--|
| Global Equity                 | 51.0%                           | 5.25%                                       | 5.71%                                    |
| Global Fixed Income           | 19.0                            | 0.99  | 2.43                                     |
| Inflation Sensitive           | 6.0                             | 0.45  | 3.36                                     |
| Private Equity                | 10.0                            | 6.83  | 6.95                                     |
| Real Estate                   | 10.0                            | 4.50  | 5.13                                     |
| Infrastructure and Forestland | 2.0                             | 4.50  | 5.09                                     |
| Liquidity                     | 2.0                             | (0.55)                                      | (1.05)                                   |

<sup>1</sup>An expected inflation of 2.5% used for this period

<sup>2</sup>An expected inflation of 3.0% used for this period

**c. Changes in the CalPERS Net Pension Liability**

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

|   | <b>Increase (Decrease)</b>         |  |  |
|---|------------------------------------|--|--|
|   | <b>Total Pension Liability (a)</b> | <b>Plan Fiduciary Net Position (b)</b> | <b>Net Pension Liability/(Asset) (c) = (a) - (b)</b> |
| <b>Balance, June 30, 2014 (VD)</b>                            | <b>\$ 60,202,852</b>               | <b>\$ 45,108,060</b>                   | <b>\$ 15,094,792</b>                                 |
| Changes in Recognized for the Measurement Period:             |                                    |  |  |
| Service Cost  | 1,295,229                          |  | 1,295,229  |
| Interest on the Total Pension Liability                       | 4,439,809                          |  | 4,439,809  |
| Changes of Benefit Terms                                      | -                                  |  | -  |
| Differences between Expected and Actual Experience            | (236,444)                          |  | (236,444)  |
| Changes of Assumptions  | (1,091,497)                        |  | (1,091,497)  |
| Contributions from the Employer                               |                                    | 1,121,845                              | (1,121,845)  |
| Contributions from Employees                                  |                                    | 925,172                                | (925,172)  |
| Net Investment Income <sup>2</sup>                            |                                    | 995,586                                | (995,586)  |
| Benefit Payments, including Refunds of Employee Contributions | (2,971,575)                        | (2,971,575)                            | -  |
| Administrative Expense  |                                    | (50,794)                               | 50,794   |
| <b>Net Changes during 2014-15</b>                             | <b>1,435,522</b>                   | <b>20,234</b>                          | <b>1,415,288</b>                                     |
| <b>Balance, June 30, 2015 (MD) <sup>1</sup></b>               | <b>\$ 61,638,374</b>               | <b>\$ 45,128,294</b>                   | <b>\$ 16,510,080</b>                                 |

<sup>1</sup> 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.

<sup>2</sup> Net of administrative expenses.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2016**

**Note 10: City Employees Retirement Plan (Defined Benefit Pension Plan) (Continued)****c. Changes in the CalPERS Net Pension Liability (Continued)***Sensitivity of the Net Pension Liability to Changes in the Discount Rate*

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

|                                      | <b>Discount Rate - 1%<br/>(6.65%)</b> | <b>Current Discount<br/>Rate (7.65%)</b> | <b>Discount Rate + 1%<br/>(8.65%)</b> |
|--------------------------------------|---------------------------------------|--|---------------------------------------|
| Plan's Net Pension Liability/(Asset) | \$ 24,811,457                         | \$ 16,510,080                            | \$ 9,680,099                          |

*Plan Fiduciary Net Position*

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

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

For the fiscal year ended June 30, 2016, the City recognized pension expense of \$779,975. At June 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|   | Deferred Outflows<br>of Resources | Deferred<br>Inflows of<br>Resources |
|---|-----------------------------------|-------------------------------------|
| Pension contributions subsequent to measurement date                              | \$ 1,186,312                      | \$ -                                |
| Changes of assumption   |                                   | (770,468)                           |
| Differences between expected and actual experience                                |                                   | (166,902)                           |
| Net differences between projected and actual earnings on pension plan investments | 1,930,046                         | (2,293,448)                         |
| Total   | <u>\$ 3,116,358</u>               | <u>\$ (3,230,818)</u>               |

\$1,186,312 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2016. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in future pension expense as follows:

| <b>Fiscal Year Ended<br/>June 30,</b> | <b>Deferred<br/>Outflows/(Inflows)<br/>of Resources</b> |
|---------------------------------------|---|
| 2017                                  | \$ (672,541)  |
| 2018                                  | (672,541)   |
| 2019                                  | (438,200)   |
| 2020                                  | 482,510   |

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2016**
**Note 11: Other Postemployment Employee Benefits**

## Plan Description

The City provides other postemployment benefits (OPEB) through the Public Employees' Medical and Hospital Care Act (PEMHCA), a single-employer defined benefit healthcare plan administered by the California Public Employees' Retirement System (CalPERS), by contributing a predetermined monthly maximum of \$1,167 for each eligible retiree and their dependents that are eligible to participate in the PERS Health Plan. In addition, there is a maximum dental benefit of \$2,000 and maximum vision benefit of \$500, per eligible individual per year. These benefits are provided per contract between the City and the employee associations. Separate financial statements for the PEMHCA may be obtained by writing to CalPERS at Lincoln Plaza North 400 Q Street, Sacramento, California 95814 or by visiting the CalPERS website at [www.calpers.ca.gov](http://www.calpers.ca.gov).

## Funding Policy

The contribution requirements of plan members and the City are established and may be amended by the City, City Council and/or the employee associations. Currently, contributions are not required from plan members. A contribution of \$549,391 was made during the 2015-2016, fiscal year. The purpose of the contributions was to cover the pay-as-you-go financing requirements.

As a result, the City calculated and recorded a Net OPEB Obligation, representing the difference between the Annual Required Contribution (ARC) and actual contributions, as presented in the following table:

|  |                    |
|--|--------------------|
| Annual required contribution                   | \$1,902,698        |
| Interest on net OPEB obligation                | 339,608            |
| ARC Adjustment                                 | <u>(554,583)</u>   |
| Annual OPEB cost (expense)                     | 1,687,723          |
| Contributions made                             | (549,391)          |
| Implicit Subsidy                               | <u>(84,268)</u>    |
| Increase in net OPEB obligation                | 1,054,064          |
| Net OPEB obligation - beginning of fiscal year | <u>7,990,781</u>   |
| Net OPEB obligation - end of fiscal year       | <u>\$9,044,845</u> |

The City contributed 37.5% of the adjusted ARC, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis is projected to cover the annual normal cost and the amortization of unfunded actuarial liabilities (or funding excess) over thirty years..

## Annual OPEB Costs and Net OPEB Obligation (Asset)

For the fiscal year 2015-2016, the City's annual OPEB cost (expense) is \$1,687,723. Information on the annual OPEB cost, percentage of Annual OPEB cost contributed, and Net OPEB Obligation is only available for the last three fiscal years, as presented below:

| <b>Fiscal Year Ended</b> | <b>Annual OPEB Cost</b> | <b>Actual Contribution (Net of Adjustments)</b> | <b>Percentage of Annual OPEB Cost Contribution</b> | <b>Net OPEB Obligation (Asset)</b> |
|--------------------------|-------------------------|---|--|------------------------------------|
| 6/30/2014                | \$ 1,482,763            | \$ 540,688                                      | 36.5%  | \$ 7,032,675                       |
| 6/30/2015                | 1,542,989               | 584,883   | 37.9%  | 7,990,781                          |
| 6/30/2016                | 1,687,723               | 633,659   | 37.5%  | 9,044,845                          |



**Note 11: Other Postemployment Employee Benefits (Continued)**

Funded Status and Funding Progress

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 City 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 for OPEB presented as Required Supplementary Information following the Notes to the Financial Statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. The most recent and available information is shown.

Actuarial Methods and Assumptions

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

In the January 1, 2016, actuarial valuation, the Individual Entry Age Actuarial Cost Method was used. The actuarial assumptions include a payroll growth rate of 3.00%, a discount rate of 4.25%, an inflation rate of 2.75%, and ultimate rate of medical inflation of 5.00%. The actuarial value of assets is set equal to the reported market value of assets. The UAAL is being amortized as a level dollar amount over a closed 30 year period beginning January 1, 2008. The remaining amortization period at June 30, 2016, is 22 years. As of June 30, 2016, the number of active participants is 100 and the number of eligible retirees is 81.

**Note 12: Self-Insurance Program**

**a. Description of Self-Insurance Pool**

The City of Yorba Linda is a member of the California Insurance Pool Authority (CIPA). The CIPA is a consortium of 12 cities in Orange County, California. The CIPA was established to pool resources, share risks, purchase excess insurance and share costs for professional risk management and claims administration. Member cities may be assessed the difference between funds available and the \$20,000,000 annual aggregate limit of coverage in proportion to their annual premium. The Governing Board consists of one member from each participating city and is responsible for the selection of management and for the budgeting and financial management of the Authority.

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2016

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**Note 12: Self-Insurance Program (Continued)**

**b. Self-Insurance Programs of the City**

The City initiated self-insurance programs for general liability and workers' compensation on July 1, 1985, and July 1, 1989, respectively. Outside insurance coverage is purchased through California Insurance Pool Authority (CIPA) for individual claims in excess of the City's self-insurance retention limits. Larger claims are processed by an outside insurance service that administers the programs, while smaller claims are processed in-house by the City's Risk Manager.

The general liability program provides for self-insurance up to a maximum of \$250,000 per occurrence with excess insurance coverage purchased through CIPA up to a maximum of \$20,000,000 per claim. Workers' compensation claims that exceed the City's self-insured level of \$500,000 are insured through coverage purchased by CIPA up to California's statutory limits of workers' compensation.

Estimates for all liabilities up to the self-insured levels and including a provision for incurred but not reported claims, have been included in the long-term debt obligations as of June 30, 2016, as follows:

|                              |                     |
|------------------------------|---------------------|
| General Liability Claims     | \$ 36,143           |
| Workers' Compensation Claims | <u>1,429,892</u>    |
| Total Claims Payable         | <u>\$ 1,466,035</u> |

**Note 13: Joint Ventures**

Orange County Fire Authority

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

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

No determination has been made as to each participant's proportionate share of fund equity as of June 30, 2016. Upon dissolution of the Authority, all surplus money and property of the Authority will be conveyed or distributed to each member in proportion to all funds provided to the Authority by that member or by the County on behalf of that member during its membership. Complete financial statements may be obtained from the Orange County Fire Authority, 1 Fire Authority Road, Building A, Irvine, CA 92602.

**Note 14: Contingent Liabilities**

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

**Note 15: Prior Period Adjustments**

Government-wide statements:

Governmental activities

The restatement of net position in the amount of \$416,993 is due to an overstatement of deferred revenue in the 2014-2015 fiscal year. This amount should have been reflected as unrestricted net position.

Governmental fund statements:

General Fund – The restatement of beginning fund balance in the amount of \$416,993 is due to an overstatement of deferred revenue in the 2014-2015 fiscal year. This amount should have been reflected as unassigned fund balance.

**Note 16: Subsequent Event**

On January 3, 2017, the Yorba Linda City Council approved a settlement agreement with the State Department of Finance that, among other terms, memorialized a repayment schedule for the outstanding advances due to the City from the Successor Agency. Repayment of these advances had been delayed due to ongoing litigation between the City and the State. As a result of the settlement agreement, the Successor Agency will now be allowed to request funds from the County Auditor/Controller via the Recognized Obligation Payment Schedule (ROPS) process to repay the advances from the City. The specific timing of payments will depend on the annual property tax revenues available to the Successor Agency and staff anticipates that repayment will take at least four years. State law requires the SERAF loan from the Housing Fund to be repaid before the loans from the General Fund can be repaid.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2016**

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**Note 17: Successor Agency Trust for Assets of Former Redevelopment Agency**

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

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

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

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

**a. Cash and Investments**

The following is a summary of Successor Agency cash and investments at June 30, 2016:

|                                 |                      |
|---------------------------------|----------------------|
| Cash and investments            | \$ 2,939,547         |
| Restricted cash and investments | <u>24,502,314</u>    |
|                                 | <u>\$ 27,441,861</u> |

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

**b. Land Held for Resale**

At June 30, 2016, land held for resale in the amount of \$18,812,640 is recorded at the lower of cost or net realizable value in the Successor Agency Trust.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2016

**Note 17: Successor Agency Trust for Assets of Former Redevelopment Agency (Continued)**

**c. Capital Assets**

The following is a summary of capital assets for the Successor Agency as of June 30, 2016:

|   | Balance<br>July 1, 2015 | Increases   | Decreases   | Balance<br>June 30, 2016 |
|---|-------------------------|-------------|-------------|--------------------------|
| Capital Assets, Not Being Depreciated:        |                         |             |             |                          |
| Land  | \$ 364,593              | \$ -        | \$ -        | \$ 364,593               |
| Total Capital Assets<br>Not Being Depreciated | 364,593                 | -           | -           | 364,593                  |
| Total Capital Assets, Net                     | <u>\$ 364,593</u>       | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 364,593</u>        |

**d. Long-Term Debt**

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

|  | Balance<br>July 1, 2015 | Accreted Interest   | Additions   | Deletions            | Balance<br>June 30, 2016 | Due Within One<br>Year |
|--|-------------------------|---------------------|-------------|----------------------|--------------------------|------------------------|
| Tax Allocation Bonds                       | \$ 71,442,605           | \$ 1,261,967        | \$ -        | \$ 1,601,824         | \$ 71,102,748            | \$ 1,566,140           |
| Deferred pass-through<br>payments - PYLUSD | 20,916,404              | -                   | -           | -                    | 20,916,404               | -                      |
| Advance from Housing Fund -<br>SERAF Loan  | 3,815,853               | -                   | -           | -                    | 3,815,853                | -                      |
| Advance from City                          | 6,035,572               | -                   | -           | -                    | 6,035,572                | -                      |
| Total                                      | <u>\$ 102,210,434</u>   | <u>\$ 1,261,967</u> | <u>\$ -</u> | <u>\$ 1,601,824</u>  | <u>\$ 101,870,577</u>    | <u>\$ 1,566,140</u>    |
|  |                         |                     |             | Unamortized premium  | 35,048                   |                        |
|  |                         |                     |             | Unamortized discount | (75,130)                 |                        |
|  |                         |                     |             |                      | <u>\$ 101,830,495</u>    |                        |

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

**Tax Allocation Bonds**

The former Redevelopment Agency pledged, as security for bonds issued, a portion of property tax increment revenue, including Low and Moderate Income Housing set-aside that it receives. The bonds issued were to provide financing for various capital projects, accomplish Low and Moderate Income Housing projects and to defease previously issued bonds. Assembly Bill 1X 26 provided that upon dissolution of the Redevelopment Agency, property taxes allocated to former redevelopment agencies no longer are deemed tax increment but rather property tax revenues and will be allocated first to successor agencies to make payments on the indebtedness incurred by the dissolved redevelopment agency. Total principal and interest remaining on the debt is \$121,581,952 payable through 2033. For the current fiscal year, the total property tax revenue recognized by the Successor Agency was \$6,832,707 and the debt service obligation paid on the bonds, including interest, was \$6,356,696.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2016**

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**Note 17: Successor Agency Trust for Assets of Former Redevelopment Agency (Continued)**

**d. Long-Term Debt (Continued)**

1993 Tax Allocation Bonds

On December 15, 1993, the Yorba Linda Redevelopment Agency issued \$35,686,002 in 1993 Tax Allocation Bonds with interest rates ranging from 3.5% to 5.25% to advance refund \$17,115,000, which represented a portion of the outstanding 1989 Tax Allocation Bonds and \$1,825,000 principal amount of 1986 Certificates of Participation. Serial bonds totaling \$4,340,000 were payable in amounts ranging from \$265,000 to \$545,000 per year on September 1 of each year, commencing September 1, 1996, through September 1, 2008, and bore interest at rates from 3.5% to 5.1%. Term bonds totaling \$12,205,000 and \$14,000,000 were/are due on September 1, 2014 and 2023, respectively, at an interest rate of 5.25%. Capital appreciation serial bonds with an original amount totaling \$2,826,489 are due on each September 1, commencing September 1, 2014 through 2016. Capital appreciation term bonds with an original amount totaling \$2,314,513 are due on September 1, 2019. The outstanding balance, including the accreted value of \$13,016,266 of the capital appreciation bonds, at June 30, 2016, was \$30,216,919.

The annual requirements to amortize the outstanding bond indebtedness as of June 30, 2016, including interest, are as follows:

| Fiscal Year Ending<br>June 30, | Principal            | Interest             |
|--------------------------------|----------------------|----------------------|
| 2017                           | \$ 886,140           | \$ 3,088,860         |
| 2018                           | 816,821              | 3,154,093            |
| 2019                           | 770,755              | 3,200,484            |
| 2020                           | 726,937              | 3,243,063            |
| 2021                           | 3,235,000            | 650,080              |
| 2022-2026                      | <u>10,765,000</u>    | <u>867,169</u>       |
| Total                          | 17,200,653           | <u>\$ 14,203,749</u> |
| Accretion                      | <u>13,016,266</u>    |                      |
| Total                          | <u>\$ 30,216,919</u> |                      |

1998 Tax Allocation Parity Refunding Bonds, Series A

On June 18, 1998, the Yorba Linda Redevelopment Agency issued \$17,131,503 in 1998 Tax Allocation Parity Refunding Bonds; Series A, with interest rates ranging from 4.05% to 5.00% to advance refund the remaining \$15,890,000 of outstanding 1989 Tax Allocation Bonds with interest rates ranging from 6.750% to 7.125%. Current interest serial bonds totaling \$12,645,000 were payable in amounts ranging from \$1,030,000 to \$1,325,000 per year on September 1 of each year, commencing September 1, 2002 through September 1, 2009, and bore interest at rates from 4.00% to 5.00%. Capital appreciation serial bonds with an original amount totaling \$4,486,503 are due on each September 1, commencing September 1, 2024 through 2028. The outstanding balance, including the accreted value of \$7,124,347 of the capital appreciation bonds at June 30, 2016, was \$11,610,829.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2016**

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**Note 17: Successor Agency Trust for Assets of Former Redevelopment Agency (Continued)****d. Long-Term Debt (Continued)**

## 1998 Tax Allocation Parity Refunding Bonds, Series A (Continued)

The annual requirements to amortize the outstanding bond indebtedness as of June 30, 2016, including interest, are as follows:

| Fiscal Year Ending<br>June 30, | Principal            | Interest             |
|--------------------------------|----------------------|----------------------|
| 2017                           | \$ -                 | \$ -                 |
| 2018                           | -                    | -                    |
| 2019                           | -                    | -                    |
| 2020                           | -                    | -                    |
| 2021                           | -                    | -                    |
| 2022-2026                      | 1,941,907            | 6,008,093            |
| 2027-2029                      | 2,544,596            | 9,380,404            |
| Total                          | 4,486,503            | <u>\$ 15,388,497</u> |
| Accretion                      | 7,124,326            |                      |
| Total                          | <u>\$ 11,610,829</u> |                      |

## 2005 Taxable Tax Allocation Bonds (Subordinate Lien), Series A

On April 1, 2005, the Yorba Linda Redevelopment Agency issued \$9,855,000 in Taxable Tax Allocation Term Bonds (Subordinate Lien), Series A with interest rates at 5.25% for bonds maturing September 1, 2015, and 5.71% for bonds maturing September 1, 2031. The Bonds are special obligations of the Agency and are payable solely from and secured by a parity pledge of certain tax increment revenues of the Project Area on a basis subordinate to certain outstanding obligations of the Agency and a pledge of amounts in certain funds and accounts established under the Indenture of Trust. The bonds were issued to finance redevelopment activities of the Agency.

The Series A Term Bonds maturing on September 1, 2015, were subject to mandatory redemption, in part by lot, on September 1, in each year beginning September 1, 2007 through 2015, from mandatory annual sinking payments ranging from \$85,000 to \$355,000 per year.

The Series A Term Bonds maturing on September 1, 2031, are also subject to mandatory redemption, in part by lot, on September 1 in each year beginning September 1, 2016 through 2031, from mandatory sinking payments ranging from \$10,000 to \$3,340,000 per year. The outstanding balance at June 30, 2016, was \$8,700,000.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2016**

**Note 17: Successor Agency Trust for Assets of Former Redevelopment Agency (Continued)**

**d. Long-Term Debt (Continued)**

2005 Taxable Tax Allocation Bonds (Subordinate Lien), Series A (Continued)

The annual requirements to amortize the outstanding bond indebtedness as of June 30, 2016, including interest, are as follows:

| Fiscal Year Ending<br>June 30, | Principal           | Interest            |
|--------------------------------|---------------------|---------------------|
| 2017                           | \$ 75,000           | \$ 494,629          |
| 2018                           | 85,000              | 490,061             |
| 2019                           | 70,000              | 485,635             |
| 2020                           | 70,000              | 481,638             |
| 2021                           | -                   | 479,640             |
| 2022-2026                      | 140,000             | 2,380,786           |
| 2027-2031                      | 5,815,000           | 1,975,233           |
| 2032                           | 2,445,000           | 69,804              |
| Total                          | <u>\$ 8,700,000</u> | <u>\$ 6,857,426</u> |

2005 Tax-Exempt Tax Allocation Bonds (Subordinate Lien), Series B

On April 1, 2005, the Yorba Linda Redevelopment Agency issued \$3,145,000 in Tax Exempt Tax Allocation Term Bonds (Subordinate Lien), Series B with interest at 5.00% for bonds maturing September 1, 2032. The Bonds are special obligations of the Agency and are payable solely from and secured by a parity pledge of certain tax increment revenues of the Project Area on a basis subordinate to certain outstanding obligations of the Agency, and a pledge of amounts in certain funds and accounts established under the Indenture of Trust. The Tax Exempt Bonds were issued to finance redevelopment activities of the Agency, specifically to fund a fire station. The Series B Term Bonds maturing on September 1, 2032, are subject to mandatory redemption, in part by lot, on September 1 in each year beginning September 1, 2029 through 2033, from mandatory annual sinking payments ranging from \$135,000 to \$2,725,000 per year. In addition, the Series B bonds include an Original Issue Bond Premium of \$61,107. The balance of the Series B bonds at June 30, 2016, is \$3,145,000. The unamortized bond premium amount is \$35,048.

The annual requirements to amortize the outstanding bond indebtedness as of June 30, 2016, including interest, are as follows:

| Fiscal Year Ending<br>June 30, | Principal           | Interest            |
|--------------------------------|---------------------|---------------------|
| 2017                           | \$ -                | \$ 157,250          |
| 2018                           | -                   | 157,250             |
| 2019                           | -                   | 157,250             |
| 2020                           | -                   | 157,250             |
| 2021                           | -                   | 157,250             |
| 2022-2026                      | -                   | 786,250             |
| 2027-2031                      | 275,000             | 772,625             |
| 2032-2033                      | 2,870,000           | 208,000             |
| Total                          | <u>\$ 3,145,000</u> | <u>\$ 2,553,125</u> |



**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2016**

**Note 17: Successor Agency Trust for Assets of Former Redevelopment Agency (Continued)**

**d. Long-Term Debt (Continued)**

Tax Allocation Bonds (Subordinate Lien), 2011 Series A

On May 5, 2011, the Yorba Linda Redevelopment Agency issued \$19,705,000 in Tax Allocation Bonds (Subordinate Lien), 2011 Series A which consist of Serial Bonds with interest rates ranging from 2.00% to 5.50% in the amount of \$5,900,000 maturing from September 1, 2012 through 2021, \$4,580,000 Term Bonds with an interest rate of 6.00% maturing September 1, 2026, and \$9,225,000 Term Bonds with an interest rate of 6.50% maturing September 1, 2032. The Bonds are special obligations of the Agency and are payable solely from and secured by a pledge of certain tax increment revenues of the original area component of the Agency's Yorba Linda Redevelopment Project on a basis subordinate to certain outstanding obligations of the Agency, and a pledge of amounts in certain funds and accounts established under the Indenture of Trust. The Bonds were issued to finance redevelopment activities of benefit to the Yorba Linda Redevelopment Project, to satisfy the reserve requirement for the Bonds, and to provide for the costs of issuing the Bonds. The outstanding balance at June 30, 2016, was \$17,430,000. The unamortized original issue discount was \$(75,130).

The annual requirements to amortize the outstanding bond indebtedness as of June 30, 2016, including interest, are as follows:

| Fiscal Year Ending<br>June 30, | Principal            | Interest             |
|--------------------------------|----------------------|----------------------|
| 2017                           | \$ 605,000           | \$ 1,040,956         |
| 2018                           | 635,000              | 1,012,225            |
| 2019                           | 680,000              | 980,200              |
| 2020                           | 715,000              | 946,175              |
| 2021                           | 230,000              | 922,263              |
| 2022-2026                      | 4,305,000            | 3,983,675            |
| 2027-2031                      | 6,725,000            | 2,357,076            |
| 2032-2033                      | 3,535,000            | 233,837              |
| Total                          | <u>\$ 17,430,000</u> | <u>\$ 11,476,407</u> |

Deferred pass-through payments

Placentia-Yorba Linda Unified School District

On December 5, 1983, the Agency entered into a pass-through agreement with the Placentia Unified School District, predecessor of the Placentia-Yorba Linda Unified School District, whereby the Agency agreed to pass-through to the district certain tax increment revenue the Agency received as a result of the formation of the Agency and the adoption of its Redevelopment Plan.

In October 1999, a dispute regarding the pass-through agreement arose. In June 2004, the Agency and the Placentia-Yorba Unified School District settled their dispute with the Agency agreeing to a settlement amount of \$6,569,106 which is to be paid as tax increment is available. Based on the annual pass-through calculation, there may be additional amounts deferred each year. During the fiscal year 2015-2016, no additional amount was added. As of June 30, 2016, the balance outstanding was \$20,916,404.

**Note 17: Successor Agency Trust for Assets of Former Redevelopment Agency (Continued)**

**d. Long-Term Debt (Continued)**

Advance from Housing Fund – SERAF Loan

The former Redevelopment Agency Low and Moderate Housing Fund made a loan to the former Redevelopment Agency Tax Increment Fund to make the SERAF payment that was due on May 10, 2010. The loan was to be repaid by June 30, 2018, based on legislation that was passed by the State. The outstanding balance at June 30, 2016, was \$3,815,853. As of June 30, 2016, no repayment schedule existed for this advance due to pending litigation with the State Department of Finance over the timing and amount of the repayments to be made. See note 16 for additional information.

Advances from City

The advances from the City consist of \$6,035,572 loans made to the former Redevelopment Agency to assist in various Redevelopment projects. As of June 30, 2016, no repayment schedule existed for these advances due to pending litigation with the State Department of Finance over the timing and amount of the repayments to be made. See note 16 for additional information.

**e. Insurance**

The Successor Agency is covered under the City of Yorba Linda's insurance policies. Therefore, the limitation and self-insured retentions applicable to the City also apply to the Successor Agency. Additional information as to coverage and self-insured retentions can be found in Note 12.

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CITY OF YORBA LINDA

REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
 GENERAL FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

|   | Budgeted Amount    |                    | Actual<br>Amounts  | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---|--------------------|--------------------|--------------------|---|
|   | Original           | Final              |                    |   |
| <b>Revenues</b>   |                    |                    |                    |   |
| Taxes   | \$ 25,904,438      | \$ 26,587,438      | \$ 27,865,571      | \$ 1,278,133  |
| Licenses and permits                                      | 2,716,147          | 2,716,147          | 1,681,175          | (1,034,972)   |
| Intergovernmental   | 100,422            | 100,422            | 120,126            | 19,704  |
| Charges for services                                      | 3,326,357          | 3,326,357          | 3,533,906          | 207,549   |
| Investment income   | 267,000            | 267,000            | 217,973            | (49,027)  |
| Fines and forfeitures                                     | 20,000             | 20,000             | 34,966             | 14,966  |
| Miscellaneous   | 100,000            | 111,503            | 106,421            | (5,082)   |
| <b>Total revenues</b>                                     | <b>32,434,364</b>  | <b>33,128,867</b>  | <b>33,560,138</b>  | <b>431,271</b>  |
| <b>Expenditures</b>                                       |                    |                    |                    |   |
| General government  | 5,699,325          | 5,596,220          | 4,829,556          | 766,664   |
| Public safety   | 10,450,868         | 10,474,860         | 10,111,264         | 363,596   |
| Community development                                     | 3,306,531          | 3,343,306          | 2,970,361          | 372,945   |
| Parks and recreation                                      | 6,054,390          | 6,153,239          | 5,603,750          | 549,489   |
| Public works  | 3,932,748          | 4,520,678          | 3,575,481          | 945,197   |
| Capital outlay  | 595,624            | 861,898            | 400,765            | 461,133   |
| <b>Total expenditures</b>                                 | <b>30,039,486</b>  | <b>30,950,201</b>  | <b>27,491,177</b>  | <b>3,459,024</b>  |
| Excess of Revenues over<br>(under) Expenditures           | 2,394,878          | 2,178,666          | 6,068,961          | 3,890,295   |
| <b>Other financing sources (uses):</b>                    |                    |                    |                    |   |
| Transfers in  | 459,500            | 1,630,934          | 218,133            | (1,412,801)   |
| Transfers out   | (2,501,337)        | (11,549,057)       | (6,187,060)        | 5,361,997   |
| Contributions from Successor Agency                       | 150,000            | 150,000            | -                  | (150,000)   |
| <b>Total other financing sources (uses)</b>               | <b>(1,891,837)</b> | <b>(9,768,123)</b> | <b>(5,968,927)</b> | <b>3,799,196</b>  |
| <b>Net change in fund balance</b>                         | <b>503,041</b>     | <b>(7,589,457)</b> | <b>100,034</b>     | <b>7,689,491</b>  |
| Fund balance at beginning of fiscal year                  | 55,747,521         | 55,747,521         | 55,747,521         | -   |
| Prior period adjustments                                  | -                  | -                  | 416,993            | 416,993   |
| Fund balances at beginning of<br>fiscal year, as restated | 55,747,521         | 55,747,521         | 56,164,514         | 416,993   |
| Fund balances at end of fiscal year                       | \$ 56,250,562      | \$ 48,158,064      | \$ 56,264,548      | \$ 8,106,484  |

CITY OF YORBA LINDA

REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
 HOUSING SPECIAL REVENUE FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

|   | Budgeted Amount |               | Actual<br>Amounts | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---|-----------------|---------------|-------------------|---|
|   | Original        | Final         |                   |   |
| <b>Revenues</b>                                 |                 |               |                   |   |
| Investment income                               | \$ -            | \$ -          | \$ 13,285         | \$ 13,285   |
| Miscellaneous                                   | -               | -             | 21                | 21  |
| <b>Total revenues</b>                           | -               | -             | 13,306            | 13,306  |
| <b>Expenditures</b>                             |                 |               |                   |   |
| General government                              | 998,100         | 1,023,100     | 25,232            | 997,868   |
| <b>Total expenditures</b>                       | 998,100         | 1,023,100     | 25,232            | 997,868   |
| Excess of Revenues over<br>(under) Expenditures | (998,100)       | (1,023,100)   | (11,926)          | 1,011,174   |
| <b>Other financing sources (uses):</b>          |                 |               |                   |   |
| Contributions from Successor Agency             | 922,100         | 922,100       | 675,642           | (246,458)   |
| Total other financing sources (uses)            | 922,100         | 922,100       | 675,642           | (246,458)   |
| Net change in fund balance                      | (76,000)        | (101,000)     | 663,716           | 764,716   |
| Fund balance at beginning of fiscal year        | 43,139,374      | 43,139,374    | 43,139,374        | -   |
| Fund balances at end of fiscal year             | \$ 43,063,374   | \$ 43,038,374 | \$ 43,803,090     | \$ 764,716  |

CITY OF YORBA LINDA

REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
 LIBRARY SPECIAL REVENUE FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

|  | Budgeted Amount  |                  | Actual Amounts   | Variance with Final Budget Positive (Negative) |
|--|------------------|------------------|------------------|--|
|  | Original         | Final            |                  |  |
| <b>Revenues</b>                              |                  |                  |                  |  |
| Taxes  | \$ 4,599,742     | \$ 4,599,742     | \$ 5,257,009     | \$ 657,267                                     |
| Intergovernmental                            | 11,000           | 11,000           | 34,996           | 23,996   |
| Charges for services                         | 68,500           | 68,500           | 102,237          | 33,737   |
| Investment income                            | 95,000           | 95,000           | 112,337          | 17,337   |
| Fines and forfeitures                        | 72,000           | 72,000           | 70,893           | (1,107)  |
| Contributions                                | 200              | 200              | 851              | 651  |
| Miscellaneous                                | 50               | 50               | 7,145            | 7,095  |
| <b>Total revenues</b>                        | <b>4,846,492</b> | <b>4,846,492</b> | <b>5,585,468</b> | <b>738,976</b>                                 |
| <b>Expenditures</b>                          |                  |                  |                  |  |
| General government                           | 4,033,653        | 4,035,333        | 3,742,240        | 293,093  |
| Capital outlay                               | 43,135           | 51,298           | 27,779           | 23,519   |
| <b>Total expenditures</b>                    | <b>4,076,788</b> | <b>4,086,631</b> | <b>3,770,019</b> | <b>316,612</b>                                 |
| Excess of Revenues over (under) Expenditures | 769,704          | 759,861          | 1,815,449        | 1,055,588                                      |
| <b>Other financing sources (uses):</b>       |                  |                  |                  |  |
| Transfers in                                 | 500,000          | 500,000          | 12,685           | (487,315)                                      |
| Transfers out                                | (500,000)        | (6,397,666)      | (1,725)          | 6,395,941                                      |
| Total other financing sources (uses)         | -                | (5,897,666)      | 10,960           | 5,908,626                                      |
| Net change in fund balances                  | 769,704          | (5,137,805)      | 1,826,409        | 6,964,214                                      |
| Fund balance at beginning of fiscal year     | 16,638,795       | 16,638,795       | 16,638,795       | -  |
| Fund balances at end of fiscal year          | \$ 17,408,499    | \$ 11,500,990    | \$ 18,465,204    | \$ 6,964,214                                   |

CITY OF YORBA LINDA

REQUIRED SUPPLEMENTARY INFORMATION  
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 STREET LIGHTING & MAINTENANCE DISTRICT SPECIAL REVENUE FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

|   | Budgeted Amount  |                   | Actual<br>Amounts | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---|------------------|-------------------|-------------------|---|
|   | Original         | Final             |                   |   |
| <b>Revenues</b>                                 |                  |                   |                   |   |
| Taxes   | \$ 5,838,033     | \$ 5,838,033      | \$ 6,500,041      | \$ 662,008  |
| Investment income                               | 10,000           | 10,000            | 26,407            | 16,407  |
| <b>Total revenues</b>                           | <b>5,848,033</b> | <b>5,848,033</b>  | <b>6,526,448</b>  | <b>678,415</b>  |
| <b>Expenditures</b>                             |                  |                   |                   |   |
| Public works                                    | 7,754,226        | 8,985,594         | 7,144,222         | 1,841,372   |
| Capital outlay                                  | 1,171,988        | 1,191,987         | 111,038           | 1,080,949   |
| <b>Total expenditures</b>                       | <b>8,926,214</b> | <b>10,177,581</b> | <b>7,255,260</b>  | <b>2,922,321</b>  |
| Excess of Revenues over<br>(under) Expenditures | (3,078,181)      | (4,329,548)       | (728,812)         | 3,600,736   |
| <b>Other financing sources (uses):</b>          |                  |                   |                   |   |
| Transfers in                                    | 2,361,337        | 2,734,569         | 1,651,934         | (1,082,635)   |
| Transfers out                                   | (808,300)        | (848,032)         | -                 | 848,032   |
| Total other financing sources (uses)            | 1,553,037        | 1,886,537         | 1,651,934         | (234,603)   |
| Net change in fund balances                     | (1,525,144)      | (2,443,011)       | 923,122           | 3,366,133   |
| Fund balance at beginning of fiscal year        | 3,955,113        | 3,955,113         | 3,955,113         | -   |
| Fund balances at end of fiscal year             | \$ 2,429,969     | \$ 1,512,102      | \$ 4,878,235      | \$ 3,366,133  |

**REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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**Note 1: Stewardship, Compliance, and Accountability**

**a. General Budget Policies**

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

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



CITY OF YORBA LINDA

REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Prepared for the City of Yorba Linda, an Agent Multiple-Employer Defined Benefit Pension Plan  
As of June 30, 2016

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

|  | Measurement<br>Date<br>June 30, 2015 | Measurement<br>Date<br>June 30, 2014 |
|--|--------------------------------------|--------------------------------------|
| <b>Total Pension Liability</b>   |                                      |                                      |
| Service cost   | \$ 1,295,229                         | \$ 1,290,965                         |
| Interest on total pension liability  | 4,439,809                            | 4,254,542                            |
| Changes in assumptions   | (1,091,497)                          | -                                    |
| Difference between expected and actual experience                          | (236,444)                            | -                                    |
| Benefit payments, including refunds of employee contributions              | <u>(2,971,575)</u>                   | <u>(2,848,785)</u>                   |
| Net change in total pension liability                                      | 1,435,522                            | 2,696,722                            |
| Total pension liability - beginning  | <u>60,202,852</u>                    | <u>57,506,130</u>                    |
| Total pension liability - ending (a)                                       | <u>\$ 61,638,374</u>                 | <u>\$ 60,202,852</u>                 |
| <b>Plan Fiduciary Net Position</b>   |                                      |                                      |
| Contributions - employer   | 1,121,845                            | 1,245,275                            |
| Contributions - employee   | 925,172                              | 636,643                              |
| Net investment income  | 995,586                              | 6,731,502                            |
| Benefit payments, including refunds of employee contributions              | (2,971,575)                          | (2,848,785)                          |
| Administrative expense   | <u>(50,794)</u>                      | <u>-</u>                             |
| Net change in plan fiduciary net position                                  | 20,234                               | 5,764,635                            |
| Plan fiduciary net position - beginning                                    | <u>45,108,060</u>                    | <u>39,343,425</u>                    |
| Plan fiduciary net position - ending (b)                                   | <u>\$ 45,128,294</u>                 | <u>\$ 45,108,060</u>                 |
| Plan net pension liability - ending (a) - (b)                              | <u>\$ 16,510,080</u>                 | <u>\$ 15,094,792</u>                 |
| Plan fiduciary net position as a percentage of the total pension liability | 73.21%                               | 74.93%                               |
| Covered employee payroll   | 7,983,907                            | 7,672,440                            |
| Net pension liability as a percentage of covered employee payroll          | 206.79%                              | 196.74%                              |

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

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

*Changes in Assumptions:* The discount rate was changed from 7.50% (net of administrative expenses) to 7.65%.

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

CITY OF YORBA LINDA

REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Prepared for the City of Yorba Linda, an Agent Multiple-Employer Defined Benefit Pension Plan  
As of June 30, 2016

**Note 3: Schedule of Pension Contributions – Last 10 Years\***

| Fiscal year ended  | <u>June 30, 2016</u> | <u>June 30, 2015</u> |
|--|----------------------|----------------------|
| Actuarially determined contribution                                      | \$ 1,186,312         | \$ 1,121,845         |
| Contributions in relation to the actuarially<br>determined contributions | <u>(1,186,312)</u>   | <u>(1,121,845)</u>   |
| Contribution deficiency (excess)   | <u>\$ -</u>          | <u>\$ -</u>          |
| Covered employee payroll   | \$ 8,000,000         | \$ 7,983,907         |
| Contributions as a percentage of covered<br>employee payroll             | 14.829%              | 14.051%              |

**Notes to Schedule of Pension Contributions**

Valuation Date: June 30, 2012

Methods and assumptions used to determine contribution rates:

|                                     |  |
|-------------------------------------|--|
| Actuarial Cost Method               | Entry-Age Normal Cost Method   |
| Amortization Method                 | Level Percent of Payroll   |
| Average Remaining Period            | 23 Years as of the valuation date  |
| Asset Valuation Method              | Market Value   |
| Inflation                           | 2.75%  |
| Salary Increases                    | 3.30% to 14.20% depending on age,<br>service, and type of employment                     |
| Investment Rate of Return           | 7.65%, net of pension plan investment and<br>administrative expenses; includes inflation |
| Mortality Rate Table <sup>(1)</sup> | Derived using CalPERS' Membership Data<br>for all Funds                                  |

<sup>(1)</sup>The mortality table 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.

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

CITY OF YORBA LINDA

REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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Note 4: Schedule of Funding Progress

Other Postemployment Benefits  
(Amounts in Thousands)

| Actuarial<br>Valuation<br>Date | Actuarial<br>Value of<br>Assets | Actuarial<br>Accrued<br>Liability<br>(AAL) | Unfunded<br>Actuarial<br>Accrued<br>Liability<br>(UAAL) | Funded<br>Ratio | Covered<br>Payroll | UAAL as a<br>Percentage of<br>Covered<br>Payroll |
|--------------------------------|---------------------------------|--|---|-----------------|--------------------|--|
| 1/1/2010                       | \$ -                            | \$ 14,614                                  | \$ (14,614)   | 0.0%            | \$ 7,307           | 200.00%  |
| 1/1/2012                       | -                               | 18,725                                     | (18,725)  | 0.0%            | 7,619              | 245.77%  |
| 1/1/2014                       | -                               | 14,453                                     | (14,453)  | 0.0%            | 7,685              | 188.07%  |
| 1/1/2016                       | -                               | 16,701                                     | (16,701)  | 0.0%            | 8,030              | 207.98%  |

**REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**Note 5: Modified Approach for City Infrastructure Capital Assets**

In accordance with GASB Statement No. 34, the City is required to account for and report infrastructure capital assets. GASB Statement No. 34 defines infrastructure assets as "...long lived capital assets that are stationary in nature and normally can be preserved for a significantly greater number of years than most capital assets." Infrastructure assets are normally stationary in nature and are of value only to the government entity. They are basic physical assets that allow the government entity to function. Examples include streets, bridges and storm drains.

Each major infrastructure system can be divided into subsystems. For example, the street system can be subdivided into concrete and asphalt pavements, concrete curb and gutters, sidewalks, medians, etc. Subsystem detail is not presented in these basic financial statements; however, the City maintains detailed information on these subsystems.

The City has elected the "Modified Approach" as defined by GASB Statement No. 34 for infrastructure reporting for its Governmental Activities street infrastructure assets. The Public Works Department, in conjunction with City Management, is responsible for determining the appropriate condition level at which the assets are to be maintained. Under GASB Statement No. 34, eligible infrastructure capital assets are not required to be depreciated, nor are amounts capitalized in connection with improvements that lengthen the lives of such assets, unless the improvements also increase their service potential, under the following requirements:

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

A physical condition assessment of the City's streets is required by the Orange County Transportation Authority (OCTA) every two years for arterial streets and every six years for residential streets. The City contracts with a consultant to assess the City's pavement condition every two years in order to comply with this requirement. The consultant's assessment rates the City's pavement condition based on a pavement condition index or PCI scale ranging from zero for a failed pavement to 100 for pavement in perfect condition. The most recent report dated April 28, 2016, documented a PCI score of 83 for the City's pavement. Management, in consultation with the Public Works Department, has established the OCTA's standard for receiving competitive grant funding of a PCI of 75 as the condition level against which the City's current PCI should be measured. With a current PCI score of 83, the City's pavement is being maintained at or above this condition level.

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

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

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

| <b>Fiscal Year</b> | <b>Pavement Condition Index (PCI) Rating</b> | <b>Estimated Preservation Costs</b> | <b>Actual Preservation Costs</b> |
|--------------------|--|-------------------------------------|----------------------------------|
| 2011-2012          | 76   | \$ 6,200,000                        | \$ 1,647,000                     |
| 2012-2013          | 76   | 6,200,000                           | 2,237,000                        |
| 2013-2014          | 76   | 6,100,000                           | 3,440,000                        |
| 2014-2015          | 76   | 6,100,000                           | 2,300,000                        |
| 2015-2016          | 83   | 4,500,000                           | 4,700,000                        |

CITY OF YORBA LINDA

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
 CAPITAL IMPROVEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

|   | Budgeted Amount       |                     | Actual<br>Amounts  | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---|-----------------------|---------------------|--------------------|---|
|   | Original              | Final               |                    |   |
| <b>Expenditures</b>                             |                       |                     |                    |   |
| Capital outlay                                  | \$ 13,920,046         | \$ 38,225,836       | \$ 9,957,752       | \$ 28,268,084   |
| <b>Total expenditures</b>                       | <u>13,920,046</u>     | <u>38,225,836</u>   | <u>9,957,752</u>   | <u>28,268,084</u>                                       |
| Excess of Revenues over<br>(under) Expenditures | <u>(13,920,046)</u>   | <u>(38,225,836)</u> | <u>(9,957,752)</u> | <u>28,268,084</u>                                       |
| <b>Other financing sources (uses):</b>          |                       |                     |                    |   |
| Transfers in                                    | 11,313,046            | 37,735,836          | 9,247,338          | (28,488,498)  |
| Contributions from Successor Agency             | -                     | -                   | 710,414            | 710,414   |
| <b>Total other financing sources (uses)</b>     | <u>11,313,046</u>     | <u>37,735,836</u>   | <u>9,957,752</u>   | <u>(27,778,084)</u>                                     |
| Net change in fund balance                      | (2,607,000)           | (490,000)           | -                  | 490,000   |
| Fund balance at beginning of fiscal year        | -                     | -                   | -                  | -   |
| Fund balances at end of fiscal year             | <u>\$ (2,607,000)</u> | <u>\$ (490,000)</u> | <u>\$ -</u>        | <u>\$ 490,000</u>                                       |

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**CITY OF YORBA LINDA**

**NONMAJOR GOVERNMENTAL FUNDS**

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|   |  |
|---|--|
| <b>Gas Tax</b>                                | To account for the City's share of State gas tax revenues. The tax allocations are expended on street maintenance and street construction.   |
| <b>Aid to Cities</b>                          | To account for miscellaneous grants and developer contributions related to capital improvement projects within the City.   |
| <b>Traffic Safety</b>                         | To account for revenues generated from enforcement of the California Vehicle Code and City ordinances. These funds may only be used for traffic signals, school crossing guards and other related traffic safety expenditures. |
| <b>HCD Grant</b>                              | To account for Housing and Community Development Act revenues and expenditures for social services, neighborhood and commercial improvement projects, and program administration.  |
| <b>Citizens Option for Public Safety</b>      | To account for the revenues allocated by the State for enhanced levels of law enforcement.   |
| <b>AQMD</b>                                   | To account for the revenues allocated by the Southern California Air Quality Management District (SCAQMD) and restricted for expenditures that improve local area air quality.   |
| <b>Park In-Lieu</b>                           | To account for development impact fees used for the acquisition of parklands and the construction of park and recreation facilities.   |
| <b>Street Improvement</b>                     | To account for developer contributions related to street capital improvement projects within the City.   |
| <b>Measure M</b>                              | To account for county transportation tax revenues for street projects within the City.   |
| <b>Mortgage Assistance Program</b>            | To account for financial resources segregated to help low and moderate income people purchase their first home.  |
| <b>Master Plan of Drainage</b>                | To account for development impact fees used for the construction of major drainage improvements within the City.   |
| <b>Street and Traffic Signal Improvements</b> | To account for development impact fees used for the construction of major street and traffic signal improvements within the City.  |

CITY OF YORBA LINDA

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2016

|  | Special Revenue Funds |                     |                 |                  |                                     |
|--|-----------------------|---------------------|-----------------|------------------|-------------------------------------|
|  | Gas Tax               | Aid to Cities       | Traffic Safety  | HCD Grant        | Citizens<br>Option Public<br>Safety |
| <b>Assets:</b>   |                       |                     |                 |                  |                                     |
| Pooled cash and investments  | \$ 3,729,917          | \$ -                | \$ -            | \$ -             | \$ 48,524                           |
| Receivables:   |                       |                     |                 |                  |                                     |
| Accrued interest   | 2,744                 | -                   | -               | -                | 108                                 |
| Due from other Governments   | -                     | 2,562,320           | 7,820           | 40,288           | 241                                 |
| <b>Total assets</b>  | <u>\$ 3,732,661</u>   | <u>\$ 2,562,320</u> | <u>\$ 7,820</u> | <u>\$ 40,288</u> | <u>\$ 48,873</u>                    |
| <b>Liabilities, deferred inflows of resources,<br/>and fund balances:</b>      |                       |                     |                 |                  |                                     |
| Liabilities:   |                       |                     |                 |                  |                                     |
| Accounts payable   | \$ -                  | \$ -                | \$ -            | \$ 631           | \$ -                                |
| Unearned revenue   | -                     | -                   | -               | -                | -                                   |
| Due to other funds   | 618,717               | 2,124,064           | 1,040           | 39,657           | -                                   |
| <b>Total liabilities</b>   | <u>618,717</u>        | <u>2,124,064</u>    | <u>1,040</u>    | <u>40,288</u>    | <u>-</u>                            |
| <b>Deferred inflows of resources:</b>  |                       |                     |                 |                  |                                     |
| Unavailable revenues   | -                     | 2,426,419           | -               | -                | -                                   |
| <b>Total deferred inflows of resources</b>                                     | <u>-</u>              | <u>2,426,419</u>    | <u>-</u>        | <u>-</u>         | <u>-</u>                            |
| <b>Fund balances:</b>  |                       |                     |                 |                  |                                     |
| <b>Restricted for:</b>   |                       |                     |                 |                  |                                     |
| Public safety  | -                     | -                   | 6,780           | -                | 48,873                              |
| Parks and recreation   | -                     | -                   | -               | -                | -                                   |
| Public works   | 3,113,944             | -                   | -               | -                | -                                   |
| Low and moderate housing   | -                     | -                   | -               | -                | -                                   |
| Air Quality projects   | -                     | -                   | -               | -                | -                                   |
| Assessment districts   | -                     | -                   | -               | -                | -                                   |
| Library  | -                     | -                   | -               | -                | -                                   |
| <b>Unassigned</b>  | -                     | (1,988,163)         | -               | -                | -                                   |
| <b>Total fund balances (deficits)</b>  | <u>3,113,944</u>      | <u>(1,988,163)</u>  | <u>6,780</u>    | <u>-</u>         | <u>48,873</u>                       |
| <b>Total liabilities, deferred inflows of<br/>resources, and fund balances</b> | <u>\$ 3,732,661</u>   | <u>\$ 2,562,320</u> | <u>\$ 7,820</u> | <u>\$ 40,288</u> | <u>\$ 48,873</u>                    |



| Special Revenue Funds |                     |                       |                     | Capital Projects Funds            |                            |  | Total<br>Nonmajor<br>Governmental<br>Funds |
|-----------------------|---------------------|-----------------------|---------------------|-----------------------------------|----------------------------|--|--|
| AQMD                  | Park In-Lieu        | Street<br>Improvement | Measure M           | Mortgage<br>Assistance<br>Program | Master Plan<br>of Drainage | Street and<br>Traffic Signal<br>Improvements |  |
| \$ 899,598            | \$ 1,851,975        | \$ 201,469            | \$ 2,127,720        | \$ 453,035                        | \$ 6,835,796               | \$ 1,065,858                                 | \$ 17,213,892                              |
| 700                   | 1,429               | 195                   | 1,577               | 340                               | 5,123                      | 826  | 13,042                                     |
| 23,170                | -                   | -                     | 175,745             | -                                 | -                          | -  | 2,809,584                                  |
| <u>\$ 923,468</u>     | <u>\$ 1,853,404</u> | <u>\$ 201,664</u>     | <u>\$ 2,305,042</u> | <u>\$ 453,375</u>                 | <u>\$ 6,840,919</u>        | <u>\$ 1,066,684</u>                          | <u>\$ 20,036,518</u>                       |
| \$ -                  | \$ -                | \$ -                  | \$ -                | \$ -                              | \$ -                       | \$ -   | \$ 631                                     |
| -                     | -                   | -                     | -                   | -                                 | 60,000                     | -  | 60,000                                     |
| -                     | 33,458              | -                     | 7,802               | -                                 | -                          | 4,461  | 2,829,199                                  |
| -                     | <u>33,458</u>       | -                     | <u>7,802</u>        | -                                 | <u>60,000</u>              | <u>4,461</u>                                 | <u>2,889,830</u>                           |
| -                     | -                   | -                     | -                   | -                                 | -                          | -  | 2,426,419                                  |
| -                     | -                   | -                     | -                   | -                                 | -                          | -  | 2,426,419                                  |
| -                     | -                   | -                     | -                   | -                                 | -                          | -  | 55,653                                     |
| -                     | 1,819,946           | -                     | -                   | -                                 | -                          | -  | 1,819,946                                  |
| 923,468               | -                   | 201,664               | 2,297,240           | 453,375                           | 6,780,919                  | 1,062,223                                    | 14,379,458                                 |
| -                     | -                   | -                     | -                   | -                                 | -                          | -  | 453,375                                    |
| -                     | -                   | -                     | -                   | -                                 | -                          | -  | -  |
| -                     | -                   | -                     | -                   | -                                 | -                          | -  | -  |
| -                     | -                   | -                     | -                   | -                                 | -                          | -  | (1,988,163)                                |
| <u>923,468</u>        | <u>1,819,946</u>    | <u>201,664</u>        | <u>2,297,240</u>    | <u>453,375</u>                    | <u>6,780,919</u>           | <u>1,062,223</u>                             | <u>14,720,269</u>                          |
| <u>\$ 923,468</u>     | <u>\$ 1,853,404</u> | <u>\$ 201,664</u>     | <u>\$ 2,305,042</u> | <u>\$ 453,375</u>                 | <u>\$ 6,840,919</u>        | <u>\$ 1,066,684</u>                          | <u>\$ 20,036,518</u>                       |

CITY OF YORBA LINDA

COMBINING STATEMENT OF REVENUES , EXPENDITURES, AND CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 FISCAL YEAR ENDED JUNE 30, 2016

|  | Special Revenue Funds      |                              |                        |                    |                                     |
|--|----------------------------|------------------------------|------------------------|--------------------|-------------------------------------|
|  | Gas Tax                    | Aid to Cities                | Traffic Safety         | HCD Grant          | Citizens<br>Option Public<br>Safety |
| <b>Revenues:</b>   |                            |                              |                        |                    |                                     |
| Intergovernmental  | \$ 1,481,168               | \$ 661,339                   | \$ -                   | \$ 66,469          | \$ 121,341                          |
| Investment income  | 21,893                     | -                            | -                      | -                  | 655                                 |
| Fines and forfeitures  | -                          | -                            | 86,044                 | -                  | -                                   |
| Developer participation                                      | -                          | -                            | -                      | -                  | -                                   |
| <b>Total revenues</b>  | <u>1,503,061</u>           | <u>661,339</u>               | <u>86,044</u>          | <u>66,469</u>      | <u>121,996</u>                      |
| <b>Expenditures:</b>   |                            |                              |                        |                    |                                     |
| Current:   |                            |                              |                        |                    |                                     |
| Community development  | -                          | -                            | -                      | 85,696             | -                                   |
| <b>Total expenditures</b>                                    | <u>-</u>                   | <u>-</u>                     | <u>-</u>               | <u>85,696</u>      | <u>-</u>                            |
| Excess (deficiency) of revenues<br>over (under) expenditures | <u>1,503,061</u>           | <u>661,339</u>               | <u>86,044</u>          | <u>(19,227)</u>    | <u>121,996</u>                      |
| <b>Other financing sources (uses):</b>                       |                            |                              |                        |                    |                                     |
| Transfers in   | -                          | -                            | -                      | 29,134             | -                                   |
| Transfers out  | (1,173,364)                | (2,170,319)                  | (85,000)               | -                  | (100,000)                           |
| <b>Total other financing<br/>sources (uses)</b>              | <u>(1,173,364)</u>         | <u>(2,170,319)</u>           | <u>(85,000)</u>        | <u>29,134</u>      | <u>(100,000)</u>                    |
| Net change in fund balances                                  | 329,697                    | (1,508,980)                  | 1,044                  | 9,907              | 21,996                              |
| Fund balances (deficits) at beginning of fiscal year         | <u>2,784,247</u>           | <u>(479,183)</u>             | <u>5,736</u>           | <u>(9,907)</u>     | <u>26,877</u>                       |
| <b>Fund balances (deficits) at end of fiscal year</b>        | <u><u>\$ 3,113,944</u></u> | <u><u>\$ (1,988,163)</u></u> | <u><u>\$ 6,780</u></u> | <u><u>\$ -</u></u> | <u><u>\$ 48,873</u></u>             |

| Special Revenue Funds |                     |                       |                     | Capital Projects Funds            |                            |  | Total<br>Nonmajor<br>Governmental<br>Funds |
|-----------------------|---------------------|-----------------------|---------------------|-----------------------------------|----------------------------|--|--|
| AQMD                  | Park In-Lieu        | Street<br>Improvement | Measure M           | Mortgage<br>Assistance<br>Program | Master Plan<br>of Drainage | Street and<br>Traffic Signal<br>Improvements |  |
| \$ 86,146             | \$ -                | \$ -                  | \$ 979,190          | \$ -                              | \$ -                       | \$ -   | \$ 3,395,653                               |
| 5,816                 | 10,904              | 964                   | 14,703              | 2,951                             | 40,297                     | 7,923  | 106,106                                    |
| -                     | -                   | -                     | -                   | -                                 | -                          | -  | 86,044                                     |
| -                     | 800,852             | 287,400               | -                   | 60,000                            | 1,026,316                  | 104,021                                      | 2,278,589                                  |
| <u>91,962</u>         | <u>811,756</u>      | <u>288,364</u>        | <u>993,893</u>      | <u>62,951</u>                     | <u>1,066,613</u>           | <u>111,944</u>                               | <u>5,866,392</u>                           |
| -                     | -                   | -                     | -                   | 60,000                            | -                          | -  | 145,696                                    |
| -                     | -                   | -                     | -                   | 60,000                            | -                          | -  | 145,696                                    |
| 91,962                | 811,756             | 288,364               | 993,893             | 2,951                             | 1,066,613                  | 111,944                                      | 5,720,696                                  |
| -                     | -                   | -                     | -                   | -                                 | -                          | -  | 29,134                                     |
| (59,633)              | (227,132)           | (86,700)              | (1,097,909)         | -                                 | -                          | (521,362)                                    | (5,521,419)                                |
| (59,633)              | (227,132)           | (86,700)              | (1,097,909)         | -                                 | -                          | (521,362)                                    | (5,492,285)                                |
| 32,329                | 584,624             | 201,664               | (104,016)           | 2,951                             | 1,066,613                  | (409,418)                                    | 228,411                                    |
| 891,139               | 1,235,322           | -                     | 2,401,256           | 450,424                           | 5,714,306                  | 1,471,641                                    | 14,491,858                                 |
| <u>\$ 923,468</u>     | <u>\$ 1,819,946</u> | <u>\$ 201,664</u>     | <u>\$ 2,297,240</u> | <u>\$ 453,375</u>                 | <u>\$ 6,780,919</u>        | <u>\$ 1,062,223</u>                          | <u>\$ 14,720,269</u>                       |

CITY OF YORBA LINDA

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
 GAS TAX SPECIAL REVENUE FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

|   | Final<br>Budget   | Actual<br>Amounts   | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---|-------------------|---------------------|---|
| <b>Revenues</b>                           |                   |                     |   |
| Intergovernmental                         | \$ 1,466,988      | \$ 1,481,168        | \$ 14,180   |
| Investment income                         | 15,000            | 21,893              | 6,893   |
| <b>Total revenues</b>                     | <b>1,481,988</b>  | <b>1,503,061</b>    | <b>21,073</b>   |
| Other financing sources (uses):           |                   |                     |   |
| Transfers out                             | (4,084,287)       | (1,173,364)         | 2,910,923   |
| Total other financing sources (uses)      | (4,084,287)       | (1,173,364)         | 2,910,923   |
| Net change in fund balances               | (2,602,299)       | 329,697             | 2,931,996   |
| Fund balances at beginning of fiscal year | 2,784,247         | 2,784,247           | -   |
| Fund balance at end of fiscal year        | <b>\$ 181,948</b> | <b>\$ 3,113,944</b> | <b>\$ 2,931,996</b>                                     |

CITY OF YORBA LINDA

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
AID TO CITIES SPECIAL REVENUE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

|  | <u>Final<br/>Budget</u> | <u>Actual<br/>Amounts</u> | <u>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</u> |
|--|-------------------------|---------------------------|---|
| Revenues   |                         |                           |   |
| Intergovernmental                                    | \$ 1,129,000            | \$ 661,339                | \$ (467,661)  |
| Total revenues                                       | <u>1,129,000</u>        | <u>661,339</u>            | <u>(467,661)</u>  |
| Other financing sources (uses):                      |                         |                           |   |
| Transfers out  | <u>(3,567,634)</u>      | <u>(2,170,319)</u>        | <u>1,397,315</u>  |
| Total other financing sources (uses)                 | <u>(3,567,634)</u>      | <u>(2,170,319)</u>        | <u>1,397,315</u>  |
| Net change in fund balance                           | (2,438,634)             | (1,508,980)               | 929,654   |
| Fund balances (deficits) at beginning of fiscal year | <u>(479,183)</u>        | <u>(479,183)</u>          | <u>-</u>  |
| Fund balances (deficits) at end of fiscal year       | <u>\$ (2,917,817)</u>   | <u>\$ (1,988,163)</u>     | <u>\$ 929,654</u>   |

CITY OF YORBA LINDA

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
 TRAFFIC SAFETY SPECIAL REVENUE FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

|   | Final<br>Budget | Actual<br>Amounts | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---|-----------------|-------------------|---|
| Revenues                                  |                 |                   |   |
| Fines and forfeitures                     | \$ 85,000       | \$ 86,044         | \$ 1,044  |
| Total revenues                            | <u>85,000</u>   | <u>86,044</u>     | <u>1,044</u>  |
| Other financing sources (uses):           |                 |                   |   |
| Transfers out                             | <u>(85,000)</u> | <u>(85,000)</u>   | <u>-</u>  |
| Total other financing sources (uses)      | <u>(85,000)</u> | <u>(85,000)</u>   | <u>-</u>  |
| Net change in fund balance                | -               | 1,044             | 1,044   |
| Fund balances at beginning of fiscal year | <u>5,736</u>    | <u>5,736</u>      | <u>-</u>  |
| Fund balances at end of fiscal year       | <u>\$ 5,736</u> | <u>\$ 6,780</u>   | <u>\$ 1,044</u>   |

CITY OF YORBA LINDA

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
HCD GRANT SPECIAL REVENUE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

|  | <u>Final<br/>Budget</u> | <u>Actual<br/>Amounts</u> | <u>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</u> |
|--|-------------------------|---------------------------|---|
| Revenues   |                         |                           |   |
| Intergovernmental                                    | \$ 168,988              | \$ 66,469                 | \$ (102,519)  |
| Total revenues                                       | <u>168,988</u>          | <u>66,469</u>             | <u>(102,519)</u>  |
| Expenditures   |                         |                           |   |
| Community development                                | <u>168,987</u>          | <u>85,696</u>             | <u>83,291</u>   |
| Total expenditures                                   | <u>168,987</u>          | <u>85,696</u>             | <u>83,291</u>   |
| Excess of Revenues over<br>(under) Expenditures      | <u>1</u>                | <u>(19,227)</u>           | <u>(19,228)</u>   |
| Other financing sources (uses):                      |                         |                           |   |
| Transfers in   | <u>-</u>                | <u>29,134</u>             | <u>29,134</u>   |
| Total other financing sources (uses)                 | <u>-</u>                | <u>29,134</u>             | <u>29,134</u>   |
| Net change in fund balance                           | 1                       | 9,907                     | 9,906   |
| Fund balances (deficits) at beginning of fiscal year | <u>(9,907)</u>          | <u>(9,907)</u>            | <u>-</u>  |
| Fund balances (deficits) at end of fiscal year       | <u>\$ (9,906)</u>       | <u>\$ -</u>               | <u>\$ 9,906</u>   |

CITY OF YORBA LINDA

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
 CITIZENS OPTION PUBLIC SAFETY SPECIAL REVENUE FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

|   | Final<br>Budget  | Actual<br>Amounts | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---|------------------|-------------------|---|
| Revenues                                  |                  |                   |   |
| Intergovernmental                         | \$ 100,000       | \$ 121,341        | \$ 21,341   |
| Investment income                         | -                | 655               | 655   |
| Total revenues                            | <u>100,000</u>   | <u>121,996</u>    | <u>21,996</u>   |
| Other financing sources (uses):           |                  |                   |   |
| Transfers out                             | <u>(100,000)</u> | <u>(100,000)</u>  | -   |
| Total other financing sources (uses)      | <u>(100,000)</u> | <u>(100,000)</u>  | -   |
| Net change in fund balance                | -                | 21,996            | 21,996  |
| Fund balances at beginning of fiscal year | <u>26,877</u>    | <u>26,877</u>     | -   |
| Fund balances at end of fiscal year       | <u>\$ 26,877</u> | <u>\$ 48,873</u>  | <u>\$ 21,996</u>  |



CITY OF YORBA LINDA

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
 AQMD SPECIAL REVENUE FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

|   | Final<br>Budget          | Actual<br>Amounts        | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---|--------------------------|--------------------------|---|
| Revenues                                  |                          |                          |   |
| Intergovernmental                         | \$ 80,000                | \$ 86,146                | \$ 6,146  |
| Investment income                         | 5,000                    | 5,816                    | 816   |
| Total revenues                            | <u>85,000</u>            | <u>91,962</u>            | <u>6,962</u>  |
| Other financing sources (uses):           |                          |                          |   |
| Transfers out                             | <u>(66,568)</u>          | <u>(59,633)</u>          | <u>6,935</u>  |
| Total other financing sources (uses)      | <u>(66,568)</u>          | <u>(59,633)</u>          | <u>6,935</u>  |
| Net change in fund balance                | 18,432                   | 32,329                   | 13,897  |
| Fund balances at beginning of fiscal year | <u>891,139</u>           | <u>891,139</u>           | -   |
| Fund balances at end of fiscal year       | <u><u>\$ 909,571</u></u> | <u><u>\$ 923,468</u></u> | <u><u>\$ 13,897</u></u>                                 |

CITY OF YORBA LINDA

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
 PARK IN-LIEU SPECIAL REVENUE FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

|   | <u>Final<br/>Budget</u>      | <u>Actual<br/>Amounts</u>  | <u>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</u> |
|---|------------------------------|----------------------------|---|
| Revenues                                  |                              |                            |   |
| Investment income                         | \$ -                         | \$ 10,904                  | \$ 10,904   |
| Developer participation                   | 1,397,670                    | 800,852                    | (596,818)   |
| Total revenues                            | <u>1,397,670</u>             | <u>811,756</u>             | <u>(585,914)</u>  |
| Other financing sources (uses):           |                              |                            |   |
| Transfers out                             | <u>(4,960,519)</u>           | <u>(227,132)</u>           | <u>4,733,387</u>  |
| Total other financing sources (uses)      | <u>(4,960,519)</u>           | <u>(227,132)</u>           | <u>4,733,387</u>  |
| Net change in fund balance                | (3,562,849)                  | 584,624                    | 4,147,473   |
| Fund balances at beginning of fiscal year | <u>1,235,322</u>             | <u>1,235,322</u>           | <u>-</u>  |
| Fund balances at end of fiscal year       | <u><u>\$ (2,327,527)</u></u> | <u><u>\$ 1,819,946</u></u> | <u><u>\$ 4,147,473</u></u>  |

CITY OF YORBA LINDA

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
STREET IMPROVEMENT SPECIAL REVENUE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

|   | <u>Final<br/>Budget</u> | <u>Actual<br/>Amounts</u> | <u>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</u> |
|---|-------------------------|---------------------------|---|
| Revenues                                  |                         |                           |   |
| Developer participation                   | \$ -                    | \$ 287,400                | \$ 287,400  |
| Investment income                         |                         | 964                       | 964   |
| Total revenues                            | <u>-</u>                | <u>288,364</u>            | <u>288,364</u>  |
| Other financing sources (uses):           |                         |                           |   |
| Transfers out                             | <u>-</u>                | <u>(86,700)</u>           | <u>(86,700)</u>   |
| Total other financing sources (uses)      | <u>-</u>                | <u>(86,700)</u>           | <u>(86,700)</u>   |
| Net change in fund balance                | -                       | 201,664                   | 201,664   |
| Fund balances at beginning of fiscal year | <u>-</u>                | <u>-</u>                  | <u>-</u>  |
| Fund balances at end of fiscal year       | <u>\$ -</u>             | <u>\$ 201,664</u>         | <u>\$ 201,664</u>   |

CITY OF YORBA LINDA

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
 MEASURE M SPECIAL REVENUE FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

|   | <u>Final<br/>Budget</u> | <u>Actual<br/>Amounts</u> | <u>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</u> |
|---|-------------------------|---------------------------|---|
| Revenues                                  |                         |                           |   |
| Intergovernmental                         | \$ 1,009,020            | \$ 979,190                | \$ (29,830)   |
| Investment income                         | 10,000                  | 14,703                    | 4,703   |
| Total revenues                            | <u>1,019,020</u>        | <u>993,893</u>            | <u>(25,127)</u>   |
| Other financing sources (uses):           |                         |                           |   |
| Transfers out                             | <u>(2,184,588)</u>      | <u>(1,097,909)</u>        | <u>1,086,679</u>  |
| Total other financing sources (uses)      | <u>(2,184,588)</u>      | <u>(1,097,909)</u>        | <u>1,086,679</u>  |
| Net change in fund balance                | (1,165,568)             | (104,016)                 | 1,061,552   |
| Fund balances at beginning of fiscal year | <u>2,401,256</u>        | <u>2,401,256</u>          | <u>-</u>  |
| Fund balances at end of fiscal year       | <u>\$ 1,235,688</u>     | <u>\$ 2,297,240</u>       | <u>\$ 1,061,552</u>   |

CITY OF YORBA LINDA

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
MORTGAGE ASSISTANCE PROGRAM SPECIAL REVENUE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

|   | <u>Final<br/>Budget</u> | <u>Actual<br/>Amounts</u> | <u>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</u> |
|---|-------------------------|---------------------------|---|
| Revenues                                  |                         |                           |   |
| Investment income                         | \$ -                    | \$ 2,951                  | \$ 2,951  |
| Developer participation                   | -                       | 60,000                    | 60,000  |
| Total revenues                            | <u>-</u>                | <u>62,951</u>             | <u>62,951</u>   |
| Expenditures                              |                         |                           |   |
| Community development                     | -                       | 60,000                    | (60,000)  |
| Total expenditures                        | <u>-</u>                | <u>60,000</u>             | <u>(60,000)</u>   |
| Net change in fund balance                | -                       | 2,951                     | 2,951   |
| Fund balances at beginning of fiscal year | <u>450,424</u>          | <u>450,424</u>            | <u>-</u>  |
| Fund balances at end of fiscal year       | <u>\$ 450,424</u>       | <u>\$ 453,375</u>         | <u>\$ 2,951</u>   |

CITY OF YORBA LINDA

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
 MASTER PLAN OF DRAINAGE CAPITAL PROJECTS FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

|   | <u>Final<br/>Budget</u> | <u>Actual<br/>Amounts</u> | <u>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</u> |
|---|-------------------------|---------------------------|---|
| Revenues                                  |                         |                           |   |
| Investment income                         | \$ 40,000               | \$ 40,297                 | \$ 297  |
| Developer participation                   | 303,018                 | 1,026,316                 | 723,298   |
|   | <u>343,018</u>          | <u>1,066,613</u>          | <u>723,595</u>  |
| Total revenues                            |                         |                           |   |
|   | 343,018                 | 1,066,613                 | 723,595   |
| Net change in fund balance                |                         |                           |   |
|   | 343,018                 | 1,066,613                 | 723,595   |
| Fund balances at beginning of fiscal year | <u>5,714,306</u>        | <u>5,714,306</u>          | <u>-</u>  |
| Fund balances at end of fiscal year       | <u>\$ 6,057,324</u>     | <u>\$ 6,780,919</u>       | <u>\$ 723,595</u>   |

CITY OF YORBA LINDA

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
STREET AND TRAFFIC SIGNAL IMPROVEMENTS CAPITAL PROJECTS FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

|   | <u>Final<br/>Budget</u> | <u>Actual<br/>Amounts</u> | <u>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</u> |
|---|-------------------------|---------------------------|---|
| Revenues                                  |                         |                           |   |
| Investment income                         | \$ 18,500               | \$ 7,923                  | \$ (10,577)   |
| Developer participation                   | 195,317                 | 104,021                   | (91,296)  |
|   | <u>213,817</u>          | <u>111,944</u>            | <u>(101,873)</u>  |
| Total revenues                            |                         |                           |   |
| Other financing sources (uses):           |                         |                           |   |
| Transfers out                             | (672,751)               | (521,362)                 | 151,389   |
|   | <u>(672,751)</u>        | <u>(521,362)</u>          | <u>151,389</u>  |
| Total other financing sources (uses)      |                         |                           |   |
| Net change in fund balance                | (458,934)               | (409,418)                 | 49,516  |
| Fund balances at beginning of fiscal year | 1,471,641               | 1,471,641                 | -   |
| Fund balances at end of fiscal year       | <u>\$ 1,012,707</u>     | <u>\$ 1,062,223</u>       | <u>\$ 49,516</u>  |

CITY OF YORBA LINDA

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 ALL AGENCY FUNDS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

|                             | <u>Balance</u><br><u>July 1, 2015</u> | <u>Additions</u>    | <u>Deletions</u>    | <u>Balance</u><br><u>June 30, 2016</u> |
|-----------------------------|---------------------------------------|---------------------|---------------------|--|
| <b><u>Deposits</u></b>      |                                       |                     |                     |  |
| <b>Assets:</b>              |                                       |                     |                     |  |
| Pooled cash and investments | \$ 2,389,634                          | \$ 4,852,633        | \$ 4,230,494        | \$ 3,011,773                           |
| <b>Total assets</b>         | <u>\$ 2,389,634</u>                   | <u>\$ 4,852,633</u> | <u>\$ 4,230,494</u> | <u>\$ 3,011,773</u>                    |
| <b>Liabilities:</b>         |                                       |                     |                     |  |
| Accounts payable            | \$ 154,695                            | \$ 1,892,795        | \$ 1,872,606        | \$ 174,884                             |
| Deposits payable            | 2,234,939                             | 2,959,838           | 2,357,888           | 2,836,889                              |
| <b>Total liabilities</b>    | <u>\$ 2,389,634</u>                   | <u>\$ 4,852,633</u> | <u>\$ 4,230,494</u> | <u>\$ 3,011,773</u>                    |



# STATISTICAL SECTION

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

| <b>Contents</b>   | <b>Page</b> |
|---|-------------|
| Financial Trends  | 103         |
| <i>These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.</i>  |             |
| Revenue Capacity  | 113         |
| <i>These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.</i>  |             |
| Debt Capacity   | 117         |
| <i>These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.</i>                    |             |
| Demographic and Economic Information  | 122         |
| <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.</i>   |             |
| Operating Information   | 124         |
| <i>These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.</i> |             |

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

|   | Fiscal Year           |                       |                       |                       |                       |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|   | 2007                  | 2008                  | 2009                  | 2010                  | 2011                  |
| <b>Governmental activities</b>                    |                       |                       |                       |                       |                       |
| Net investment in capital assets                  | \$ 271,014,635        | \$ 288,534,251        | \$ 291,709,652        | \$ 297,170,718        | \$ 306,781,469        |
| Restricted  | 67,967,850            | 85,079,021            | 95,271,305            | 99,625,235            | 116,870,619           |
| Unrestricted                                      | 41,250,025            | 39,463,604            | 30,187,721            | 27,648,899            | 16,096,591            |
| <b>Total governmental activities net position</b> | <b>\$ 380,232,510</b> | <b>\$ 413,076,876</b> | <b>\$ 417,168,678</b> | <b>\$ 424,444,852</b> | <b>\$ 439,748,679</b> |
| <b>Business-type activities:</b>                  |                       |                       |                       |                       |                       |
| Net investment in capital assets                  | 11,602,356            | 11,791,620            | 10,977,413            | 10,938,894            | 10,907,970            |
| Restricted  | 1,974,991             | 1,210,097             | -                     | -                     | -                     |
| Unrestricted                                      | (3,669,195)           | (4,405,458)           | (3,797,480)           | (5,192,521)           | (6,340,999)           |
| <b>Total business-type activities net assets</b>  | <b>9,908,152</b>      | <b>8,596,259</b>      | <b>7,179,933</b>      | <b>5,746,373</b>      | <b>4,566,971</b>      |
| <b>Primary Government:</b>                        |                       |                       |                       |                       |                       |
| Net investment in capital assets                  | 282,616,991           | 300,325,871           | 302,687,065           | 308,109,612           | 317,689,439           |
| Restricted  | 69,942,841            | 86,289,118            | 95,271,305            | 99,625,235            | 116,870,619           |
| Unrestricted                                      | 37,580,830            | 35,058,146            | 26,390,241            | 22,456,378            | 9,755,592             |
| <b>Total primary government net assets</b>        | <b>390,140,662</b>    | <b>421,673,135</b>    | <b>424,348,611</b>    | <b>430,191,225</b>    | <b>444,315,650</b>    |

Source: City of Yorba Linda, Finance Department

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

|   | Fiscal Year           |                       |                       |                       |                       |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|   | 2012                  | 2013                  | 2014                  | 2015                  | 2016                  |
| <b>Governmental activities</b>                    |                       |                       |                       |                       |                       |
| Net investment in capital assets                  | \$ 373,877,302        | \$ 365,798,892        | \$ 368,711,483        | \$ 369,642,916        | \$ 375,388,766        |
| Restricted  | 67,890,506            | 69,343,128            | 73,066,968            | 78,795,131            | 84,293,217            |
| Unrestricted                                      | 43,679,602            | 44,899,948            | 46,198,664            | 31,529,685            | 28,716,148            |
| <b>Total governmental activities net position</b> | <b>\$ 485,447,410</b> | <b>\$ 480,041,968</b> | <b>\$ 487,977,115</b> | <b>\$ 479,967,732</b> | <b>\$ 488,398,131</b> |
| <b>Business-type activities:</b>                  |                       |                       |                       |                       |                       |
| Net investment in capital assets                  | 10,865,545            | 12,092,484            | 7,567,000             | 6,425,228             | 5,780,632             |
| Restricted  | -                     | -                     | -                     | -                     | -                     |
| Unrestricted                                      | (7,072,811)           | (9,581,881)           | (5,563,647)           | (5,045,542)           | (3,721,769)           |
| <b>Total business-type activities net assets</b>  | <b>3,792,734</b>      | <b>2,510,603</b>      | <b>2,003,353</b>      | <b>1,379,686</b>      | <b>2,058,863</b>      |
| <b>Primary Government:</b>                        |                       |                       |                       |                       |                       |
| Net investment in capital assets                  | 384,742,847           | 377,891,376           | 376,278,483           | 376,068,144           | 381,169,398           |
| Restricted  | 67,890,506            | 69,343,128            | 73,066,968            | 78,795,131            | 84,293,217            |
| Unrestricted                                      | 36,606,791            | 35,318,067            | 40,635,017            | 26,484,143            | 24,994,379            |
| <b>Total primary government net assets</b>        | <b>489,240,144</b>    | <b>482,552,571</b>    | <b>489,980,468</b>    | <b>481,347,418</b>    | <b>490,456,994</b>    |

Source: City of Yorba Linda, Finance Department

Table 2  
**CITY OF YORBA LINDA**  
 Changes in Net Position  
 Last Ten Fiscal Years  
 (accrual basis of accounting)

|   | Fiscal Year         |                     |                     |                     |                     |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|
|   | 2007                | 2008                | 2009                | 2010                | 2011                |
| <b>Expenses</b>                                 |                     |                     |                     |                     |                     |
| Governmental activities:                        |                     |                     |                     |                     |                     |
| General government                              | \$ 18,782,237       | \$ 6,480,112        | \$ 12,485,716       | \$ 15,499,179       | \$ 12,907,614       |
| Public safety                                   | 9,681,157           | 10,620,438          | 14,393,426          | 12,321,712          | 11,893,917          |
| Community development                           | 3,492,064           | 1,743,155           | 3,429,833           | 3,090,308           | 2,444,278           |
| Recreation and community services               | 5,960,724           | 4,386,060           | 6,368,915           | 4,862,229           | 6,168,169           |
| Public works                                    | 12,088,455          | 6,568,878           | 14,287,223          | 14,592,501          | 12,654,424          |
| Contributions from other governments            | -                   | -                   | -                   | -                   | -                   |
| Interest on long-term debt                      | 3,709,011           | 3,607,874           | 5,166,006           | 5,110,961           | 5,445,735           |
| Total governmental activities expenses          | <u>53,713,648</u>   | <u>33,406,517</u>   | <u>56,131,119</u>   | <u>55,476,890</u>   | <u>51,514,137</u>   |
| Business-type activities:                       |                     |                     |                     |                     |                     |
| Golf Course                                     | 7,590,391           | 7,169,133           | 6,523,458           | 6,299,565           | 6,387,950           |
| Disposal  | 4,326,905           | 4,653,187           | 4,775,274           | 4,910,903           | 5,122,282           |
| Yorba Linda Center Catering                     | -                   | -                   | -                   | -                   | -                   |
| Total business-type activities expenses         | <u>11,917,296</u>   | <u>11,822,320</u>   | <u>11,298,732</u>   | <u>11,210,468</u>   | <u>11,510,232</u>   |
| Total primary government expenses               | <u>65,630,944</u>   | <u>45,228,837</u>   | <u>67,429,851</u>   | <u>66,687,358</u>   | <u>63,024,369</u>   |
| <b>Program Revenues</b>                         |                     |                     |                     |                     |                     |
| Governmental activities:                        |                     |                     |                     |                     |                     |
| Charges for services                            |                     |                     |                     |                     |                     |
| General government                              | 1,567,886           | 1,976,085           | 1,574,047           | 1,257,748           | 1,053,365           |
| Public safety                                   | 364,854             | 432,078             | 397,348             | 304,535             | 270,302             |
| Community development                           | 3,789,823           | 2,723,281           | 2,269,132           | 2,823,548           | 2,512,453           |
| Recreation and community services               | 1,601,711           | 1,625,454           | 1,631,375           | 1,584,161           | 1,786,993           |
| Public works                                    | 3,020,981           | 834,162             | 1,034,216           | 660,832             | 725,209             |
| Operating grants and contributions              | 3,689,117           | 4,391,761           | 2,464,769           | 7,941,737           | 11,576,074          |
| Capital grants and contributions                | 4,549,535           | 466,792             | 602,162             | 777,791             | 1,401,096           |
| Total governmental activities program revenues  | <u>18,583,907</u>   | <u>12,449,613</u>   | <u>9,973,049</u>    | <u>15,350,352</u>   | <u>19,325,492</u>   |
| Business-type activities:                       |                     |                     |                     |                     |                     |
| Charges for services:                           |                     |                     |                     |                     |                     |
| Golf Course                                     | 6,486,194           | 6,194,585           | 5,512,494           | 5,314,506           | 5,202,849           |
| Refuse  | 4,343,091           | 4,412,978           | 4,332,327           | 4,420,011           | 5,152,120           |
| Yorba Linda Center Catering                     | -                   | -                   | -                   | -                   | -                   |
| Operating grants and contributions              | -                   | -                   | -                   | -                   | -                   |
| Capital grants and contributions                | -                   | -                   | -                   | -                   | -                   |
| Total business-type activities program revenues | <u>10,829,285</u>   | <u>10,607,563</u>   | <u>9,844,821</u>    | <u>9,734,517</u>    | <u>10,354,969</u>   |
| Total primary government program revenues       | <u>29,413,192</u>   | <u>15,020,541</u>   | <u>14,177,148</u>   | <u>14,154,528</u>   | <u>15,507,089</u>   |
| <b>Net (expense)/revenue</b>                    |                     |                     |                     |                     |                     |
| Governmental activities                         | (35,129,741)        | (20,956,904)        | (46,158,070)        | (40,126,538)        | (32,188,645)        |
| Business-type activities                        | (1,088,011)         | (1,214,757)         | (1,453,911)         | (1,475,951)         | (1,155,263)         |
| Total net revenues (expenses)                   | <u>(36,217,752)</u> | <u>(22,171,661)</u> | <u>(47,611,981)</u> | <u>(41,602,489)</u> | <u>(33,343,908)</u> |

Table 2  
**CITY OF YORBA LINDA**  
 Changes in Net Position  
 Last Ten Fiscal Years  
 (accrual basis of accounting)

|   | Fiscal Year         |                     |                     |                     |                     |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|
|   | 2012                | 2013                | 2014                | 2015                | 2016                |
| <b>Expenses</b>                                 |                     |                     |                     |                     |                     |
| Governmental activities:                        |                     |                     |                     |                     |                     |
| General government                              | \$ 10,619,768       | \$ 9,389,912        | \$ 9,882,765        | \$ 9,589,107        | \$ 11,181,226       |
| Public safety                                   | 11,611,513          | 9,748,242           | 10,819,766          | 9,625,078           | 10,194,206          |
| Community development                           | 2,592,555           | 2,947,842           | 4,248,543           | 3,301,567           | 3,307,460           |
| Recreation and community services               | 6,401,468           | 6,412,609           | 5,891,506           | 6,893,996           | 6,829,957           |
| Public works                                    | 9,764,371           | 23,195,904          | 14,978,073          | 14,666,439          | 13,659,070          |
| Contributions from other governments            | -                   | 679,782             | -                   | -                   | -                   |
| Interest on long-term debt                      | 2,923,034           | -                   | -                   | -                   | -                   |
| Total governmental activities expenses          | <u>43,912,709</u>   | <u>52,374,291</u>   | <u>45,820,653</u>   | <u>44,076,187</u>   | <u>45,171,919</u>   |
| Business-type activities:                       |                     |                     |                     |                     |                     |
| Golf Course                                     | 6,733,251           | 6,365,717           | 6,395,656           | 6,105,749           | 5,692,893           |
| Disposal  | 5,081,581           | 5,164,390           | 5,188,805           | 3,889,115           | -                   |
| Yorba Linda Center Catering                     | -                   | 120,977             | 156,894             | 176,712             | 174,854             |
| Total business-type activities expenses         | <u>11,814,832</u>   | <u>11,651,084</u>   | <u>11,741,355</u>   | <u>10,171,576</u>   | <u>5,867,747</u>    |
| Total primary government expenses               | <u>55,727,541</u>   | <u>64,025,375</u>   | <u>57,562,008</u>   | <u>54,247,763</u>   | <u>51,039,666</u>   |
| <b>Program Revenues</b>                         |                     |                     |                     |                     |                     |
| Governmental activities:                        |                     |                     |                     |                     |                     |
| Charges for services                            |                     |                     |                     |                     |                     |
| General government                              | 1,253,214           | 1,234,855           | 826,650             | 838,008             | 975,797             |
| Public safety                                   | 229,587             | 174,508             | 142,843             | 134,503             | 128,051             |
| Community development                           | 2,084,327           | 2,013,659           | 2,042,831           | 2,786,159           | 2,284,965           |
| Recreation and community services               | 1,843,262           | 1,806,052           | 2,070,339           | 3,165,573           | 2,853,198           |
| Public works                                    | 429,704             | 420,871             | 306,689             | 660,693             | 1,573,551           |
| Operating grants and contributions              | 2,794,278           | 5,383,963           | 3,144,728           | 2,471,970           | 1,850,120           |
| Capital grants and contributions                | 2,496,666           | 685,434             | 8,301,311           | 4,451,347           | 3,687,861           |
| Total governmental activities program revenues  | <u>11,131,038</u>   | <u>11,719,342</u>   | <u>16,835,391</u>   | <u>14,508,253</u>   | <u>13,353,543</u>   |
| Business-type activities:                       |                     |                     |                     |                     |                     |
| Charges for services:                           |                     |                     |                     |                     |                     |
| Golf Course                                     | 5,869,100           | 5,670,123           | 5,799,564           | 5,886,365           | 5,811,759           |
| Refuse  | 5,212,512           | 5,065,036           | 5,332,477           | 3,956,222           | -                   |
| Yorba Linda Center Catering                     | -                   | 29,481              | 101,816             | 133,888             | 184,185             |
| Operating grants and contributions              | -                   | -                   | -                   | -                   | -                   |
| Capital grants and contributions                | -                   | -                   | -                   | -                   | -                   |
| Total business-type activities program revenues | <u>11,081,612</u>   | <u>10,764,640</u>   | <u>11,233,857</u>   | <u>9,976,475</u>    | <u>5,995,944</u>    |
| Total primary government program revenues       | <u>16,294,124</u>   | <u>15,859,157</u>   | <u>16,668,150</u>   | <u>14,066,585</u>   | <u>6,180,129</u>    |
| <b>Net (expense)/revenue</b>                    |                     |                     |                     |                     |                     |
| Governmental activities                         | (32,781,671)        | (40,654,949)        | (28,985,262)        | (29,567,934)        | (31,818,376)        |
| Business-type activities                        | (733,220)           | (886,444)           | (507,498)           | (195,101)           | 128,197             |
| Total net revenues (expenses)                   | <u>(33,514,891)</u> | <u>(41,541,393)</u> | <u>(29,492,760)</u> | <u>(29,763,035)</u> | <u>(31,690,179)</u> |

Table 2  
**CITY OF YORBA LINDA**  
 Changes in Net Position  
 Last Ten Fiscal Years  
 (accrual basis of accounting)

|   | Fiscal Year          |                      |                     |                     |                      |
|---|----------------------|----------------------|---------------------|---------------------|----------------------|
|   | 2007                 | 2008                 | 2009                | 2010                | 2011                 |
| <b>General Revenues and Other Changes in Net Position</b> |                      |                      |                     |                     |                      |
| Governmental activities:                                  |                      |                      |                     |                     |                      |
| Property taxes  | \$ 36,051,800        | \$ 29,025,857        | \$ 29,904,853       | \$ 29,657,123       | \$ 29,464,910        |
| Sales taxes   | 6,229,028            | 6,185,995            | 5,326,872           | 5,391,615           | 5,392,726            |
| Franchise taxes   | 1,465,661            | 1,715,967            | 1,832,141           | 1,789,424           | 1,912,471            |
| Transient occupancy taxes                                 | -                    | -                    | -                   | -                   | -                    |
| Business licenses taxes                                   | -                    | 354,900              | 388,536             | 339,618             | 334,041              |
| Other taxes   | 6,824,078            | 6,768,518            | 7,077,565           | 7,219,920           | 7,744,599            |
| Motor vehicle in lieu, unrestricted                       | 412,413              | 301,061              | 232,201             | 201,261             | 315,425              |
| Investment income   | 5,168,399            | 4,869,139            | 3,640,550           | 2,374,161           | 1,675,107            |
| Other   | 109,855              | 4,910,628            | 95,216              | 57,473              | 68,226               |
| Gain on sale of capital assets                            | -                    | (330,795)            | -                   | -                   | -                    |
| Insurance recoveries                                      | -                    | -                    | 1,744,438           | 372,117             | -                    |
| Extraordinary gain/(loss) on dissolution of RDA           | -                    | -                    | -                   | -                   | -                    |
| Total governmental activities                             | <u>56,261,234</u>    | <u>53,801,270</u>    | <u>50,242,372</u>   | <u>47,402,712</u>   | <u>46,907,505</u>    |
| Business-type activities:                                 |                      |                      |                     |                     |                      |
| Investment income   | 87,729               | 54,932               | 4,664               | (23,623)            | (24,639)             |
| Other   | -                    | 2,951                | 32,921              | 65,514              | 500                  |
| Gain on sale of capital assets                            | 53,525               | (155,019)            | -                   | 500                 | -                    |
| Total business-type activities                            | <u>141,254</u>       | <u>(97,136)</u>      | <u>37,585</u>       | <u>42,391</u>       | <u>(24,139)</u>      |
| Total primary government                                  | <u>56,402,488</u>    | <u>53,704,134</u>    | <u>50,279,957</u>   | <u>47,445,103</u>   | <u>46,883,366</u>    |
| <b>Changes in Net Position</b>                            |                      |                      |                     |                     |                      |
| Governmental activities                                   | 21,131,493           | 32,844,366           | 4,084,302           | 7,276,174           | 14,718,860           |
| Business-type activities                                  | (946,757)            | (1,311,893)          | (1,416,326)         | (1,433,560)         | (1,179,402)          |
| Total primary government                                  | <u>\$ 20,184,736</u> | <u>\$ 31,532,473</u> | <u>\$ 2,667,976</u> | <u>\$ 5,842,614</u> | <u>\$ 13,539,458</u> |

Source: City of Yorba Linda, Finance Department

Table 2  
**CITY OF YORBA LINDA**  
 Changes in Net Position  
 Last Ten Fiscal Years  
 (accrual basis of accounting)

|   | Fiscal Year          |                       |                     |                     |                     |
|---|----------------------|-----------------------|---------------------|---------------------|---------------------|
|   | 2012                 | 2013                  | 2014                | 2015                | 2016                |
| <b>General Revenues and Other Changes in Net Position</b> |                      |                       |                     |                     |                     |
| Governmental activities:                                  |                      |                       |                     |                     |                     |
| Property taxes  | \$ 25,449,260        | \$ 19,209,305         | \$ 19,463,202       | \$ 20,803,253       | \$ 22,256,451       |
| Sales taxes   | 5,536,418            | 5,668,119             | 6,108,523           | 6,515,766           | 7,215,608           |
| Franchise taxes   | 2,091,150            | 2,088,406             | 2,086,354           | 2,239,149           | 2,271,901           |
| Transient occupancy taxes                                 | -                    | -                     | 434,583             | 442,656             | 488,437             |
| Business licenses taxes                                   | 364,788              | 335,799               | 433,511             | 378,306             | 395,184             |
| Other taxes   | 7,316,749            | 7,032,922             | 6,810,919           | 6,903,837           | 6,995,040           |
| Motor vehicle in lieu, unrestricted                       | 34,271               | 35,511                | 29,389              | 28,389              | 27,323              |
| Investment income   | 1,529,085            | (125,819)             | 699,314             | 577,480             | 559,845             |
| Other   | 136,043              | 1,005,264             | 854,614             | 411,483             | 172,973             |
| Gain on sale of capital assets                            | -                    | -                     | -                   | -                   | -                   |
| Insurance recoveries                                      | -                    | -                     | -                   | -                   | -                   |
| Extraordinary gain/(loss) on dissolution of RDA           | 36,597,998           | -                     | -                   | -                   | -                   |
| Total governmental activities                             | <u>79,055,762</u>    | <u>35,249,507</u>     | <u>36,920,409</u>   | <u>38,300,319</u>   | <u>40,382,762</u>   |
| Business-type activities:                                 |                      |                       |                     |                     |                     |
| Investment income   | (41,017)             | 11,358                | 248                 | 681                 | -                   |
| Other   | -                    | -                     | -                   | -                   | -                   |
| Gain on sale of capital assets                            | -                    | 69,600                | -                   | -                   | -                   |
| Total business-type activities                            | <u>(41,017)</u>      | <u>80,958</u>         | <u>248</u>          | <u>681</u>          | <u>-</u>            |
| Total primary government                                  | <u>79,014,745</u>    | <u>35,330,465</u>     | <u>36,920,657</u>   | <u>38,301,000</u>   | <u>40,382,762</u>   |
| <b>Changes in Net Position</b>                            |                      |                       |                     |                     |                     |
| Governmental activities                                   | 46,274,091           | (5,405,442)           | 7,935,147           | 8,732,385           | 8,564,386           |
| Business-type activities                                  | (774,237)            | (805,486)             | (507,250)           | (194,420)           | 128,197             |
| Total primary government                                  | <u>\$ 45,499,854</u> | <u>\$ (6,210,928)</u> | <u>\$ 7,427,897</u> | <u>\$ 8,537,965</u> | <u>\$ 8,692,583</u> |

Source: City of Yorba Linda, Finance Department

Table 3  
**CITY OF YORBA LINDA**  
Fund Balances of Governmental Funds  
Last Ten Fiscal Years  
(modified accrual basis of accounting)

|   | Fiscal Year           |                       |                       |                       |                       |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|   | 2007                  | 2008                  | 2009                  | 2010                  | 2011                  |
| <b>General Fund</b>                       |                       |                       |                       |                       |                       |
| Nonspendable                              | n/a                   | n/a                   | n/a                   | n/a                   | \$ 4,779,369          |
| Committed                                 | n/a                   | n/a                   | n/a                   | n/a                   | -                     |
| Restricted                                | n/a                   | n/a                   | n/a                   | n/a                   | -                     |
| Assigned                                  | n/a                   | n/a                   | n/a                   | n/a                   | -                     |
| Unassigned                                | n/a                   | n/a                   | n/a                   | n/a                   | 43,590,636            |
| Reserved                                  | \$ 9,824,862          | \$ 10,835,324         | \$ 11,738,867         | \$ 11,656,499         | n/a                   |
| Unreserved, designated                    | 2,142,970             | 2,142,970             | 2,280,418             | 2,652,014             | n/a                   |
| Unreserved, undesignated                  | 37,649,691            | 37,727,777            | 34,338,606            | 33,740,851            | n/a                   |
| <b>Total General Fund</b>                 | <b>49,617,523</b>     | <b>50,706,071</b>     | <b>48,357,891</b>     | <b>48,049,364</b>     | <b>48,370,005</b>     |
| <b>All Other Governmental Funds</b>       |                       |                       |                       |                       |                       |
| Nonspendable                              | n/a                   | n/a                   | n/a                   | n/a                   | 53,748,992            |
| Restricted                                | n/a                   | n/a                   | n/a                   | n/a                   | 36,408,790            |
| Assigned                                  | n/a                   | n/a                   | n/a                   | n/a                   | 35,127,683            |
| Unassigned                                | n/a                   | n/a                   | n/a                   | n/a                   | (658,014)             |
| Reserved                                  | 40,716,351            | 42,107,433            | 43,779,490            | 49,872,037            | n/a                   |
| Unreserved, designated reported in:       |                       |                       |                       |                       |                       |
| Capital projects funds                    | 18,057,604            | 10,021,764            | 14,286,020            | 12,360,503            | n/a                   |
| Unreserved, reported in:                  |                       |                       |                       |                       |                       |
| Special revenue funds                     | 14,019,200            | 15,170,506            | 15,188,670            | 17,337,546            | n/a                   |
| Debt service funds                        | -                     | -                     | -                     | -                     | -                     |
| Capital projects funds                    | 7,492,545             | 6,617,167             | 7,917,839             | 6,919,738             | n/a                   |
| Unreserved, undesignated                  | (9,891,849)           | 12,642,649            | 60,407,878            | 11,816,148            | n/a                   |
| <b>Total All Other Governmental Funds</b> | <b>70,393,851</b>     | <b>86,559,519</b>     | <b>141,579,897</b>    | <b>98,305,972</b>     | <b>124,627,451</b>    |
| <b>Total All Governmental Funds</b>       | <b>\$ 120,011,374</b> | <b>\$ 137,265,590</b> | <b>\$ 189,937,788</b> | <b>\$ 146,355,336</b> | <b>\$ 172,997,456</b> |

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

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

Source: City of Yorba Linda, Finance Department



Table 3  
**CITY OF YORBA LINDA**  
Fund Balances of Governmental Funds  
Last Ten Fiscal Years  
(modified accrual basis of accounting)

|   | Fiscal Year           |                       |                       |                       |                       |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|   | 2012                  | 2013                  | 2014                  | 2015                  | 2016                  |
| <b>General Fund</b>                       |                       |                       |                       |                       |                       |
| Nonspendable                              | \$ 4,769,965          | \$ 11,616,699         | \$ 25,609,575         | \$ 25,879,553         | \$ 25,615,978         |
| Committed                                 | -                     | -                     | -                     | 23,125,506            | 23,143,531            |
| Restricted                                | -                     | -                     | 7,500                 | 5,352                 | -                     |
| Assigned                                  | -                     | -                     | -                     | 3,750,035             | 2,810,864             |
| Unassigned                                | 44,672,686            | 39,220,264            | 27,434,921            | 2,987,075             | 4,694,175             |
| Reserved                                  | n/a                   | n/a                   | n/a                   | n/a                   | n/a                   |
| Unreserved, designated                    | n/a                   | n/a                   | n/a                   | n/a                   | n/a                   |
| Unreserved, undesignated                  | n/a                   | n/a                   | n/a                   | n/a                   | n/a                   |
| <b>Total General Fund</b>                 | <b>49,442,651</b>     | <b>50,836,963</b>     | <b>53,051,996</b>     | <b>55,747,521</b>     | <b>56,264,548</b>     |
| <b>All Other Governmental Funds</b>       |                       |                       |                       |                       |                       |
| Nonspendable                              | 38,867,893            | 3,831,706             | 3,821,809             | 2,164                 | 465                   |
| Restricted                                | 20,858,892            | 57,887,165            | 61,518,726            | 78,712,066            | 83,854,496            |
| Assigned                                  | 8,285,094             | 7,624,257             | 7,739,067             | -                     | -                     |
| Unassigned                                | (131,260)             | (426,175)             | (413,540)             | (489,090)             | (1,988,163)           |
| Reserved                                  | n/a                   | n/a                   | n/a                   | n/a                   | n/a                   |
| Unreserved, designated reported in:       |                       |                       |                       |                       |                       |
| Capital projects funds                    | n/a                   | n/a                   | n/a                   | n/a                   | n/a                   |
| Unreserved, reported in:                  |                       |                       |                       |                       |                       |
| Special revenue funds                     | n/a                   | n/a                   | n/a                   | n/a                   | n/a                   |
| Debt service funds                        | -                     | -                     | -                     | -                     | -                     |
| Capital projects funds                    | n/a                   | n/a                   | n/a                   | n/a                   | n/a                   |
| Unreserved, undesignated                  | n/a                   | n/a                   | n/a                   | n/a                   | n/a                   |
| <b>Total All Other Governmental Funds</b> | <b>67,880,619</b>     | <b>68,916,953</b>     | <b>72,666,062</b>     | <b>78,225,140</b>     | <b>81,866,798</b>     |
| <b>Total All Governmental Funds</b>       | <b>\$ 117,323,270</b> | <b>\$ 119,753,916</b> | <b>\$ 125,718,058</b> | <b>\$ 133,972,661</b> | <b>\$ 138,131,346</b> |

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

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

Source: City of Yorba Linda, Finance Department

Table 4  
**CITY OF YORBA LINDA**  
 Changes in Fund Balances of Governmental Funds  
 Last Ten Fiscal Years  
 (modified accrual basis of accounting)

|  | Fiscal Year         |                      |                     |                     |                      |
|--|---------------------|----------------------|---------------------|---------------------|----------------------|
|  | 2007                | 2008                 | 2009                | 2010                | 2011                 |
| <b>Revenues</b>  |                     |                      |                     |                     |                      |
| Taxes  | \$ 50,448,509       | \$ 55,584,789        | \$ 54,230,919       | \$ 53,083,420       | \$ 53,254,565        |
| Licenses and permits   | 2,169,574           | 1,972,303            | 1,416,711           | 2,005,845           | 1,607,244            |
| Intergovernmental  | 6,802,353           | 5,661,492            | 3,987,692           | 5,444,984           | 4,851,555            |
| Charges for services   | 4,637,825           | 4,615,580            | 4,110,205           | 3,780,699           | 3,738,134            |
| Use of money and property  | 5,394,906           | 4,869,139            | 3,640,550           | 2,374,161           | 1,675,107            |
| Fines and forfeitures  | 449,359             | 448,106              | 435,530             | 333,016             | 343,630              |
| Contributions  | 38,560              | -                    | 115                 | 4,555               | 256                  |
| Miscellaneous  | 908,757             | 5,037,723            | 228,424             | 91,224              | 223,038              |
| Developer Participation  | 1,982,737           | 297,418              | 776,150             | 382,275             | 474,649              |
| <b>Total Revenues</b>  | <b>72,832,580</b>   | <b>78,486,550</b>    | <b>68,826,296</b>   | <b>67,500,179</b>   | <b>66,168,178</b>    |
| <b>Expenditures</b>  |                     |                      |                     |                     |                      |
| Current:   |                     |                      |                     |                     |                      |
| General government   | 8,073,548           | 11,422,727           | 10,255,704          | 14,334,879          | 11,405,085           |
| Public safety  | 9,662,658           | 10,606,321           | 14,383,177          | 12,298,279          | 11,565,970           |
| Community Development  | 3,452,584           | 3,393,981            | 3,114,940           | 2,831,117           | 2,278,232            |
| Parks and recreations  | 5,164,063           | 5,186,595            | 5,472,973           | 2,962,510           | 4,903,053            |
| Public works   | 10,105,922          | 10,703,038           | 10,749,250          | 11,641,325          | 10,543,410           |
| Capital outlay   | 14,160,670          | 5,444,536            | 7,247,754           | 6,279,798           | 5,775,946            |
| Debt Service:  |                     |                      |                     |                     |                      |
| Principal retirement   | 2,910,440           | 2,315,000            | 2,425,000           | 2,535,000           | 2,655,000            |
| Interest and fiscal charges  | 3,731,966           | 3,626,331            | 5,183,038           | 5,133,959           | 5,053,514            |
| Bond issuance costs  | -                   | -                    | -                   | -                   | 313,565              |
| Pass through agreements  | 10,286,639          | 11,538,972           | 9,352,395           | 9,064,344           | 8,305,122            |
| <b>Total Expenditures</b>  | <b>67,548,490</b>   | <b>64,237,501</b>    | <b>68,184,231</b>   | <b>67,081,211</b>   | <b>62,798,897</b>    |
| Excess of revenues over/(under) expenditures                               | 5,284,090           | 14,249,049           | 642,065             | 418,968             | 3,369,281            |
| <b>Other Financing Sources (Uses)</b>                                      |                     |                      |                     |                     |                      |
| Transfers in   | 14,467,704          | 5,995,609            | 8,207,078           | 7,426,914           | 23,744,790           |
| Transfers out  | (14,467,704)        | (5,995,609)          | (8,207,078)         | (7,426,914)         | (23,744,790)         |
| Long term debt issued  | 2,756,418           | 2,879,167            | 2,904,953           | 2,999,705           | 22,781,847           |
| Proceeds from sale of capital asset  | -                   | 126,000              | -                   | -                   | 5,000                |
| Insurance recoveries   | -                   | -                    | 1,744,438           | 372,117             | -                    |
| Bond discount  | -                   | -                    | -                   | -                   | (98,975)             |
| Contributions to Successor Agency  | -                   | -                    | -                   | -                   | -                    |
| Contributions from Successor Agency  | -                   | -                    | -                   | -                   | -                    |
| <b>Total other financing sources (uses)</b>                                | <b>2,756,418</b>    | <b>3,005,167</b>     | <b>4,649,391</b>    | <b>3,371,822</b>    | <b>22,687,872</b>    |
| Extraordinary gain/(loss) on dissolution of redevelopment agency (Note 17) | -                   | -                    | -                   | -                   | -                    |
| <b>Net change in fund balances</b>   | <b>\$ 8,040,508</b> | <b>\$ 17,254,216</b> | <b>\$ 5,291,456</b> | <b>\$ 3,790,790</b> | <b>\$ 26,057,153</b> |
| Debt service as a percentage of noncapital expenditures                    | 12.4%               | 10.1%                | 12.5%               | 12.6%               | 13.5%                |

Source: City of Yorba Linda, Finance Department

Table 4  
**CITY OF YORBA LINDA**  
 Changes in Fund Balances of Governmental Funds  
 Last Ten Fiscal Years  
 (modified accrual basis of accounting)

|   | Fiscal Year            |                     |                     |                     |                     |
|---|------------------------|---------------------|---------------------|---------------------|---------------------|
|   | 2012                   | 2013                | 2014                | 2015                | 2016                |
| <b>Revenues</b>   |                        |                     |                     |                     |                     |
| Taxes   | \$ 44,914,309          | \$ 34,290,577       | \$ 35,274,571       | \$ 37,304,207       | \$ 39,622,621       |
| Licenses and permits  | 1,185,206              | 1,944,412           | 1,794,234           | 1,822,533           | 1,681,175           |
| Intergovernmental   | 4,108,624              | 3,919,378           | 4,882,336           | 3,877,534           | 3,550,775           |
| Charges for services  | 3,811,323              | 3,148,441           | 3,202,764           | 3,724,560           | 3,636,143           |
| Use of money and property   | 1,529,085              | (125,819)           | 699,314             | 525,717             | 476,108             |
| Fines and forfeitures   | 272,132                | 217,395             | 186,542             | 209,420             | 191,903             |
| Contributions   | 2,436,444              | 450                 | 7,149               | 2,281               | 851                 |
| Miscellaneous   | 295,440                | 1,180,278           | 709,005             | 193,644             | 113,587             |
| Developer Participation   | 201,519                | 197,300             | 245,242             | 2,025,694           | 2,278,589           |
| <b>Total Revenues</b>   | <b>58,754,082</b>      | <b>44,772,412</b>   | <b>47,001,157</b>   | <b>49,685,590</b>   | <b>51,551,752</b>   |
| <b>Expenditures</b>   |                        |                     |                     |                     |                     |
| Current:  |                        |                     |                     |                     |                     |
| General government  | 9,068,962              | 8,260,092           | 8,021,451           | 8,385,012           | 8,597,028           |
| Public safety   | 11,588,080             | 10,421,130          | 9,351,367           | 9,535,298           | 10,111,264          |
| Community Development   | 2,359,319              | 2,776,455           | 3,039,321           | 3,178,940           | 3,116,057           |
| Parks and recreations   | 5,103,391              | 5,191,554           | 5,658,851           | 5,664,224           | 5,603,750           |
| Public works  | 10,881,079             | 10,492,797          | 11,235,425          | 10,646,686          | 10,719,703          |
| Capital outlay  | 7,695,807              | 6,399,930           | 10,447,448          | 6,829,408           | 10,497,334          |
| Debt Service:   |                        |                     |                     |                     |                     |
| Principal retirement  | 2,785,000              | -                   | -                   | -                   | -                   |
| Interest and fiscal charges   | 3,941,648              | -                   | -                   | -                   | -                   |
| Bond issuance costs   | -                      | -                   | -                   | -                   | -                   |
| Pass through agreements   | 4,223,858              | -                   | -                   | -                   | -                   |
| <b>Total Expenditures</b>   | <b>57,647,144</b>      | <b>43,541,958</b>   | <b>47,753,863</b>   | <b>44,239,568</b>   | <b>48,645,136</b>   |
| Excess of revenues over/(under) expenditures                                  | 1,106,938              | 1,230,454           | (752,706)           | 5,446,022           | 2,906,616           |
| <b>Other Financing Sources (Uses)</b>   |                        |                     |                     |                     |                     |
| Transfers in  | 6,390,944              | 7,296,303           | 7,963,808           | 7,508,620           | 11,159,224          |
| Transfers out   | (6,390,944)            | (7,296,303)         | (7,963,808)         | (7,508,620)         | (11,710,204)        |
| Long term debt issued   | 2,660,853              | -                   | -                   | -                   | -                   |
| Proceeds from sale of capital asset   | -                      | -                   | -                   | -                   | -                   |
| Insurance recoveries  | -                      | -                   | -                   | -                   | -                   |
| Bond discount   | -                      | -                   | -                   | -                   | -                   |
| Contributions to Successor Agency   | -                      | (679,782)           | -                   | -                   | -                   |
| Contributions from Successor Agency   | -                      | 1,879,974           | 6,716,848           | 3,013,793           | 1,386,056           |
| <b>Total other financing sources (uses)</b>                                   | <b>2,660,853</b>       | <b>1,200,192</b>    | <b>6,716,848</b>    | <b>3,013,793</b>    | <b>835,076</b>      |
| Extraordinary gain/(loss) on dissolution<br>of redevelopment agency (Note 17) | (58,866,617)           | -                   | -                   | -                   | -                   |
| <b>Net change in fund balances</b>  | <b>\$ (55,098,826)</b> | <b>\$ 2,430,646</b> | <b>\$ 5,964,142</b> | <b>\$ 8,459,815</b> | <b>\$ 3,741,692</b> |
| Debt service as a percentage of noncapital expenditures                       | 13.5%                  | 0.0%                | 0.0%                | 0.0%                | 0.0%                |

Source: City of Yorba Linda, Finance Department

Table 5  
**CITY OF YORBA LINDA**  
 Assessed Value and Estimated Actual Value of Taxable Property  
 Last Ten Fiscal Years

| Fiscal Year<br>Ended<br>June 30 | Secured          | Unsecured      | Less:<br>Exemptions (1) | Taxable<br>Assessed<br>Value (2) |
|---------------------------------|------------------|----------------|-------------------------|----------------------------------|
| 2007                            | \$ 9,795,901,648 | \$ 170,686,020 | \$ (189,168,295)        | \$ 9,777,419,373                 |
| 2008                            | 10,724,389,108   | 180,551,179    | (196,176,488)           | 10,708,763,799                   |
| 2009                            | 10,974,463,022   | 189,315,285    | (259,476,437)           | 10,904,301,870                   |
| 2010                            | 10,704,716,192   | 193,397,618    | (263,968,225)           | 10,634,145,585                   |
| 2011                            | 10,756,721,712   | 181,357,573    | (259,673,612)           | 10,678,405,673                   |
| 2012                            | 11,099,352,245   | 163,615,245    | (294,418,477)           | 10,968,549,013                   |
| 2013                            | 11,331,341,242   | 153,522,286    | (300,169,006)           | 11,184,694,522                   |
| 2014                            | 11,690,283,468   | 152,053,662    | (307,993,529)           | 11,534,343,601                   |
| 2015                            | 12,492,822,864   | 153,579,513    | (309,102,030)           | 12,646,402,377                   |
| 2016                            | 13,334,274,219   | 147,399,256    | (350,162,998)           | 13,481,673,475                   |

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

(2) Total includes Nonunitary Taxable Assessed Values.

Note:

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

Source: HdL Coren and Cone, Orange County Assessor Combined Tax Rolls

Table 6  
**CITY OF YORBA LINDA**  
 Direct and Overlapping Property Tax Rates  
 (Rate per \$100 of assessed value)  
 Last Ten Fiscal Years

|   | 2007           | 2008           | 2009           | 2010           | 2011           | 2012           | 2013           | 2014           | 2015           | 2016           |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Basic Levy (1)                                      | 1.00000        | 1.00000        | 1.00000        | 1.00000        | 1.00000        | 1.00000        | 1.00000        | 1.00000        | 1.00000        | 1.00000        |
| Brea Olinda Unified                                 | 0.02183        | 0.02241        | 0.02270        | 0.02285        | 0.02426        | 0.02367        | 0.02365        | 0.02470        | 0.02528        | 0.02292        |
| Metropolitan Water District                         | 0.00470        | 0.00450        | 0.00430        | 0.00430        | 0.00370        | 0.00370        | 0.00350        | 0.00350        | 0.00350        | 0.00350        |
| N. Orange County Community College                  | 0.01444        | 0.01502        | 0.01493        | 0.01662        | 0.01758        | 0.01742        | 0.01902        | 0.01704        | 0.01704        | 0.03043        |
| Placentia Yorba Linda Unified                       | 0.02650        | 0.02950        | 0.04764        | 0.06166        | 0.05804        | 0.05846        | 0.06203        | 0.06525        | 0.05822        | 0.05665        |
| Rancho Santiago Community College                   | 0.01911        | 0.02373        | 0.02253        | 0.02735        | 0.03141        | 0.03146        | 0.03241        | 0.03334        | 0.02878        | 0.03063        |
| <b>Total Direct &amp; Overlapping (2) Tax Rates</b> | <b>1.08658</b> | <b>1.09516</b> | <b>1.11210</b> | <b>1.13278</b> | <b>1.13499</b> | <b>1.13471</b> | <b>1.14061</b> | <b>1.14383</b> | <b>1.13282</b> | <b>1.14413</b> |
| City's share of 1% Levy per Prop 13 (3)             |                |                |                |                |                |                |                |                |                |                |
| City  | 0.12480        | 0.12480        | 0.12480        | 0.12480        | 0.12480        | 0.12480        | 0.12480        | 0.12480        | 0.12480        | 0.12480        |
| Library   | 0.05525        | 0.05525        | 0.05525        | 0.05525        | 0.05525        | 0.05525        | 0.05525        | 0.05525        | 0.05525        | 0.05525        |
| <b>Total City Direct Rate</b>                       | <b>0.18005</b> | <b>0.18005</b> | <b>0.18005</b> | <b>0.18005</b> | <b>0.18005</b> | <b>0.18005</b> | <b>0.18005</b> | <b>0.18005</b> | <b>0.18005</b> | <b>0.18005</b> |
| Redevelopment Rate (4)                              | 1.00470        | 1.00450        | 1.00430        | 1.00430        | 1.00370        | 1.00370        |                |                |                |                |
| <b>Total Direct Rate (5)</b>                        | <b>0.26589</b> | <b>0.27090</b> | <b>0.26843</b> | <b>0.26483</b> | <b>0.26045</b> | <b>0.25500</b> | <b>0.25254</b> | <b>0.13436</b> | <b>0.13453</b> | <b>0.13468</b> |

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

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

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

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

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

Table 7  
**CITY OF YORBA LINDA**  
Principal Property Tax Payers  
Current Year and Nine Years Ago

|                                   | 2016                     |  | 2007                    |  |
|-----------------------------------|--------------------------|--|-------------------------|--|
|                                   | Taxable Assessed Value   | Percent of Total City Taxable Assessed Value | Taxable Assessed Value  | Percent of Total City Taxable Assessed Value |
| RRE Yorba Linda Holdings LLC      | \$ 85,000,000            | 0.63%  | -                       | 0.00%  |
| Savi Tech Cntr Property Owner LLC | 62,202,307               | 0.46%  | -                       | 0.00%  |
| Bridgemark Corporation            | 40,795,403               | 0.30%  | -                       | 0.00%  |
| Savi Ranch 1690 Inc               | 35,349,066               | 0.26%  | -                       | 0.00%  |
| YL Pines LLC                      | 32,137,577               | 0.24%  | 21,715,221              | 0.22%  |
| Saint Jude Hospital Yorba Linda   | 29,527,487               | 0.22%  | -                       | 0.00%  |
| Eastlake Commercial 2007 LLC      | 24,698,764               | 0.18%  | 21,627,084              | 0.22%  |
| Wailea Property Partners LLC      | 22,964,762               | 0.17%  | -                       | 0.00%  |
| Trico-Savi Business Park LP       | 22,832,164               | 0.17%  | -                       | 0.00%  |
| Toll California III L P           | 22,031,568               | 0.16%  | 54,536,453              | 0.55%  |
| Arden Realty Finance III LLC      | -                        | 0.00%  | 28,438,962              | 0.29%  |
| Johnson Tractor Company           | -                        | 0.00%  | 26,220,789              | 0.26%  |
| Montecito Yorba Canyons           | -                        | 0.00%  | 86,667,105              | 0.87%  |
| Shapell Industries Inc.           | -                        | 0.00%  | 38,709,111              | 0.39%  |
| Shea Homes LP                     | -                        | 0.00%  | 35,564,422              | 0.36%  |
| Yorba Linda Associates            | -                        | 0.00%  | 37,783,924              | 0.38%  |
| Pardee Homes                      | -                        | 0.00%  | 36,161,763              | 0.36%  |
| <b>Top Ten Totals</b>             | <b>\$ 377,539,098</b>    | <b>2.800%</b>                                | <b>\$ 387,424,834</b>   | <b>3.89%</b>                                 |
| <b>City Totals</b>                | <b>\$ 13,481,673,475</b> |  | <b>\$ 9,969,843,686</b> |  |

Source: HdL Coren and Cone, Orange County Assessor 2006/07 and 2015/16 Tax Rolls

Table 8  
**CITY OF YORBA LINDA**  
Property Tax Levies and Collections  
Last Ten Fiscal Years

| Fiscal Year Ended June 30 | Taxes Levied for the Fiscal Year   | Collected within the Fiscal Year of Levy |                 | Collections in Subsequent Years (1) | Total Collections to Date |                 |
|---------------------------|--|--|-----------------|-------------------------------------|---------------------------|-----------------|
|                           |  | Amount                                   | Percent of Levy |                                     | Amount                    | Percent of Levy |
| 2007                      | \$ 26,516,157  | \$ 26,407,599                            | 99.591%         | 394,827                             | \$26,802,426              | 101.080%        |
| 2008                      | 29,543,958   | 28,606,573                               | 96.827%         | 419,284                             | 29,025,857                | 98.246%         |
| 2009                      | This information is not available. The Orange County Auditor-Controller's tax ledger is only available from 2011 to the present, and the last CAFR prepared by the City was in 2008. |  |                 |                                     |                           |                 |
| 2010                      |  |  |                 |                                     |                           |                 |
| 2011                      |  |  |                 |                                     |                           |                 |
| 2012                      | 25,562,306   | 24,512,406                               | 95.893%         | 326,838                             | 24,839,244                | 97.171%         |
| 2013                      | 25,512,395   | 24,587,570                               | 96.375%         | 324,932                             | 24,912,502                | 97.649%         |
| 2014                      | 26,114,981   | 25,628,853                               | 98.139%         | 242,572                             | 25,871,425                | 99.067%         |
| 2015                      | 27,573,088   | 27,075,082                               | 98.194%         | 195,477                             | 27,270,559                | 98.903%         |
| 2016                      | 27,926,587   | 27,285,154                               | 97.703%         | 201,624                             | 27,486,778                | 98.425%         |

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

Source: Orange County Auditor- Controller

Table 9  
**CITY OF YORBA LINDA**  
Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years

| Fiscal Year<br>Ended<br>June 30 | Governmental Activities    |                                | Business-type Activities        |                   | Total<br>Primary<br>Government (1) | Percentage<br>of Personal<br>Income | Debt Per<br>Capita |
|---------------------------------|----------------------------|--------------------------------|---------------------------------|-------------------|------------------------------------|-------------------------------------|--------------------|
|                                 | Tax<br>Allocation<br>Bonds | Due to<br>Other<br>Governments | Golf Course<br>Revenue<br>Bonds | Capital<br>Leases |                                    |                                     |                    |
| 2007                            | \$ 63,349,787              | \$ 11,760,947                  | \$ 18,170,000                   | \$ 979,831        | \$ 94,260,565                      | 3.40%                               | \$ 1,402.85        |
| 2008                            | 62,089,602                 | 13,585,213                     | 17,775,000                      | 908,419           | 94,358,234                         | 3.46%                               | 1,391.78           |
| 2009                            | 60,780,109                 | 15,374,745                     | 17,370,000                      | 715,280           | 94,240,134                         | 3.38%                               | 1,379.51           |
| 2010                            | 59,424,531                 | 17,195,028                     | 16,955,000                      | 395,069           | 93,969,628                         | 3.33%                               | 1,356.51           |
| 2011                            | 77,721,618                 | 19,024,788                     | 16,530,000                      | 476,776           | 113,753,182                        | 2.73%                               | 1,729.38           |
| 2012                            | -                          | -                              | 16,090,000                      | 311,443           | 16,401,443                         | 19.18%                              | 246.87             |
| 2013                            | -                          | -                              | 15,635,000                      | 229,434           | 15,864,434                         | 20.20%                              | 236.54             |
| 2014                            | -                          | -                              | -                               | 146,885           | 146,885                            | 2150.41%                            | 2.19               |
| 2015                            | -                          | -                              | -                               | -                 | -                                  | n/a                                 | n/a                |
| 2016                            | -                          | -                              | -                               | -                 | -                                  | n/a                                 | n/a                |

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

Source: City of Yorba Linda Finance Department



Table 10  
**CITY OF YORBA LINDA**  
 Ratios of General Bonded Debt Outstanding  
 Last Ten Fiscal Years

| Fiscal Year<br>Ended<br>June 30 | Certificates<br>of<br>Participation | Total         | Percent of<br>Assessed<br>Value (2) | Per<br>Capita |
|---------------------------------|-------------------------------------|---------------|-------------------------------------|---------------|
| 2007                            | \$ 18,170,000                       | \$ 18,170,000 | 0.19%                               | \$ 270        |
| 2008                            | 17,775,000                          | 17,775,000    | 0.17%                               | 262           |
| 2009                            | 17,370,000                          | 17,370,000    | 0.16%                               | 254           |
| 2010                            | 16,955,000                          | 16,955,000    | 0.16%                               | 245           |
| 2011                            | 16,530,000                          | 16,530,000    | 0.15%                               | 251           |
| 2012                            | 16,090,000                          | 16,090,000    | 0.15%                               | 242           |
| 2013                            | 15,635,000                          | 15,635,000    | 0.14%                               | 233           |
| 2014                            | -                                   | -             | -                                   | -             |
| 2015                            | -                                   | -             | -                                   | -             |
| 2016                            | -                                   | -             | -                                   | -             |

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

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

Source: City of Yorba Linda Finance Department

Table 11  
**CITY OF YORBA LINDA**  
 Direct and Overlapping Debt  
 As of June 30, 2016

2015-2016 Taxable Assessed Valuation: \$ 11,187,462,027

|  |                        |
|--|------------------------|
| City Assessed Valuation                    | \$ 13,481,673,475      |
| Redevelopment Agency Incremental Valuation | <u>(2,294,211,448)</u> |
|  | \$ 11,187,462,027      |

|   | Percent<br>Applicable (1) | Outstanding<br>Debt 6/30/2016 | Estimated<br>Share of<br>Overlapping<br>Debt |
|---|---------------------------|-------------------------------|--|
| <b>OVERLAPPING DEBT:</b>                          |                           |                               |  |
| BREA OLINDA UNIFIED-2003 & 2011 REF               | 0.113%                    | \$ 7,574,592                  | \$ 8,553                                     |
| RANCHO SANTIAGO CCD 2002 BOND 2003A, 05 11 REF    | 0.542%                    | 52,070,000                    | 282,229                                      |
| PLACENTIA-YORBA LINDA U 2002 BOND #2006           | 49.801%                   | 28,247,800                    | 14,067,667                                   |
| PLACENTIA-YORBA LINDA 2 2002 BOND #2004B          | 49.801%                   | 964,744                       | 480,451                                      |
| BREA OLINDA UNIFIED-1999 BOND SR 1999A            | 0.113%                    | 8,974,437                     | 10,134                                       |
| RANCHO SANTIAGO CCD 2002 BOND 2005B               | 0.542%                    | 41,978,570                    | 227,532                                      |
| PLACENTIA-YORBA LINDA U 2008 BOND, SR A, 2015REF  | 49.801%                   | 779,610                       | 388,253                                      |
| N. OC COMMUNITY COLLEGE 2002 BOND 2005 REFUNDING  | 11.887%                   | 134,874,831                   | 16,032,610                                   |
| RANCHO SANTIAGO CCD 2002 BOND SER. C, 13REF       | 0.542%                    | 113,679,329                   | 616,164                                      |
| PLACENTIA-YORBA LINDA U 2008 BOND, SR A., 2015REF | 49.801%                   | 66,785,000                    | 33,259,550                                   |
| PLACENTIA-YORBA LINDA UNIFIED 2008 BOND SER B & C | 49.801%                   | 54,993,547                    | 27,387,297                                   |
| PLACENTIA-YORBA LINDA USD 2008 BOND SERIES Q      | 49.801%                   | 25,000,000                    | 12,450,232                                   |
| PLACENTIA-YORBA LINDA UNIFIED 2008 BOND SERIES D  | 49.801%                   | 27,278,918                    | 13,585,155                                   |
| PLACENTIA-YORBA LINDA UNIFIED 2008 BOND SERIES E  | 49.801%                   | 12,445,000                    | 6,197,726                                    |
| RANCHO SANTIAGO CCD 2012 GO REF BOND              | 0.542%                    | 60,325,000                    | 326,973                                      |
| N. OC COMMUNITY COLLEGE 2003 B & 2014 BOND SERIES | 11.887%                   | 130,299,096                   | 15,488,691                                   |
| PLACENTIA-YORBA LINDA USD 2012 GO REF BOND        | 49.801%                   | 42,245,000                    | 21,038,402                                   |
| METROPOLITAN WATER DISTRICT                       | 2.508%                    | 18,880,261                    | 473,540                                      |
| TOTAL OVERLAPPING DEBT                            |                           |                               | <u>\$ 162,321,159</u>                        |

Debt To Assessed Valuation Ratios:

|                  |       |
|------------------|-------|
| Direct Debt      | 0.00% |
| Overlapping Debt | 1.45% |
| Total Debt       | 1.45% |

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

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

Table 12  
**CITY OF YORBA LINDA**  
 Legal Debt Margin Information  
 Last Ten Fiscal Years

Legal Debt Margin Calculation for the Current Year

|   |                              |
|---|------------------------------|
| Assessed value                              | \$ 13,481,673,475            |
| Conversion percentage                       | 25%                          |
| Adjusted assessed value                     | 3,370,418,369                |
| Debt limit (15% of adjusted assessed value) | 505,562,755                  |
| Debt applicable to limit                    | -                            |
| Legal debt margin - Current Year            | <u><u>\$ 505,562,755</u></u> |

| Fiscal<br>Year | Debt<br>Limit  | Debt<br>Applicable<br>to Limit | Legal<br>Debt<br>Margin | Debt as<br>Percentage<br>of Limit |
|----------------|----------------|--------------------------------|-------------------------|-----------------------------------|
| 2007           | \$ 366,653,226 | \$ 18,170,000                  | \$ 348,483,226          | 5.0%                              |
| 2008           | 401,578,642    | 17,775,000                     | 383,803,642             | 4.4%                              |
| 2009           | 408,911,320    | 17,370,000                     | 391,541,320             | 4.2%                              |
| 2010           | 398,780,459    | 16,955,000                     | 381,825,459             | 4.3%                              |
| 2011           | 400,440,213    | 16,530,000                     | 383,910,213             | 4.1%                              |
| 2012           | 411,320,588    | 16,090,000                     | 395,230,588             | 3.9%                              |
| 2013           | 419,426,045    | 15,635,000                     | 403,791,045             | 3.7%                              |
| 2014           | 432,537,885    | -                              | 432,537,885             | 0.0%                              |
| 2015           | 474,240,089    | -                              | 474,240,089             | 0.0%                              |
| 2016           | 505,562,755    | -                              | 505,562,755             | 0.0%                              |

Source: City of Yorba Linda Finance Department

Table 13  
**CITY OF YORBA LINDA**  
Pledged Revenue Coverage  
Last Ten Fiscal Years

**REVENUE BOND**

| Fiscal Year<br>Ended<br>June 30 | Golf Course<br>Revenue | Less<br>Operating<br>Expenses | Net<br>Available<br>Revenue | Debt Service |            | Coverage |
|---------------------------------|------------------------|-------------------------------|-----------------------------|--------------|------------|----------|
|                                 |                        |                               |                             | Principal    | Interest   |          |
| 2007                            | \$ 6,486,194           | \$ 5,062,095                  | \$ 1,424,099                | \$ 385,000   | \$ 812,334 | 1.189    |
| 2008                            | 6,194,585              | 4,798,236                     | 1,396,349                   | 395,000      | 802,584    | 1.166    |
| 2009                            | 5,525,404              | 4,733,207                     | 792,197                     | 405,000      | 792,584    | 0.661    |
| 2010                            | 5,314,506              | 4,550,888                     | 763,618                     | 415,000      | 782,334    | 0.638    |
| 2011                            | 5,202,849              | 4,572,696                     | 630,153                     | 425,000      | 770,771    | 0.527    |
| 2012                            | 5,869,100              | 5,136,187                     | 732,913                     | 440,000      | 757,356    | 0.612    |
| 2013                            | 5,670,123              | 4,847,456                     | 822,667                     | 455,000      | 742,354    | 0.687    |
| 2014                            | -                      | -                             | -                           | -            | -          | -        |
| 2015                            | -                      | -                             | -                           | -            | -          | -        |
| 2016                            | -                      | -                             | -                           | -            | -          | -        |

**TAX ALLOCATION BONDS**

| Fiscal Year<br>Ended<br>June 30 | Tax<br>Increment | Debt Service |              | Coverage |
|---------------------------------|------------------|--------------|--------------|----------|
|                                 |                  | Principal    | Interest     |          |
| 2007                            | \$ 15,881,068    | \$ 2,215,000 | \$ 2,425,623 | 3.422    |
| 2008                            | 18,419,221       | 2,315,000    | 2,312,501    | 3.980    |
| 2009                            | 17,425,218       | 2,425,000    | 2,198,321    | 3.769    |
| 2010                            | 17,318,273       | 2,535,000    | 2,077,608    | 3.755    |
| 2011                            | 16,612,161       | 2,655,000    | 1,943,026    | 3.613    |
| 2012                            | -                | -            | -            | -        |
| 2013                            | -                | -            | -            | -        |
| 2014                            | -                | -            | -            | -        |
| 2015                            | -                | -            | -            | -        |
| 2016                            | -                | -            | -            | -        |

Source: City of Yorba Linda Finance Department

Table 14  
**CITY OF YORBA LINDA**  
 Demographic and Economic Statistics  
 Last Ten Calendar Years

| <u>Calendar Year</u> | <u>Population</u> | <u>Personal Personal Income</u> | <u>Per Capita Personal Income</u> | <u>Unemployment Rate</u> | <u>Median Age</u> | <u>% of Pop 25+ with High School Degree</u> | <u>% of Pop 25+ with Bachelor's Degree</u> |
|----------------------|-------------------|---------------------------------|-----------------------------------|--------------------------|-------------------|---|--|
| 2006                 | 66,427            | \$3,024,302                     | \$ 45,528                         | 2.20%                    | 43.3              | n/a   | n/a  |
| 2007                 | 67,192            | 3,202,667                       | 47,664                            | 2.50%                    | 41.6              | n/a   | n/a  |
| 2008                 | 67,797            | 3,264,981                       | 48,158                            | 3.50%                    | 42.5              | n/a   | n/a  |
| 2009                 | 68,314            | 3,184,194                       | 46,611                            | 6.00%                    | 40.4              | 94.8%                                       | 45.1%                                      |
| 2010                 | 69,273            | 3,126,706                       | 45,136                            | 6.40%                    | 41.1              | 95.5%                                       | 45.2%                                      |
| 2011                 | 65,777            | 3,107,963                       | 47,250                            | 5.80%                    | 41.5              | 95.2%                                       | 46.3%                                      |
| 2012                 | 66,437            | 3,146,124                       | 47,355                            | 3.70%                    | 41.3              | 95.1%                                       | 46.9%                                      |
| 2013                 | 67,069            | 3,204,691                       | 47,782                            | 3.30%                    | 41.4              | 95.3%                                       | 47.3%                                      |
| 2014                 | 67,055            | 3,158,626                       | 47,105                            | 4.80%                    | 41.8              | 95.6%                                       | 48.6%                                      |
| 2015                 | 67,637            | 3,174,294                       | 46,931                            | 3.90%                    | 41.8              | 95.5%                                       | 49.4%                                      |

Source: HdL Coren and Cone

Table 15  
**CITY OF YORBA LINDA**  
Principal Employers  
Current Year and Two Years Ago

| Employer                           | 2016         |                                     | 2014         |                                     |
|------------------------------------|--------------|-------------------------------------|--------------|-------------------------------------|
|                                    | Employees    | Percentage of Total City Employment | Employees    | Percentage of Total City Employment |
| CareFusion Resources, LLC          | 363          | 5.28%                               | 271          | 5.09%                               |
| Costco Wholesale Corporation # 445 | 293          | 4.26%                               | 260          | 4.88%                               |
| Nobel Biocare U S A, L L C         | 269          | 3.91%                               | 277          | 5.20%                               |
| Emeritus at Yorba Linda            | 188          | 2.73%                               | 173          | 3.25%                               |
| Kohl's # 755                       | 129          | 1.88%                               | 145          | 2.72%                               |
| Coldwell Banker                    | 118          | 1.72%                               | -            | 0.00%                               |
| Robert Moreno Insurance Services   | 115          | 1.67%                               | 115          | 2.16%                               |
| Office Solutions Business          | 98           | 1.43%                               | 73           | 1.37%                               |
| Vons Grocery Co #3069              | 86           | 1.25%                               | 78           | 1.46%                               |
| Sprouts Farmers Market             | 80           | 1.16%                               | 64           | 1.20%                               |
| Cobra Engineering, Inc             | -            | 0.00%                               | 74           | 1.39%                               |
|                                    | <u>1,739</u> | <u>25.29%</u>                       | <u>1,530</u> | <u>28.72%</u>                       |

Note: (1) Details regarding the City of Yorba Linda's principal employers is only available beginning in 2014.

Source: City of Yorba Linda, Finance Department

Table 16  
**CITY OF YORBA LINDA**  
 Full-Time Equivalent City Government Employees by Function  
 Last Ten Fiscal Years

| <u>Function/Program</u>    | <u>2007</u>   | <u>2008</u>   | <u>2009</u>   | <u>2010</u>   | <u>2011</u>   | <u>2012</u>   | <u>2013</u>   | <u>2014</u>   | <u>2015</u>   | <u>2016</u>   |
|----------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| General Government         |               |               |               |               |               |               |               |               |               |               |
| City Council               | 5.00          | 5.00          | 5.00          | 5.00          | 5.00          | 5.00          | 5.00          | 5.00          | 5.00          | 5.00          |
| Administration             | 10.25         | 10.50         | 9.00          | 9.00          | 9.00          | 6.60          | 5.20          | 6.00          | 8.00          | 9.00          |
| City Clerk                 | 4.87          | 4.87          | 4.87          | 4.45          | 3.00          | 3.00          | 3.00          | 3.00          | 3.00          | 3.00          |
| Finance                    | 6.50          | 6.50          | 7.00          | 6.20          | 6.00          | 6.00          | 6.00          | 6.00          | 6.00          | 6.00          |
| Community Development      |               |               |               |               |               |               |               |               |               |               |
| Planning                   | 7.21          | 7.21          | 7.21          | 5.45          | 5.00          | 5.50          | 5.20          | 6.20          | 6.20          | 6.20          |
| Building                   | 10.33         | 10.33         | 9.33          | 8.33          | 8.50          | 8.50          | 8.70          | 8.70          | 8.70          | 8.70          |
| Community Preservation     | 3.13          | 3.13          | 3.13          | 2.70          | 3.15          | 3.15          | 3.25          | 3.25          | 3.25          | 3.25          |
| NPDES                      | 0.55          | 0.55          | 0.55          | 0.65          | 0.30          | 0.30          | 0.30          | 0.30          | 0.30          | 0.30          |
| Public Works               |               |               |               |               |               |               |               |               |               |               |
| Administration/Engineering | 8.70          | 8.70          | 8.70          | 8.67          | 6.57          | 6.65          | 6.85          | 6.90          | 6.90          | 6.65          |
| Maintenance                | 11.05         | 11.55         | 11.55         | 10.37         | 9.22          | 9.04          | 9.04          | 10.04         | 10.04         | 10.04         |
| NPDES                      | 0.25          | 0.25          | 0.25          | 0.25          | 0.50          | 0.60          | 1.25          | 1.25          | 1.25          | 1.25          |
| Landscape Assessment Dist. | 3.00          | 3.50          | 3.50          | 3.71          | 3.71          | 3.71          | 3.71          | 3.71          | 3.71          | 3.96          |
| Parks & Recreation         |               |               |               |               |               |               |               |               |               |               |
| Administration             | 3.65          | 2.80          | 2.80          | 2.80          | 2.10          | 2.45          | 2.10          | 2.45          | 2.95          | 2.95          |
| Recreation                 | 31.02         | 31.86         | 31.86         | 31.49         | 29.27         | 29.91         | 29.27         | 29.91         | 29.91         | 29.91         |
| Parks Maintenance          | 11.07         | 9.53          | 8.85          | 8.85          | 8.85          | 8.85          | 8.85          | 8.85          | 8.85          | 8.85          |
| Facilities Maintenance     | 3.09          | 2.61          | 2.61          | 2.20          | 2.20          | 2.20          | 2.20          | 2.20          | 2.20          | 2.20          |
| Library                    | 31.04         | 33.29         | 33.69         | 33.69         | 33.76         | 33.76         | 31.55         | 31.55         | 31.55         | 31.55         |
| <b>Total</b>               | <b>150.71</b> | <b>152.18</b> | <b>149.90</b> | <b>143.81</b> | <b>136.13</b> | <b>135.22</b> | <b>131.47</b> | <b>135.31</b> | <b>137.81</b> | <b>138.81</b> |

Source: City of Yorba Linda

Table 17  
**CITY OF YORBA LINDA**  
 Operating Indicators by Function  
 Last Ten Fiscal Years

|                                    | Fiscal Year |             |             |             |             |             |             |             |             |             |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
|                                    | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> |
| <b>Parks &amp; Recreation</b>      |             |             |             |             |             |             |             |             |             |             |
| Number of participants             | 15,944      | 14,827      | 14,398      | 14,464      | 14,894      | 14,207      | 13,705      | 13,152      | 11,406      | 9,356       |
| Number of facility rentals         | 403         | 1,030       | 1,865       | 1,822       | 2,139       | 2,204       | 1,799       | 1,833       | 1,722       | 1,958       |
| Teams in league events             | 329         | 351         | 351         | 346         | 270         | 257         | 206         | 155         | 227         | 175         |
| <b>Police (1)</b>                  |             |             |             |             |             |             |             |             |             |             |
| Calls for Service                  | 16,099      | 17,280      | n/a         | n/a         | n/a         | n/a         | 10,057      | 17,452      | 18,497      | 18,162      |
| Moving Citations                   | 6,303       | 6,657       | n/a         | n/a         | n/a         | n/a         | 1,325       | 2,220       | 2,507       | 2,808       |
| Crime reports                      | 4,005       | 4,141       | n/a         | n/a         | n/a         | n/a         | 1,884       | 2,344       | 2,408       | 2,705       |
| Parking citations                  | 1,327       | 1,199       | n/a         | n/a         | n/a         | n/a         | 88          | 277         | 425         | 419         |
| Arrests                            | 1,327       | 1,163       | n/a         | n/a         | n/a         | n/a         | 215         | 378         | 435         | 458         |
| <b>Public Works (2)</b>            |             |             |             |             |             |             |             |             |             |             |
| Street resurfacing (# streets)     | 135         | 142         | 279         | -           | 191         | 87          | -           | 211         | 84          | 173         |
| <b>Library</b>                     |             |             |             |             |             |             |             |             |             |             |
| Attendance in Library (door count) | 289,576     | 296,098     | 311,617     | 335,797     | 336,386     | 337,211     | 338,579     | 334,942     | 323,415     | 328,646     |
| Number of items checked out        | 700,059     | 731,264     | 770,164     | 815,300     | 845,592     | 874,333     | 891,041     | 917,134     | 870,029     | 881,283     |
| Number of programs                 | 525         | 719         | 754         | 687         | 779         | 737         | 714         | 601         | 666         | 721         |
| <b>Golf Course</b>                 |             |             |             |             |             |             |             |             |             |             |
| Number of rounds played            | 60,112      | 53,619      | 49,359      | 50,211      | 48,846      | 56,352      | 59,096      | 57,476      | 55,755      | 55,483      |

Note: (1) The Orange County Sheriff's Department replaced the Brea Police Department as the City's contract provider of Police Services in January 2013. The numbers shown for 2013 are therefore only for a partial year.

(1) Numbers reflect the fiscal year in which the project(s) were initiated.

Source: City of Yorba Linda



Table 18  
**CITY OF YORBA LINDA**  
 Capital Asset Statistics by Function/Program  
 Last Ten Fiscal Years

|                               | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> |
|-------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| <b>Parks &amp; Recreation</b> |             |             |             |             |             |             |             |             |             |             |
| Municipal Parks               | 25          | 25          | 26          | 26          | 26          | 27          | 29          | 29          | 29          | 30          |
| Gyms                          | 2           | 2           | 2           | 2           | 2           | 2           | 2           | 2           | 2           | 2           |
| Community Center              | 1           | 1           | 1           | 1           | 1           | 1           | 1           | 1           | 1           | 1           |
| Horse Arena                   | 1           | 1           | 1           | 1           | 1           | 1           | 1           | 1           | 1           | 1           |
| Municipal Golf Course         | 1           | 1           | 1           | 1           | 1           | 1           | 1           | 1           | 1           | 1           |
| <b>Library</b>                |             |             |             |             |             |             |             |             |             |             |
| Library Facility              | 1           | 1           | 1           | 1           | 1           | 1           | 1           | 1           | 1           | 1           |
| Museum                        | 1           | 1           | 1           | 1           | 1           | 1           | 1           | 1           | 1           | 1           |
| <b>Police</b>                 |             |             |             |             |             |             |             |             |             |             |
| Stations                      | 1           | 1           | 1           | 1           | 1           | 1           | 1           | 1           | 1           | 1           |
| <b>Public Works</b>           |             |             |             |             |             |             |             |             |             |             |
| Streets (centerline miles)    | 215         | 215         | 215         | 213         | 213         | 213         | 213         | 213         | 213         | 211         |
| Street Lights                 | 5,628       | 5,628       | n/a         | n/a         | n/a         | n/a         | n/a         | n/a         | n/a         | 5,756       |
| Traffic Signals               | 54          | 54          | 54          | 54          | 54          | 58          | 58          | 61          | 61          | 61          |

Note: (1) Some streets have become private over the years, resulting in the decrease in centerline miles of streets.

Source: City of Yorba Linda

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