

City of Placentia

Placentia, California

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2016

Prepared by the
Finance Department of City of Placentia

City of Placentia
Comprehensive Annual Financial Report
For the Year Ended June 30, 2016

Table of Contents

Page

INTRODUCTORY SECTION (Unaudited)

Letter of Transmittal.....	i
GFOA Certificate of Achievement for Excellence in Financial Reporting.....	vii
Organization Chart	viii
Elected Officials and Administrative Personnel.....	ix

FINANCIAL SECTION

Independent Auditors' Report.....	1
Management's Discussion and Analysis (Required Supplementary Information) (Unaudited).....	5

Basic Financial Statements:

Government-Wide Financial Statements:

Statement of Net Position.....	20
Statement of Activities	22

Fund Financial Statements:

Governmental Fund Financial Statements:

Balance Sheet.....	29
Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position	30
Statement of Revenues, Expenditures, and Changes in Fund Balances	31
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Government-Wide Statement of Activities	32

Proprietary Fund Financial Statements:

Statement of Net Position	34
Statement of Revenues, Expenses, and Changes in Net Position	36
Statement of Cash Flows	38

Fiduciary Fund Financial Statements:

Statement of Fiduciary Net Position.....	40
Statement of Change in Fiduciary Net Position.....	41

Notes to the Basic Financial Statements	47
---	----

City of Placentia
Comprehensive Annual Financial Report
For the Year Ended June 30, 2016

Table of Contents (Continued)

Page

FINANCIAL SECTION (Continued)

Required Supplementary Information (Unaudited):

Budgetary Comparison Schedule – General Fund	95
Budgetary Comparison Schedule – Housing Successor Special Revenue Fund	96
Notes to the Budgetary Comparison Schedule	97
Schedule of the City’s Proportionate Share of the Net Pension Liabilities and Related Ratios	98
Schedule of City’s Contributions	99
Schedule of Funding Progress – Other Postemployment Benefits	100

Supplementary Information:

Nonmajor Governmental Funds:

Combining Balance Sheet	104
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	109
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual:	
Miscellaneous Grants Special Revenue Fund	114
Park Development Special Revenue Fund	115
Street Lighting Special Revenue Fund	116
Measure M Special Revenue Fund	117
Storm Drain Construction Special Revenue Fund	118
Thoroughfare Construction Special Revenue Fund	119
Asset Seizure Special Revenue Fund	120
Traffic Offender Special Revenue Fund	121
Supplemental Law Enforcement Special Revenue Fund	122
Air Quality Special Revenue Fund	123
Landscape Maintenance District 92-1 Special Revenue Fund	124
Housing and Community Development Special Revenue Fund	125
Utility Users Tax Special Revenue Fund	126
Gasoline Tax Special Revenue Fund	127
Sewer Construction Special Revenue Fund	128
PEG Special Revenue Fund	129
Affordable Housing In-Lieu Special Revenue Fund	130
2011 Gas Tax COP Debt Service Fund	131

Internal Service Funds:

Combining Statement of Net Position	134
Combining Statement for All Internal Service Funds of Revenues, Expenses, and Changes in Net Position	136
Combining Statement of Cash Flows	138

Agency Funds:

Combining Statement of Assets and Liabilities	142
Combining Statement of Changes in Assets and Liabilities	143

City of Placentia
Comprehensive Annual Financial Report
For the Year Ended June 30, 2016

Table of Contents (Continued)

Page

STATISTICAL SECTION (Unaudited)

Net Position by Component Last Ten Fiscal Years	148
Change in Net Position Last Ten Fiscal Years.....	150
Fund Balance of Governmental Funds Last Ten Fiscal Years.....	155
Changes in Fund Balances of Governmental Funds Last Ten Fiscal Years	156
Revenues by Source Governmental Funds Last Ten Fiscal Years.....	158
Assessed Value of Taxable Property Last Ten Fiscal Years.....	160
Direct and Overlapping Property Tax Rates Last Ten Fiscal Years	161
Principal Property Taxpayers Current and Nine Years Ago.....	162
Property Tax Levies and Collections Last Ten Fiscal Years	163
Ratios of Outstanding Debt by Type Last Ten Fiscal Years.....	164
Direct and Overlapping Governmental Activity Debt	165
Legal Debt Margin Information Last Ten Fiscal Years	166
Demographics and Economic Statistics Last Ten Calendar Years	167
Taxable Sales by Category Last Ten Calendar Years.....	168
Budgeted Full-Time Employees by Department Last Ten Fiscal Years.....	171
Operating Indicators by Function Last Ten Fiscal Years.....	172
Capital Asset Statistics by Function/Program Last Ten Fiscal Years	174

This page intentionally left blank.

Mayor
CRAIG GREEN

Mayor Pro Tem
CHAD P. WANKE

Councilmembers
RHONDA SHADER
WARD SMITH
JEREMY B. YAMAGUCHI



City Clerk
PATRICK J. MELIA

City Treasurer
KEVIN A. LARSON

City Administrator
DAMIEN R. ARRULA

401 East Chapman Avenue – Placentia, California 92870

June 8, 2017

To the Honorable Mayor, Members of the City Council, and Citizens of Placentia:

It is our pleasure to present the Comprehensive Annual Financial Report (CAFR) of the City of Placentia for the fiscal year ended June 30, 2016. Responsibility for the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City. It is our opinion that the data is accurate in all material aspects, is presented in a manner designed to fairly set forth the financial position and results of the operations of the City, and contains all disclosures necessary to enable the reader to gain an understanding of the City's financial affairs.

The financial statements have been prepared in accordance with generally accepted accounting principles (GAAP) as promulgated by the Government Accounting Standards Board (GASB). This report consists of management's representations concerning the finances of the City of Placentia, California. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management of the City 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 GAAP. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls have been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City's financial statements have been audited by the Pun Group, LLP., a public accounting firm fully licensed and qualified to perform audits of local governments within the State of California. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Placentia, California for the fiscal year ended June 30, 2016, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City of Placentia, California's financial statements for the fiscal year ended June 30, 2016, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

GAAP require 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 Placentia's MD&A can be found immediately following the report of the independent auditors in the financial section of the CAFR.

Profile of the City of Placentia

The City of Placentia is located in north Orange County, in the heart of Southern California, with Los Angeles County to the north and San Diego County to the south. There are currently 34 cities within the County offering one of the finest climates in the United States. Orange County is now the second largest county in California, trailing only Los Angeles and surpassing San Diego, and is the sixth largest county in the nation. The City consists of approximately 6.7 square miles of land area and serves a population of 52,000.

The City was founded in 1910 and incorporated in 1926. It was home to major citrus growing companies. Under the City Charter adopted in 1965, the City government is organized in the Council-Administrator form. The City Council includes five (5) members, each of whom is elected at-large to overlapping four-year terms. The City Council annually selects a Mayor and Mayor Pro Tem for a one-year term. The City Council serves as the legislative and policy-making body of the City government. The City Council appoints a City Administrator and a City Attorney. The City Administrator is the City's chief executive officer and appoints all other City staff. The City Administrator is responsible for the daily administration of the City government and provides overall direction to all City departments. The City Clerk and City Treasurer are separately elected by the voters.

The City provides a full range of municipal services including police, maintenance of streets and parks, community development (e.g., building, planning, code compliance), recreational and cultural activities, economic development, and administrative services (e.g., personnel, finance, information services). Fire services are contracted with the Orange County Fire Authority (OCFA) and refuse collection is franchised to a private refuse company, Republic Services.

Budget: The annual budget serves as the foundation for the City's financial planning and control. The Finance Department, with City Administrator direction, develops budget guidelines for each department every year in January. The departments then submit revenue and expenditure appropriation requests which are summarized by the Finance Department and presented to the City Administrator for review. The City Administrator then meets with each department and prepares a proposed budget document for the City Council.

The City's Charter requires that the City Administrator submit a proposed budget to the City Council at least 35 days prior to the start of each fiscal year. After the budget has been presented, it must be adopted by the City Council following a noticed public hearing.

The annual budget includes all of the City's governmental and proprietary funds. The legal level of budgetary control is the fund level. The City Administrator has the discretion to transfer appropriations between departments within a fund, but transfers between funds and new appropriations and transfers must be approved by City Council.

Factors Affecting Economic Condition

Misappropriation of Funds: In April 2016, City staff discovered that, over a period of more than two years, the City's Financial Services Manager Michael Nguyen had allegedly sent a number of unauthorized wire transfers totaling about \$5.16 million to various private accounts thereby bypassing internal and external financial controls. Bank statements and general ledgers were manipulated by Mr. Nguyen utilizing software to conceal his actions. In June 2016, the Orange County District Attorney's Office charged Nguyen with 106 counts for misappropriation of public funds, money laundering and other related counts. And in March 2017 Nguyen plead guilty to various felony counts of misappropriation of public funds, money laundering, falsifying records, and making a non-sufficient funds check. He was sentenced to 25 years in state prison.

To date, \$4.15 million has been returned to the City and additional recovery is expected soon. The City continues to work with the District Attorney's Office to identify additional funds for recovery, and will continue to use any and all available actions to recover the remaining stolen funds.

In response to this event, the City's internal financial controls were scrutinized and immediately strengthened to provide additional security. Many of the new controls exceed governmental standards. In addition, an independent forensic audit is being conducted by a forensic auditing firm and is being independently managed through the City Attorney's Office.

The writeoff of the \$5.16 million loss and \$4.125 million of the \$4.15 million recoveries to date are reflected in the accompanying financial statements. The \$25,000 balance of the recoveries to date will be reflected in the financial statements for the fiscal year ended June 30, 2017. The \$1.01 million of remaining unrecovered funds will have little effect on the City's ability to provide ongoing services, projects and programs.

Local Economy: The Orange County economy is expected to continue to improve in calendar 2017, according to the December 2016 economic forecast by Chapman University. Orange County is forecast to add 39,000 jobs in 2017, representing a 2.5% growth in employment, on top of the 43,000 jobs added in 2016. If the forecast is correct, Orange County will have added 254,600 jobs since 2011, the best seven years for hiring since 1995 through 2001.

Chapman also sees local incomes, retail spending and home prices continuing to rise. Chapman estimates that Orange County's total personal income will grow by 5 percent, the fastest pace since 2012. Chapman estimates that home sales prices next year will run 8.6 times the median family income, vs. 6.1 times statewide and 3.4 times nationwide.

Much of Orange County's recent economic success can be tied to a resurgent construction industry. However, Chapman economist James Doti thinks construction won't stay strong forever. He categorized the local real estate market as being in "bubble" mode – where underlying fundamentals don't support current pricing. But he doesn't expect those conditions to change in 2017. In fact, Chapman forecasts home prices should rise further.

The City's general fund revenues provide certain indicators of the strength of the local Placentia economy. Total general fund revenues grew an average of 2% per year from their Great Recession low point in FY 2009-10 through FY 2015-16. Assessed valuations have grown an average of 2.8% per year since their FY 2008-09 low point.

Placentia's economic outlook is promising. The City has been given a unique opportunity with the development of a new state-of-the art Metrolink train station and 253-space parking structure within the Old Town Placentia area. Operational by 2020, the proposed station can help transform the Packing House District (near Melrose Street and Crowther Avenue) into an active, vibrant destination. Transit-oriented development, or TOD, is a type of community development that includes a mixture of housing, office, retail and/or other amenities integrated into a walkable neighborhood and located within a half-mile of a public transportation stop. It will also support existing retail and restaurant businesses while growing the City's local economy.

Based on an economic development analysis conducted by Kosmont Associates, the public and private investments in the future TOD District are expected at build-out to generate up to \$244 million in new construction and \$446 million in new economic output. An estimated \$15.1 million of new one-time revenue will be generated by the project, and upon completion the TOD area is estimated to generate approximately \$1.6 million annually in new, sustainable general fund revenue for the City. Additionally, the proposed TOD District area would assist with reconstructing streets and street improvements, utilizing non-general fund resources. In total, construction of the TOD District is estimated to generate approximately 2,684 construction jobs and 333 permanent jobs.

Placentia's Old Town is a 33-acre area located in the southern and western portions of the City, north of a section of the Burlington Northern Santa Fe railroad. To take advantage of the upcoming Metrolink station and parking structure developments scheduled to begin construction in 2018, the Old Town Placentia Revitalization Plan has a primary goal of creating a vibrant, safe and pedestrian friendly area that respects the community's historical and cultural diversity, while also creating new opportunities for development and investment into the area. This comprehensive Plan will incorporate well-designed private and public physical improvements and amenities.

Based on an expectation of 853,000 square feet of new improvements at build-out, the Old Town Revitalization Plan is expected to generate \$217 million of private development activity, development impact fees of \$8.3 million and additional annual tax revenues for the City of \$0.9 million. In addition, 1,057 construction jobs and 823 of new on-site permanent jobs are anticipated as a result of the Plan.

Other economic development efforts are already positively impacting ongoing revenues. The City has entered into a 10-year lease with Galaxy Oil Company for the operation of a retail gasoline and electric vehicle charging station on a City-owned property. The station is expected to generate between \$225,000 and \$375,000 in additional annual general fund revenue. In addition, multi-year leases of other City properties on which advertising billboards are situated promise to bring in \$500,000 to \$600,000 in additional lease revenue annually.

Long-Term Financial Planning, Policies and Initiatives: As part of the FY 2013-14 budget development process, the City retained the Management Partners consulting firm to conduct a Fiscal Sustainability Review. The review projected revenues and expenditures for a five-year period and showed the City operating at a structural deficit each year through FY 2017-18. The projected deficits were as large as \$2.8 million for FY 2016-17 and FY 2017-18, depending on the assumptions made for revenue and expenditure growth. Since the time of that study, the City has implemented performance-based budgeting and other techniques to conservatively control expenditures. As a result, staff has proposed and the City Council has adopted balanced budgets

since FY 2014-15. Even with the misappropriation of funds and the related recoveries in FY 2015-16, the City closed out the current year with a \$0.9 million increase to the fund balance of the general fund. (Excluding the impact of the misappropriation and related recovery of funds, the excess amount would have been \$3.0 million.) The current forecast for FY 2016-17 is an increase of \$0.1 million in the fund balance of the general fund and the preliminary draft budget for FY 2017-18 includes a projected increase of \$0.3 million.

In 2015, the City formed a Citizens Fiscal Sustainability Task Force. This group of seven members appointed by the City Council has a mission of identifying long-term budgetary solutions that address ongoing operating budget shortfalls as well as deferred infrastructure and maintenance needs. The task force's most recent report of June 2016 focused attention on the following items: the City's budgetary reserves; unfunded liability obligations; postponed maintenance/equipment expenditures; and City staffing levels. The report quantified and documented the extent of the financial challenges facing the City and included examination of possible additional revenue sources that could allow the City to address the expected budget shortfalls.

The City is working diligently through a multi-year strategy to address the challenges outlined in the Task Force report. To that end, a 10-year financial forecast has been prepared for the first time, which looks at historical trends and other data to examine the fiscal health of the City several years into the future. The City has adopted a policy of maintaining a general fund balance equal to 17%, or two months, of general fund expenditures. The total fund balance of the general fund at June 30, 2016, including all components of fund balance, stood at 27.9% of FY 2015-16 general fund expenditures, with an unrestricted fund balance (consisting of just the committed, assigned and unassigned portions of total fund balance) of 12.5% of general fund expenditures. In comparison, at June 30, 2014, the total fund balance of the general fund was 19.6% of general fund expenditures and the unrestricted fund balance was just 4% of general fund expenditures. The City has made significant progress and will continue to work toward the goal of achieving and maintaining a minimum 17% unrestricted fund balance.

Pension and retiree health liabilities are significant. At June 30, 2016, pension liabilities totaled approximately \$29.9 million, and at July 1, 2015 (the most recent actuarial valuation date) the actuarial accrued liability for retiree health benefits was approximately \$26.5 million. The City makes payments against the unfunded pension liabilities each year, but the retiree health benefits are funded strictly on a pay-as-you-go method. During the next seven years, pension liabilities are forecast to increase significantly as a result of the lowering of the discount rate used by the California Public Employees Retirement System from 7.5% to 7%. This will present a significant budgetary challenge going forward and the City is evaluating alternatives for the purpose of preparing a plan to address these additional costs.

The Orange County Transportation Authority has identified Placentia as one of the two cities in Orange County with the worst condition of its local streets. The FY 2016-17 budget includes \$2.5 million for street projects, and the City plans to devote additional resources to streets over the next few years using the new gas tax revenues that are expected from the State as a result of the passage of Senate Bill 1 by the California Legislature in April 2017.

City staffing levels reflect a commitment by the City Council to provide the highest quality of service possible consistent with the City's resources. Changes to staffing levels are evaluated carefully to ensure cost effectiveness. The City Council has recently approved new memoranda

of understanding with its labor organizations, providing market rate adjustments to salaries and benefits over the next two years. These new agreements will improve the City's ability to retain and attract quality employees, while also ensuring these conservative adjustments are within the City's available resources.

All of these efforts reflect the City Council's commitment to maintain and improve the City's workforce and infrastructure in order to provide the citizens with the highest possible service with limited resources.

Awards and Acknowledgments

Awards: The Government Finance Officers Association of the United States and Canada (GFOA) awards a Certificate of Achievement for Excellence in Financial Reporting to government units that publish an easily readable and efficiently organized comprehensive annual financial report. A Certificate of Achievement is valid for a period of one year only. The City received this award for its June 30, 2015 CAFR. We believe this year's comprehensive annual financial report meets the required criteria, but due to the timing of the completion of the report, we are not able to submit it for award consideration this year.

In April 2016, the Association of California Cities – Orange County (ACC-OC) awarded its Golden Hub of Innovation Award to the City for our Electric Vehicle Fleet Project. Due to an aging and fuel-inefficient fleet, the need to reduce fleet operating and maintenance costs, and a desire to reduce its carbon footprint, the City sought grant opportunities to replace existing fleet vehicles with fully electric vehicles. This project included the acquisition of ten new Chevy Spark electric vehicles to replace fuel inefficient fleet vehicles, and the installation of 12 electric charging stations at the Civic Center complex, with the use of California Environmental Protection Agency grants, South Coast Air Quality Management District grants and Mobile Source Air Pollution Reduction Review Committee Clean Transportation funding. The City was able to implement this project without the use of general funds. By acquiring the vehicles with a combination of restricted and grant funds, \$350,000 of general fund resources were saved. In addition, the City will save \$30,000 per year in fuel and vehicle maintenance costs and reduce its carbon footprint by eliminating vehicle exhaust pollution.

Acknowledgments: The preparation of this report would not have been possible without the dedicated efforts of the entire Finance Department staff and the audit firm of the Pun Group, LLP. All those who contributed to the preparation of this report deserve commendation for their dedication and hard work. We also wish to recognize the commitment of the City Council to the high standards embodied in this report and express appreciation to them and each City department for their cooperation and support in conducting the fiscal operations of the City.

Respectfully submitted,


Shally Lin
Interim Finance Director


Damien R. Arrula
City Administrator



Government Finance Officers Association

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

Presented to

**City of Placentia
California**

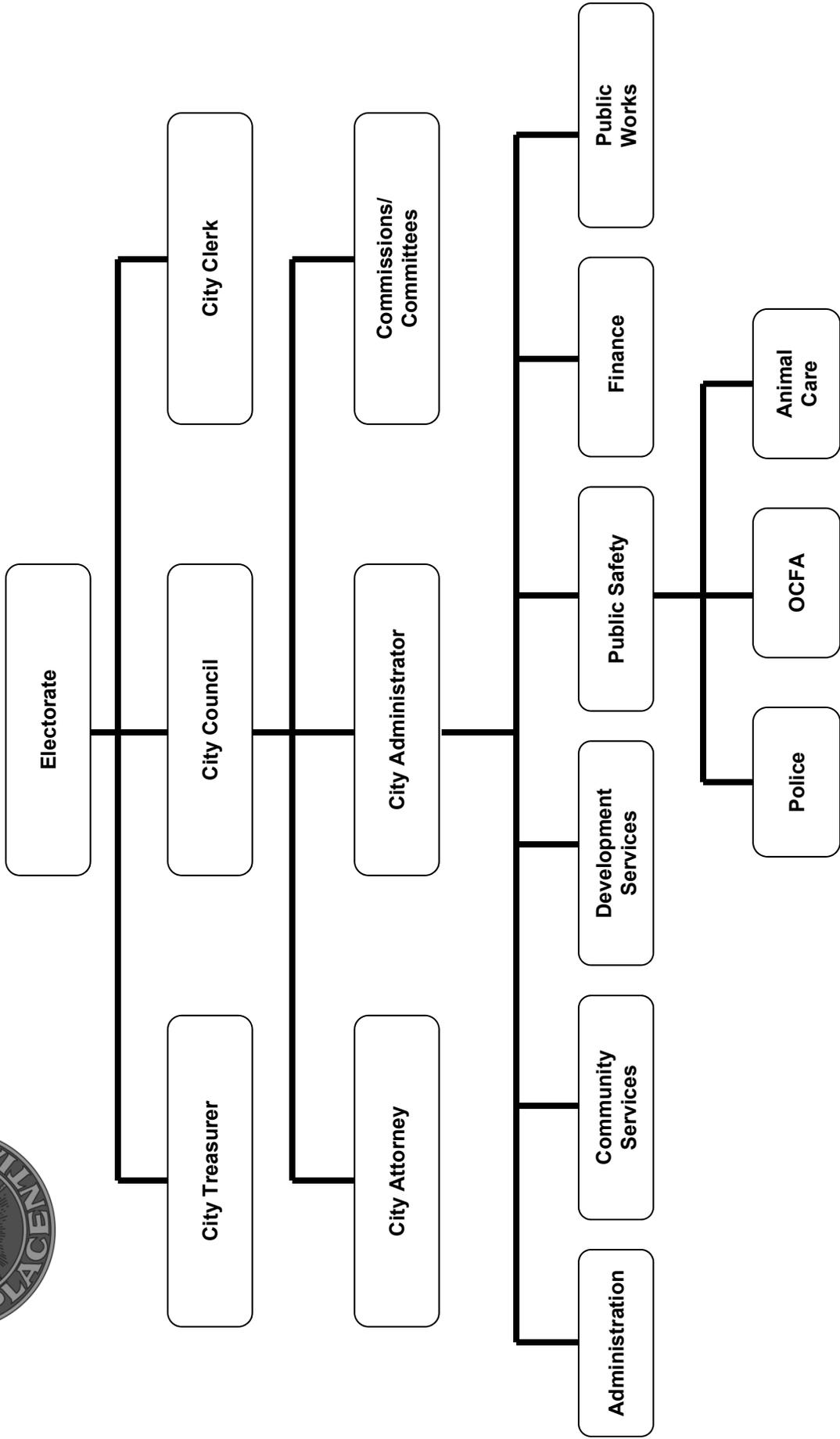
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2015

Executive Director/CEO



Placentia Municipal Organization



**CITY OF PLACENTIA
PRINCIPAL OFFICIALS
June 30, 2016**

CITY COUNCIL

Jeremy B. Yamaguchi	Mayor
Craig S. Green	Mayor Pro Tem
Scott W. Nelson	Councilmember
Constance M. Underhill	Councilmember
Chad P. Wanke	Councilmember

CITY OFFICIALS

Patrick J. Melia	City Clerk
Kevin A. Larson	City Treasurer
Damien R. Arrula	City Administrator
Christian Bettenhausen	City Attorney
Stephen D. Pischel	Director of Administration
Lawrence P. Schroeder	Interim Chief Financial Officer
Ron Lowenberg	Interim Chief of Police

This page intentionally left blank.

FINANCIAL SECTION

This page intentionally left blank.



INDEPENDENT AUDITORS' REPORT

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

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Placentia, California (the "City"), as of and for the 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 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.

200 East Sandpointe Avenue, Suite 600, Santa Ana, California 92707

Tel: 949-777-8800 • Fax: 949-777-8850

www.pungroup.com

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Net Pension Liability

As discussed in Note 15 to the basic financial statements, the City's governmental activities had an unrestricted net position (deficit) of \$(30,490,175) as of June 30, 2016. This is mainly due to reporting of net pension liability of \$(28,922,035) as required under GASB Statement No. 68 (Note 9). In addition, CalPERS approved its plan to lower the CalPERS discount rate assumption, the long-term rate of return, from 7.50 percent to 7.00 percent, over the next three years commencing on for the fiscal year ending June 30, 2017. This will increase the City's employer contribution costs and net pension liabilities beginning in fiscal year 2018-19. Our opinion is not modified with respect to this matter.

Extraordinary Items

As discussed in Note 18 to the basic financial statements, the City had experienced a series of fraudulent wire transfers in the amount totaling \$5,160,735. However, the City has recovered \$4,125,494 of the loss. The loss and related recoveries are reflected as Extraordinary Items. In the General Fund, \$3,125,494 of the total revenues is reflected as an Extraordinary Item, and \$1 million is shown as unavailable revenue. Our opinion is not modified with respect to this matter.

Prior Period Adjustments

As discussed in Note 16 to the basic financial statements, the City had recorded prior period adjustments in the amount of \$937,673 due to the improper allocation of the net pension liabilities and the related deferred outflows /inflows of resources. The adjustments were made to the beginning fund balance of internal service fund. 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, Budgetary Comparison Schedule-General Fund, Budgetary Comparison Schedule-Housing Successor Special Revenue Fund, Schedule of Proportionate Share of the Net Pension Liability and Related Ratios, Schedule of Contributions, and the Schedules of Funding Progress-Other Postemployment Benefits on pages 5 to 16 and 95 to 100, 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, the Combining and Individual Nonmajor Fund Financial Statements and the Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual, and Statistical Section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Combining and Individual Nonmajor Fund Financial Statements and the Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Combining and Individual Nonmajor Fund Financial Statements and the Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual 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 June 8, 2017, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

The PwC Group, LLP

Santa Ana, California
June 8, 2017

This page intentionally left blank.

City of Placentia
Management Discussion and Analysis
For the Fiscal Year Ended June 30, 2016

This discussion and analysis section of the City of Placentia's ("City") comprehensive annual financial report provides a narrative overview of the City's financial activities for the fiscal year ended June 30, 2016. This information should be read in conjunction with the basic financial statements and the notes, which accompany the basic financial statements.

FINANCIAL HIGHLIGHTS

- The City's net position equaled \$55.6 million at June 30, 2016. Net position is the amount by which total assets and deferred outflow of resources exceed total liabilities and deferred inflows of resources. The net position from governmental activities at June 30, 2016 was \$44.0 million, and from business-type activities, \$11.6 million.
- The City's overall net position increased by \$0.6 million during the fiscal year, compared to the restated net position at June 30, 2015. The net position from governmental activities increased by \$1.6 million while the net position from business-type activities decreased by \$1.0 million.
- The City's governmental funds reported combined ending fund balances of \$15.5 million. Governmental revenues and other financial sources exceeded expenditures and other financing uses by \$1.1 million in FY 2015-16.
- At the close of the fiscal year, general fund total fund balance was \$8.9 million, or 27.9% of general fund expenditures for the year, and general fund unrestricted fund balance was \$4.0 million, or 12.5% of general fund expenditures. General fund revenues and other financing sources exceeded general fund expenditures, extraordinary items, and other financing uses by \$0.9 million during the fiscal year.
- In April 2016, the City suffered a misappropriation of funds in the amount of \$5.16 million. To date, \$4.15 million has been returned to the City and additional recovery is expected soon. On the government wide statements, the \$5.16 million loss and recoveries of \$4.125 million are recorded as extraordinary items on the Statement of Activities. In the fund financial statements, the \$5.16 million loss is recognized as an extraordinary item in the general fund Statement of Revenues, Expenditures and Changes in Fund Balance, with \$3.125 million of the recoveries reflected as an extraordinary item and \$1 million reported as unavailable revenue, because the latter was not received within 60 days following fiscal year-end. The \$25,000 balance of recoveries to date will be reflected in the financial statements for the fiscal year ended June 30, 2017.

OVERVIEW OF THE FINANCIAL STATEMENTS

The City's basic financial statements are presented in three parts:

1. Government-wide Financial Statements
2. Fund Financial Statements
3. Notes to the Financial Statements

City of Placentia
Management Discussion and Analysis
For the Fiscal Year Ended June 30, 2016

This section of the management's discussion and analysis is intended to introduce and explain the basic financial statements. The report also includes supplementary information which is intended to furnish additional detail to support the basic financial statements themselves.

Government-wide Financial Statements

The government-wide financial statements are designed to give the reader a picture of the City from the economic resources measurement focus using the accrual basis of accounting. This broad overview is similar to the financial reporting used in private-sector business. The government-wide financial statements have separate columns for governmental activities and business-type activities. Governmental activities of the City include general government (i.e., legislative, administration, City Council, human resources, and finance), public safety (i.e., police, fire protection through contract with Orange County Fire Authority), public works, community development, and community services. The City's business-type activities include refuse, sewer maintenance, and compressed natural gas (CNG) fueling station. Governmental activities are primarily supported by taxes, charges for services, and grants, while business-type activities are self-supporting through user fees and charges.

The Statement of Net Position presents financial information on all of the City's assets, deferred inflows and outflows of resources, and liabilities; the difference between these categories is reported as net position.

These assets include the City's infrastructure and all assets previously included in the general fixed asset account group. Over time, increases or decreases in net position may be one indicator of improvement or deterioration in the City's overall financial health.

The Statement of Activities presents information designed to show how the City's net position changed during the year. This statement distinguishes revenue generated by specific functions from revenue provided by taxes and other sources not related to a specific function. The revenue generated by specific functions (i.e., charges for services, grants, and contributions) is compared to the expenses for those functions to show how much each function either supports itself or relies on taxes and other general funding sources for support. All activity on this statement is reported on the accrual basis of accounting, which requires that revenues are reported when earned and expenses are reported when incurred, regardless of when cash is received or disbursed.

Fund Financial Statements

A fund is a fiscal and accounting entity with a self-balancing set of accounts used to account for specific activities or meet certain objectives. Funds are often set up in accordance with special regulations, restrictions, or limitations. The City, like other state and local governments, uses fund accounting to ensure and show compliance with finance-related legal requirements. The City's funds are divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

- **Governmental Funds**

Governmental funds are used to account for the governmental activities reported in the government-wide financial statements. Most of the City's basic services are included in the governmental funds. The basis of accounting is different between the governmental fund statements and the government-wide financial statements.

City of Placentia
Management Discussion and Analysis (Continued)
For the Fiscal Year Ended June 30, 2016

The governmental funds focus on near term revenues/financial resources and expenditures, while the government-wide financial statements include both near term and long-term revenues/financial resources and expenses. The information in the governmental fund statements can be used to evaluate the City's near term financing requirements and immediate fiscal health. Comparing the governmental fund statements with the government-wide financial statements can help the reader better understand the long-term impact of the City's current year financing decisions. To assist in this comparison, reconciliations between the governmental fund statements and the government-wide financial statements are included with the governmental fund balance sheet and the governmental fund statements of revenues, expenditures, and changes in fund balances.

- **Proprietary Funds**

The City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business type activities in the government-wide financial statements. The City uses enterprise funds to account for refuse services, sewer system, and CNG fueling station activities. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The internal service funds primarily benefits the governmental activities and, therefore, the internal service fund information has been included with the governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary funds financial statements provide separate information for each of the three business type activities individually, but combined information for the City's four internal service funds. In the Supplementary Information section of this report, information for each of the four internal service funds is provided

- **Fiduciary Funds**

Fiduciary funds account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governments, or other funds.

Fiduciary funds are not included in the government-wide financial statements because their assets are not available to support the City's activities.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is important to obtain a full understanding of the data in the government-wide and fund financial statements. The notes are located immediately following the basic financial statements.

City of Placentia
Management Discussion and Analysis (Continued)
For the Fiscal Year Ended June 30, 2016

Other Information

In addition to the basic financial statement and accompanying notes, this report also presents certain required supplementary information. Required supplementary information may be found immediately following the notes to the financial statements. The combining statements for other governmental funds, the individual fund schedules, the internal service fund statements, and agency-type fiduciary fund schedules are presented immediately following the required supplementary information.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Position

	Governmental Activities		Business-type Activities		Total	
	2016	2015 (restated)	2016	2015	2016	2015 (restated)
ASSETS						
Cash and Investments	\$ 8,149,096	\$ 8,947,015	1,493,540	\$ 2,703,720	\$ 9,642,636	\$ 11,650,735
Other Assets	12,225,288	9,569,532	996,072	32,576	13,221,360	9,602,108
Capital Assets	78,593,201	79,758,301	10,765,365	11,279,585	89,358,566	91,037,886
Total Assets	98,967,585	98,274,848	13,254,977	14,015,881	112,222,562	112,290,729
DEFERRED OUTFLOW OF RESOURCES						
	4,217,616	4,062,326	76,106	60,022	4,293,722	4,122,348
LIABILITIES						
Current Liabilities	2,145,129	1,436,903	358,360	314,208	2,503,489	1,751,111
Long-Term Liabilities	52,598,990	50,955,866	1,055,838	857,183	53,654,828	51,813,049
Total Liabilities	54,744,119	52,392,769	1,414,198	1,171,391	56,158,317	53,564,160
DEFERRED INFLOW OF RESOURCES						
	4,451,134	7,560,697	306,988	335,384	4,758,122	7,896,081
NET POSITION						
Net Investment in Capital Assets	66,799,316	66,332,818	10,765,365	11,279,585	77,564,681	77,612,403
Restricted	7,680,807	7,027,180	-	-	7,680,807	7,027,180
Unrestricted	(30,490,175)	(30,976,292)	844,532	1,289,543	(29,645,643)	(29,686,749)
Total Net Position	\$ 43,989,948	\$ 42,383,706	\$ 11,609,897	\$ 12,569,128	\$ 55,599,845	\$ 54,952,834

The City's net position can serve as a useful indicator of the City's financial position. As of June 30, 2016, the City's combined net position (governmental and business-type activities) totaled \$55.6 million, up \$0.6 million for the year.

Net Position consists of three categories: net investment in capital assets, restricted, and unrestricted. The largest portion of the City's net position, approximately \$77.6 million at June 30, 2016, is the City's investment in capital assets (i.e., land, buildings, machinery, equipment, and infrastructure). Since the capital assets are used to provide service to citizens; they are not available to fund the City's day-to-day activities. The restricted net position totaled \$7.7 million at June 30, 2016. These are resources subject to external restrictions on how they can be used. The remaining unrestricted net position was a negative \$29.6 million. The reason for this negative unrestricted net position is the City's pension liabilities.

City of Placentia
Management Discussion and Analysis (Continued)
For the Fiscal Year Ended June 30, 2016

In compliance with the Governmental Accounting Standards Board (GASB) Statement No. 68 and No. 71, the City began recognizing and recording its pension obligations as deferred inflows, deferred outflows, and liabilities on the Statement of Net Position in the fiscal year ended June 30, 2015. At June 30, 2016, the net effect of these entries totaled \$31.0 million.

Change in Net Position

The following is a summary of activities for the years ending June 30, 2016 and 2015:

	Governmental Activities		Business-type Activities		Total	
	2016	2015 (restated)	2016	2015	2016	2015 (restated)
REVENUES						
Program Revenues:						
Charges for services	\$ 5,407,161	\$ 4,652,014	\$ 3,577,994	\$ 3,717,934	\$ 8,985,155	\$ 8,369,948
Operating contribution and grants	4,744,061	1,407,461	-	-	4,744,061	1,407,461
Capital contributions and grants	145,144	3,216,298	-	-	145,144	3,216,298
General Revenues:						
Taxes	26,446,365	25,121,941	-	-	26,446,365	25,121,941
Investment income	34,267	575,680	6,747	5,001	41,014	580,681
Miscellaneous	35,320	1,451,278	75,000	75,000	110,320	1,526,278
Total revenues	36,812,318	36,424,672	3,659,741	3,797,935	40,472,059	40,222,607
EXPENSES						
General government	5,343,102	6,940,664	-	-	5,343,102	6,940,664
Public safety	18,556,022	15,688,803	-	-	18,556,022	15,688,803
Public works	8,282,127	6,643,739	-	-	8,282,127	6,643,739
Community development	1,373,064	1,845,301	-	-	1,373,064	1,845,301
Community services	1,262,774	-	-	-	1,262,774	-
Refuse	-	-	2,555,008	2,794,679	2,555,008	2,794,679
Sewer maintenance	-	-	1,417,710	1,069,270	1,417,710	1,069,270
Total Expenses	34,817,089	31,118,507	3,972,718	3,863,949	38,789,807	34,982,456
Increase/(decrease) in net position before transfers & special items	1,995,229	5,306,165	(312,977)	(66,014)	1,682,252	5,240,151
Transfers and extraordinary items	(388,987)	(2,598,672)	(646,254)	2,598,672	(1,035,241)	-
Change in net position	1,606,242	2,707,493	(959,231)	2,532,658	647,011	5,240,151
Net position, beginning of year (restated)	42,383,706	39,676,213	12,569,128	10,036,470	54,952,834	49,712,683
Net position, end of year	\$ 43,989,948	\$ 42,383,706	\$ 11,609,897	\$ 12,569,128	\$ 55,599,845	\$ 54,952,834

City of Placentia
Management Discussion and Analysis (Continued)
For the Fiscal Year Ended June 30, 2016

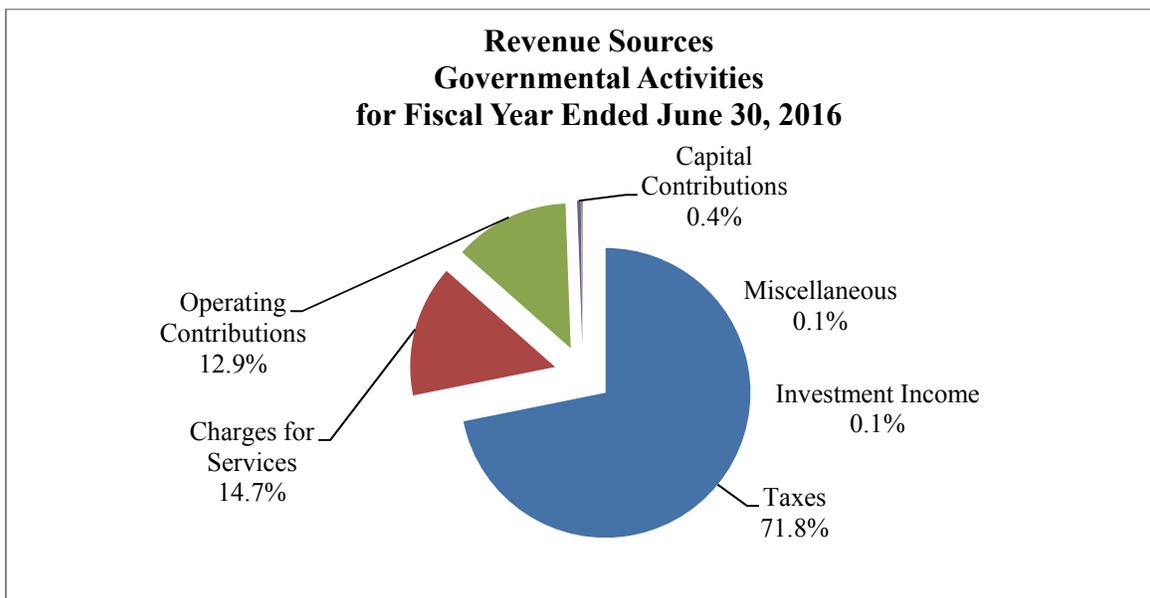
Governmental Activities:

Overall, governmental activities increased the City's net position by \$1.6 million. There were several factors that contributed to this change.

Revenues

Total revenue from governmental activities equaled \$36.8 million for the year. While there are differences in all of the revenue categories, the overall increase was \$0.4 million, or 1.1%. Some of these variances are due to the reclassification of revenues. For example, certain grants categorized as capital grants in the prior year are categorized as operating grants in the current year.

The following chart shows the percentage breakdown of revenue derived from governmental activities:



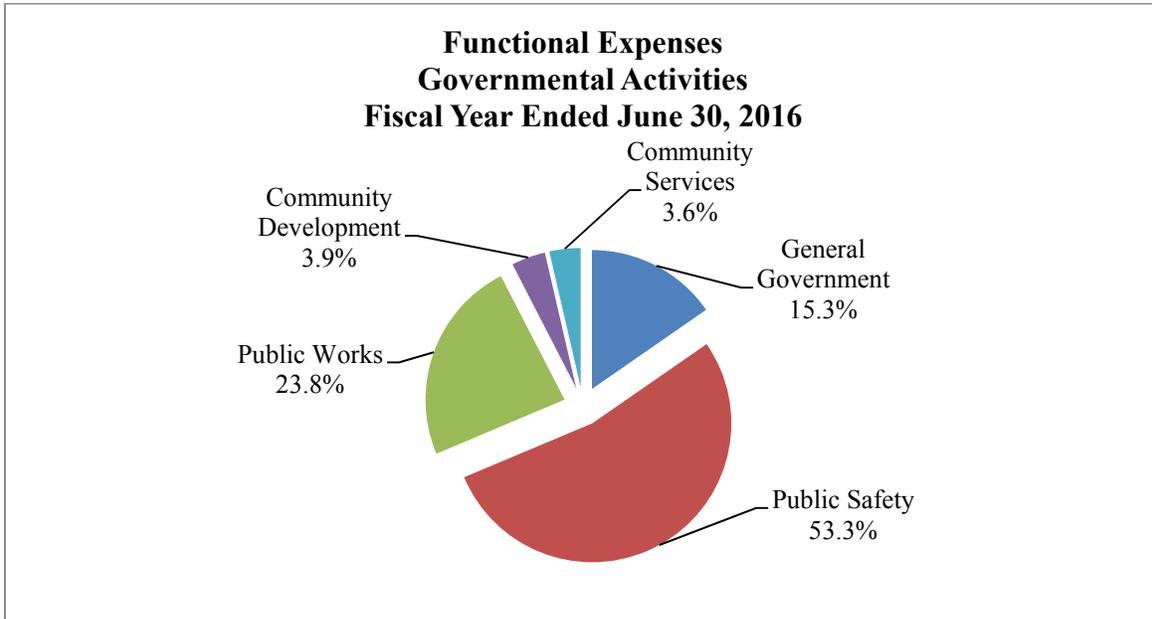
As shown in the chart, revenue received from taxes makes up a majority of the City's revenue derived from governmental activities. This fiscal year, tax revenue increased by \$1.3 million, due primarily to an improving economy. Property values continued to increase, resulting in an increase in property tax revenue by \$0.8 million from last year, an increase of 6.5%. Sales tax revenue showed an increase of 9% from last year or nearly \$0.6 million. Miscellaneous revenue declined by \$1.4 million, due primarily to the classification of certain revenues as program revenues in the current year that were considered miscellaneous revenue in the prior year.

Expenses

Total expense from governmental activities equaled \$34.8 million. This represents an increase of \$3.7 million from last year's restated expenses of \$31.1 million. The public safety category experienced the largest increase in costs, which were up \$2.9 million. In addition, Community Services expenses are now reported separately; in prior years, these expenses were reported in the other expense categories.

City of Placentia
Management Discussion and Analysis (Continued)
For the Fiscal Year Ended June 30, 2016

The following chart shows the percentage breakdown of expenses related to governmental activities:



Business-type Activities:

Operating Revenues	\$ 3,577,994
Operating Expenses	<u>(3,972,718)</u>
Operating Income (loss)	(394,724)
Non-operating Income	<u>81,747</u>
Income (loss) before Transfers & Special Items	(312,977)
Transfers	<u>(646,254)</u>
Change in Net Position	<u><u>\$ (959,231)</u></u>

The business-type activities include the City's refuse, sewer system and CNG fueling station activities.

Total operating revenues for the business-type activities equaled \$3.6 million and the operating expenses equaled \$4.0 million, for a net operating loss of \$0.4 million. The refuse operation had net operating income of \$0.3 million, and the sewer system operation generated a loss of \$0.8 million. In addition to the operating income, there was \$81,747 in non-operating revenue for the three operations combined, and transfers to governmental funds totaling \$0.6 million, resulting in a net negative change in financial position of approximately \$1.0 million.

In comparison, the change in financial position for the business type activities in FY 2014-15 was \$2.5 million, but excluding the \$2.7 million special item relating to a forgiveness of a loan obligation of the refuse operation, the change in net position last year was a negative \$0.2 million.

City of Placentia
Management Discussion and Analysis (Continued)
For the Fiscal Year Ended June 30, 2016

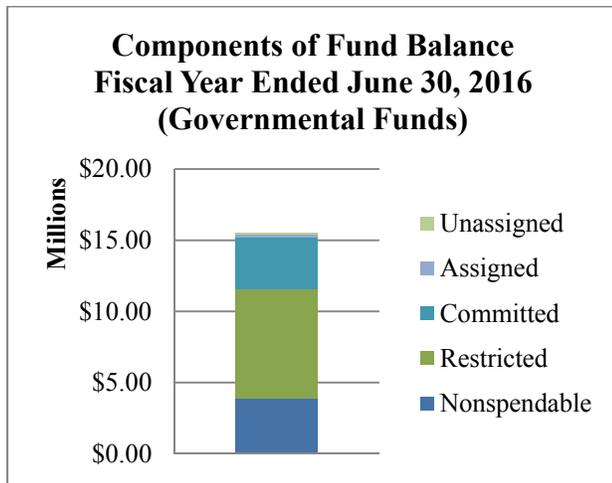
FINANCIAL ANALYSIS OF THE CITY’S MAJOR FUNDS

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 balance of spendable resources. Such information is useful in assessing the City’s financing requirements. In particular, the assigned fund balance and unassigned fund balance may serve as a useful measurement of the government’s net resources available for spending at the end of the fiscal year. The unassigned fund balance represents the portion of fund balance that has not yet been limited to use for a particular purpose by either an external party, the City Council, or anyone delegated the authority to assign resources for use for particular purposes.

As of the end of the current fiscal year, the City’s governmental funds reported a combined ending fund balance of \$15.5 million, an increase of \$1.1 million from the prior year.



Of the total \$15.5 million of fund balances, \$3.9 million constitutes nonspendable fund balance, which is not available for spending because it is in a nonspendable form; specifically, long-term loans receivable, and inventories of supplies.

The restricted fund balance of \$7.7 million reflects resources that can only be spent for particular purposes, due to constraints either (1) externally imposed by creditors, such as stated in the debt covenants, grantors contributors, laws or regulations of other governments; or (2) imposed by law through constitutional provisions or enabling legislation.

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 an ordinance or resolution. These committed amounts are classified as committed fund balance. There is \$3.6 million in committed fund balance as of June 30, 2016 for the future Metrolink train station and parking structure to be built in the City.

Assigned fund balance represents funds that are constrained by the City’s intent to use the funds for specific purposes. As of June 30, 2016, the City had approximately \$0.3 million assigned fund balance for public safety mitigation.

Unassigned fund balance represents the portion of fund balance that does not fall into one of the other four fund balance categories and does not have any specific spending limitations. The unassigned fund balance is \$71,557.

City of Placentia
Management Discussion and Analysis (Continued)
For the Fiscal Year Ended June 30, 2016

The general fund is the main operating fund of the City. As of June 30, 2016, total fund balance of the general fund was \$8.87 million, compared to \$7.95 million at June 30, 2015, representing an increase of approximately \$0.9 million. Were it not for the misappropriation of funds and the related recoveries to date, the net increase in fund balance in the general fund for the year would have been \$3.0 million.

The general fund had revenues of \$29.6 million, compared to \$27.8 million in the prior year, an increase of \$1.8 million or 6.5%. The single largest factor for the increase was the increase in tax revenues of \$2.0 million. All categories of tax revenues were higher in FY 2015-16 than in FY 2014-15. Expenditures for FY 2015-16 were \$31.8 million, compared to \$28.8 million last year, which represents an increase of \$3.0 million. The major differences were in public safety expenditures, which increased \$1.4 million, capital outlay, which increased \$0.4 million, and debt service, which increased \$0.3 million. Community services expenditures of \$1.1 million were split out separately in FY 2015-16, where they had been previously combined in other categories in prior years.

As a measure of general fund fiscal health, it is useful to calculate fund balance as a percentage of general fund expenditures. Total general fund balance at June 30, 2016 was 27.9% of FY 2015-16 expenditures. It is also common to compare the portion of total fund balance that is unrestricted to total expenditures. The unrestricted amount is defined as the combined committed, assigned, and unassigned fund balance. As of June 30, 2016, total general fund unrestricted fund balance was 12.5% of FY 2015-16 expenditures.

The City's capital projects fund, a major fund, had total revenues and transfers in of approximately \$0.8 million and expenditures of approximately \$0.9 million, \$0.4 million of which was spent on capital outlay, \$0.3 million for public works, and \$0.1 million for community development. Most of the City's capital improvement program is reliant on outside funding sources from which the City receives reimbursement after funds have been expended. There were significantly fewer capital project expenditures in FY 2015-16 than in FY 2014-15, when \$2.1 million was expended.

Proprietary Funds

The City's major proprietary funds are the sewer maintenance, refuse fund and, compressed natural gas (CNG) fund. The combined net position of these three funds at the end of the fiscal year amounted to \$11.6 million. The sewer maintenance fund had a net position of \$12.2 million (of which \$10.8 million represents investment in capital assets). The refuse fund had a negative net position of \$0.6 million. This was an improvement of \$0.3 million from the refuse fund's negative net position of \$0.9 million to start the year. This \$0.6 million deficit for the refuse fund is expected to be corrected by the end of FY 2016-17. The CNG fund was closed out this year and its remaining assets were transferred to the general fund.

The combined internal service funds had a negative net position of \$0.1 million at June 30, 2016. These funds essentially broke even for the year, with a combined change in net position of just \$27,656.

City of Placentia
Management Discussion and Analysis (Continued)
For the Fiscal Year Ended June 30, 2016

GENERAL FUND BUDGETARY HIGHLIGHTS

During the year there were adjustments made to both the estimated budgeted general fund revenue and expenditure amounts to more closely reflect actual amounts received and expended. Per City policy, these additional appropriations were approved by the City Council.

The adopted general fund budget for FY 2015-16 included estimated revenues of \$26.7 million and was amended during the year by an additional \$1.7 million, for a total of \$28.4 million. Actual revenues were \$29.6 million, with the greatest variances occurring in the areas of miscellaneous revenue (\$0.6 million, due to unanticipated Successor Agency administrative fee revenue from prior years) and tax revenue (\$0.4 million, primarily the result of greater than expected property, transient occupancy, and franchise tax revenues). The adopted general fund expenditure budget for this fiscal year was \$28.6 million. The final amended budget of \$32.1 million reflected the Council approved amendments during the year of \$3.5 million. In comparison, actual expenditures were \$31.8 million, \$0.3 million less than the final budget. The general government category came in nearly \$1.0 million under budget, public safety exceeded its budget by \$0.6 million and capital outlay expenditures were \$0.4 million more than budgeted.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The City's capital assets, net of accumulated depreciation, for its governmental and business-type activities as of June 30, 2016, totaled \$89.4 million, a decrease of approximately \$1.7 million, or 1.8%, from the prior year. Capital assets include land, buildings, infrastructure, and equipment. The primary cause for the decline this year was depreciation, which totaled \$2.9 million for the year.

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Land	\$ 23,381,937	\$ 23,381,937	\$ -	\$ -	\$ 23,381,937	\$ 23,381,937
Land - Right of Way	258,822	258,822	-	-	258,822	258,822
Construction in progress:						
Streets Network	2,105,321	2,495,841	-	-	2,105,321	2,495,841
Structures & Improvements	7,806,537	8,522,142	10,729,518	11,244,617	18,536,055	19,766,759
Equipment	1,213,014	99,324	35,847	34,968	1,248,861	134,292
Land Improvements	45,530	49,078	-	-	45,530	49,078
Infrastructure						
Trees	3,114,540	3,114,540	-	-	3,114,540	3,114,540
Streets Network	27,143,301	27,933,562	-	-	27,143,301	27,933,562
Streets Appurtenances	10,971,373	11,279,616	-	-	10,971,373	11,279,616
Storm Drains	2,552,826	2,623,439	-	-	2,552,826	2,623,439
	<u>78,593,201</u>	<u>\$ 79,758,301</u>	<u>10,765,365</u>	<u>\$ 11,279,585</u>	<u>\$ 89,358,566</u>	<u>\$ 91,037,886</u>

For further detailed information see Note 5, Capital Assets.

City of Placentia
Management Discussion and Analysis (Continued)
For the Fiscal Year Ended June 30, 2016

Debt Administration

As of June 30, 2016, the City’s long term debt totaled \$53.7 million, representing an increase of \$0.9 million, or 1.7%, from the prior year. Pension, other post-employment benefit and capital lease liabilities increased this past year and all other long-term liabilities declined. Details of each of these obligations are included in Note 6, Long-Term Liabilities.

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Certification of participation:						
2003 Refunding Improvement Project	\$ 4,390,000	\$ 4,665,000	\$ -	\$ -	\$ 4,390,000	\$ 4,665,000
2011 Gas Tax	4,915,000	5,140,000	-	-	4,915,000	5,140,000
Bonds payable	3,090,000	3,615,000	-	-	3,090,000	3,615,000
Bond discount	(26,744)	(35,658)	-	-	(26,744)	(35,658)
Capital leases	217,814	41,141	-	-	217,814	41,141
OCTA advance	3,304,721	3,543,813	-	-	3,304,721	3,543,813
Claims payable	2,035,843	2,616,284	-	-	2,035,843	2,616,284
Compensated absences	2,148,686	2,512,425	48,871	66,650	2,197,557	2,579,075
Other postemployment benefits	3,601,635	2,929,765	-	-	3,601,635	2,929,765
Pension liabilities	28,922,035	26,865,771	1,006,967	815,675	29,929,002	27,681,446
	<u>\$ 52,598,990</u>	<u>\$ 51,893,541</u>	<u>\$ 1,055,838</u>	<u>\$ 882,325</u>	<u>\$ 53,654,828</u>	<u>\$ 52,775,866</u>

NEXT YEAR’S BUDGET, TAX RATES AND FEE LEVELS

The fiscal year 2016-17 adopted general fund budget was balanced, with an anticipated excess of revenues and transfers from other funds over expenditures and transfers to other funds of \$153,500. To date, changes have been made to both estimated revenues and appropriations, and actual revenues and expenditures have been closely monitored. The current projection is for general fund revenues and transfers from other funds to exceed expenditures and transfers to other funds at fiscal year-end by \$107,200.

As mentioned previously, the City suffered a loss of \$5.16 million from a misappropriation of funds that was discovered in April 2016 and has received \$4.15 million of recoveries to date. The writeoff of the \$5.16 million loss and \$4.125 million of the \$4.15 million recoveries to date are recorded in the accompanying financial statements. The \$25,000 balance of recoveries to date will be reflected in the financial statements for the fiscal year ended June 30, 2017. The City continues to pursue additional recoveries. The \$1.01 million balance of currently unrecovered funds will have little effect on the FY 2016-17 budget. There remain sufficient resources to pay for ongoing City services, projects and programs.

General fund revenues and transfers from other funds are currently estimated at \$34.9 million for FY 2016-17, which represents a 0.6% decline from actual FY 2015-16 revenues and transfers from other funds. Property tax revenue, the City’s largest revenue source, is expected to grow by 5.7% due to continuing improvements in property values and property sales. The current projection for FY 2016-17 sales tax revenue, the second largest revenue source, is 0.6% greater than the actual FY 2015-16 level. The fast growth of internet sales compared to the growth rate of traditional “brick and mortar” retail sales has hampered the growth of this revenue source, considering the City receives one cent of sales tax revenue for every point-of-sale retail sales dollar, yet only 3/10 of one cent for every online sales dollar.

City of Placentia
Management Discussion and Analysis (Continued)
For the Fiscal Year Ended June 30, 2016

The amended FY 2016-17 general fund budget includes \$35.5 million of appropriations and the current projection for actual expenditures and transfers to other funds for FY 2016-17 is \$34.8 million. This represents an increase of 8.2% over FY 2015-16 actual expenditures and transfers to other funds.

In total, seven and one-half new positions were added in the FY 2016-17 budget, five of which were in police services. Contracts for services in all departments were reviewed, and in instances where contracts offered no potential cost savings, or where a higher level of service could be provided for the same or less cost, contract personnel were replaced by City employees.

Tax rates remain the same for FY 2016-17. User fees are being adjusted upward by 5.04% in FY 2016-17 to account for inflationary costs for the four-year period since the last comprehensive fee study was completed in 2012, as well as to bring fee levels in line with full cost recovery. A new comprehensive fee study will be conducted in FY 2017-18.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. If you have questions concerning any of the information provided in this report or need additional financial information, contact the City's Finance Department at the City of Placentia, 401 East Chapman Avenue, Placentia, California 92870, call (714) 993-8237 or visit our website at www.placentia.org.

BASIC FINANCIAL STATEMENTS

This page intentionally left blank.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

City of Placentia
Statement of Net Position
June 30, 2016

ASSETS	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Current Assets:			
Cash and investments	\$ 6,607,975	\$ 1,493,540	\$ 8,101,515
Receivables, net of allowance			
Accounts	4,151,991	100,317	4,252,308
Taxes	2,748,545	-	2,748,545
Grants	314,355	-	314,355
Accrued interest	3,261	-	3,261
Loans	3,915,877	-	3,915,877
Internal balances	(895,755)	895,755	-
Inventory	38,911	-	38,911
Total Current Assets	16,885,160	2,489,612	19,374,772
Noncurrent Assets:			
Land held for resale	1,948,103	-	1,948,103
Restricted Assets:			
Cash and investments	1,541,121	-	1,541,121
Capital assets - nondepreciable	28,860,620	-	28,860,620
Capital assets - depreciable, net	49,732,581	10,765,365	60,497,946
Total Noncurrent Assets	82,082,425	10,765,365	92,847,790
Total Assets	98,967,585	13,254,977	112,222,562
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charges on refunding	607,682	-	607,682
Deferred pension related items	3,609,934	76,106	3,686,040
Total Deferred Outflows of Resources	4,217,616	76,106	4,293,722

City of Placentia
Statement of Net Position (Continued)
June 30, 2016

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
LIABILITIES			
Current Liabilities:			
Accounts payable	1,393,770	346,663	1,740,433
Accrued payroll and benefits	456,239	11,697	467,936
Accrued interest payable	295,120	-	295,120
Long-term liabilities:			
Due within one year	3,146,987	27,946	3,174,933
Due in more than one year	20,529,968	20,925	20,550,893
Aggregate net pension liabilities	28,922,035	1,006,967	29,929,002
Total Liabilities	54,744,119	1,414,198	56,158,317
DEFERRED INFLOWS OF RESOURCES			
Deferred pension related items	4,451,134	306,988	4,758,122
Total Deferred Inflows of Resources	4,451,134	306,988	4,758,122
NET POSITION			
Net investment in capital assets	66,799,316	10,765,365	77,564,681
Restricted for:			
Public safety	978,377	-	978,377
Public works	308,516	-	308,516
Community development	2,559,647	-	2,559,647
Debt service	1,515,431	-	1,515,431
Grant programs	424,722	-	424,722
Park development	401,656	-	401,656
Street maintenance	1,288,512	-	1,288,512
Air quality	203,946	-	203,946
Total restricted	7,680,807	-	7,680,807
Unrestricted (Deficit)	(30,490,175)	844,532	(29,645,643)
Total Net Position	\$ 43,989,948	\$ 11,609,897	\$ 55,599,845

City of Placentia
Statement of Activities
For the Year Ended June 30, 2016

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
General government	\$ 5,343,102	\$ 1,955,938	\$ 873,099	\$ 4,847
Public safety	18,556,022	1,339,932	1,064,596	-
Public works	8,282,127	678,576	2,669,919	140,297
Community development	1,373,064	1,211,385	106,054	-
Community services	1,262,774	221,330	30,393	-
Total Governmental Activities	34,817,089	5,407,161	4,744,061	145,144
Business-Type Activities:				
Refuse	2,555,008	2,890,043	-	-
Sewer maintenance	1,417,710	687,719	-	-
Other	-	232	-	-
Total Business-Type Activities	3,972,718	3,577,994	-	-
Total Primary Government	\$ 38,789,807	\$ 8,985,155	\$ 4,744,061	\$ 145,144

City of Placentia
Statement of Activities (Continued)
For the Year Ended June 30, 2016

	Net (Expense) Revenue and Changes in Net Positions		
	Governmental Activities	Business-Type Activities	Total
Functions/Programs			
Governmental Activities:			
General government	\$ (2,509,218)	\$ -	\$ (2,509,218)
Public safety	(16,151,494)	-	(16,151,494)
Public works	(4,793,335)	-	(4,793,335)
Community development	(55,625)	-	(55,625)
Community services	(1,011,051)	-	(1,011,051)
Total Governmental Activities	(24,520,723)	-	(24,520,723)
Business-Type Activities:			
Refuse	-	335,035	335,035
Sewer maintenance	-	(729,991)	(729,991)
Other	-	232	232
Total Business-Type Activities	-	(394,724)	(394,724)
Total Primary Government	(24,520,723)	(394,724)	(24,915,447)
General Revenues and Transfers:			
Taxes:			
Property taxes	13,259,241	-	13,259,241
Transient occupancy taxes	945,248	-	945,248
Sales taxes	6,847,986	-	6,847,986
Franchise taxes	2,332,339	-	2,332,339
Utility users tax	2,749,838	-	2,749,838
Real property transfer taxes	229,385	-	229,385
Other taxes	82,328	-	82,328
Investment earnings	34,267	6,747	41,014
Miscellaneous	35,320	75,000	110,320
Transfers	646,254	(646,254)	-
Total General Revenues and Transfers	27,162,206	(564,507)	26,597,699
Changes in Net Position Before Extraordinary Items	2,641,483	(959,231)	1,682,252
Extraordinary Items (Note 18):			
Loss due to misappropriation of assets	(5,160,735)	-	(5,160,735)
Restitution and recovery	4,125,494	-	4,125,494
Total Extraordinary Items	(1,035,241)	-	(1,035,241)
Changes in Net Position	1,606,242	(959,231)	647,011
Net Position - Beginning of Year, as Restated (Note 16)	42,383,706	12,569,128	54,952,834
Net Position - End of Year	\$ 43,989,948	\$ 11,609,897	\$ 55,599,845

This page intentionally left blank.

FUND FINANCIAL STATEMENTS

This page intentionally left blank.

GOVERNMENTAL FUND FINANCIAL STATEMENTS

This page intentionally left blank.

**City of Placentia
Balance Sheet
Governmental Funds
June 30, 2016**

	Major Funds				Total
	General Fund	Housing Successor Special Revenue Fund	City Projects Capital Projects Fund	Other Governmental Funds	
ASSETS					
Cash and investments	\$ 304,308	\$ -	\$ 322,262	\$ 4,133,824	\$ 4,760,394
Receivables:					
Accounts	4,039,705	-	-	110,627	4,150,332
Taxes	2,382,714	-	-	365,831	2,748,545
Grants	289,463	-	24,892	-	314,355
Accrued interest	3,261	-	-	-	3,261
Loans	3,842,128	73,749	-	-	3,915,877
Due from agency funds	-	-	-	-	-
Inventories	38,911	-	-	-	38,911
Land held for resale	-	1,948,103	-	-	1,948,103
Restricted assets:					
Cash and investments with fiscal agents	1,029,503	-	-	485,928	1,515,431
Total Assets	\$ 11,929,993	\$ 2,021,852	\$ 347,154	\$ 5,096,210	\$ 19,395,209
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 950,620	\$ -	\$ 347,154	\$ 82,816	\$ 1,380,590
Accrued liabilities	453,282	-	-	2,957	456,239
Due to other funds	514,770	380,985	-	-	895,755
Total Liabilities	1,918,672	380,985	347,154	85,773	2,732,584
Deferred Inflows of Resources:					
Unavailable revenues	1,142,704	-	-	-	1,142,704
Total Deferred Inflows of Resources	1,142,704	-	-	-	1,142,704
Fund Balances:					
Nonspendable	3,881,039	-	-	-	3,881,039
Restricted	1,029,503	1,640,867	-	5,010,437	7,680,807
Committed	3,600,000	-	-	-	3,600,000
Assigned	286,518	-	-	-	286,518
Unassigned	71,557	-	-	-	71,557
Total Fund Balances	8,868,617	1,640,867	-	5,010,437	15,519,921
Total Liabilities and Fund Balances	\$ 11,929,993	\$ 2,021,852	\$ 347,154	\$ 5,096,210	\$ 19,395,209

City of Placentia
Reconciliation of the Governmental Funds Balance Sheet to the
Government-wide Statement of Net Position
June 30, 2016

Total Fund Balances - Total Governmental Funds \$ 15,519,921

Amounts reported for governmental activities in the Statement of Net Position were reported differently because:

Capital assets used in governmental activities were not current financial resources. Therefore, they were not reported in the Governmental Funds Balance Sheet.

Nondepreciable, net of \$0 reported in Internal Service Fund	\$	28,860,620	
Depreciable, net of \$27,250 reported in Internal Service Fund		49,705,331	78,565,951

The loss incurred by the City resulting from the refunding of long-term liabilities are recorded as deferred outflows of resources and amortized over the remaining service life, equal to the lesser of the remaining bond-years on the refunded debt or the bond years on the refunding debt. 607,682

Revenue reported as unavailable revenue in the governmental funds when it is not received soon enough after year-end to be considered available. The Availability criteria does not apply to the government-Wide Financial Statements and, therefore, the revenue is recognized when eligibility requirements are met and earned. 1,142,704

Interest payable on long-term debt does not require current financial resources. Therefore, interest payable is not reported as a liability in the governmental funds. (295,120)

Long-term liabilities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the Statement of Net Position:

Long-term debt	\$	(12,368,256)	
Capital leases		(217,814)	
OCTA advance		(3,304,721)	
Compensated absences		(2,148,686)	
Other postemployment benefits		(3,601,635)	(21,641,112)

Net pension liabilities and the related deferred outflows of resources and deferred inflows of resources are not due and payable in the current period or not available for current expenditures and are not reported in the governmental fund financial statements:

Pension related deferred outflows of resources	3,609,934
Aggregate net pension liability	(28,922,035)
Pension related deferred inflows of resources	(4,451,134)

Internal Service Funds were used by management to charge the costs of certain activities, such as insurance and equipment replacement to individual funds. The assets and liabilities of the Internal Service Funds were included in the governmental activities in the Government-Wide Statement of Net Position.

(146,843)

Net Position of Governmental Activities \$ 43,989,948

City of Placentia
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2016

	Major Funds				Total
	General Fund	Housing Successor Special Revenue Fund	City Projects Capital Projects Fund	Other Governmental Funds	
Revenues:					
Taxes	\$ 24,066,428	\$ -	\$ -	\$ 2,767,801	\$ 26,834,229
Intergovernmental	466,271	-	77,221	2,454,761	2,998,253
Licenses and permits	1,733,049	-	-	-	1,733,049
Fines and forfeitures	542,253	-	-	611,775	1,154,028
Investment earnings	24,157	-	-	10,109	34,266
Charges for services	1,091,250	-	-	1,124,250	2,215,500
Leases and rents	670,631	10,880	-	-	681,511
Miscellaneous	1,053,220	-	4,847	367,850	1,425,917
Total Revenues	29,647,259	10,880	82,068	7,336,546	37,076,753
Expenditures:					
Current:					
General government	6,471,152	-	-	100,025	6,571,177
Public safety	17,853,856	-	-	26,435	17,880,291
Public works	3,685,810	-	333,623	804,054	4,823,487
Community development	826,470	-	110,758	14,769	951,997
Community services	1,142,293	-	-	48,741	1,191,034
Capital outlay	423,863	-	424,154	413,711	1,261,728
Debt service:					
Principal retirement	835,165	-	-	497,961	1,333,126
Interest and fiscal charges	552,358	-	-	284,781	837,139
Total Expenditures	31,790,967	-	868,535	2,190,477	34,849,979
Revenues over (under) expenditures	(2,143,708)	10,880	(786,467)	5,146,069	2,226,774
Other Financing Sources (Uses):					
Proceeds from capital leases	-	-	-	250,598	250,598
Transfers in	5,501,431	-	786,467	712,241	7,000,139
Transfers out	(402,496)	-	-	(5,951,389)	(6,353,885)
Total Other Financing Sources (Uses):	5,098,935	-	786,467	(4,988,550)	896,852
Net Change in Fund Balances Before Extraordinary Item	2,955,227	10,880	-	157,519	3,123,626
Extraordinary Items (Note 18):					
Loss due to misappropriation of assets	(5,160,735)	-	-	-	(5,160,735)
Restitution and recovery	3,125,494	-	-	-	3,125,494
Total Extraordinary Items	(2,035,241)	-	-	-	(2,035,241)
Net Change in Fund Balances	919,986	10,880	-	157,519	1,088,385
Fund Balances:					
Fund Balances, Beginning of Year	7,948,631	1,629,987	-	4,852,918	14,431,536
Fund Balances, End of Year	<u>\$ 8,868,617</u>	<u>\$ 1,640,867</u>	<u>\$ -</u>	<u>\$ 5,010,437</u>	<u>\$ 15,519,921</u>

City of Placentia
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes
in Fund Balances to the Government-Wide Statement of Activities
For the Year Ended June 30, 2016

Net Change in Fund Balances - Total Governmental Funds	\$	3,123,626
Governmental activities in the Statement of Activities were reported differently because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds.		
Capital outlay, net of \$0 reported in Internal Service Fund	\$	1,197,718
Depreciation, net of \$27,380 reported in Internal Service Fund		(2,319,817)
Net effect on disposal of capital assets		(15,621)
		(1,137,720)
Amortization of the deferred charges on refunding is recognized as interest expense in the Statement of Activities.		
		(50,358)
Net change in revenues that was considered unavailable in the governmental funds. These items have been reported as revenue in the Statement of Activities.		
		(266,314)
Proceeds of long-term debt is not an expense in the Statement of Activities, but is considered an expenditure in governmental funds.		
		(250,598)
Principal repayment on long-term debt is not an expense in the Statement of Activities, but is considered an expenditure in governmental funds.		
Long-term debt	\$	1,016,086
Capital leases		73,925
OCTA advance		239,092
		1,329,103
Interest expense on long-term debt is reported in the Statement of Activities, but do not require the use of current financial resources. Therefore, interest expense is not reported as expenditures in governmental funds. This amount represents the change in accrued interest from the prior year.		
		(147,054)
Compensated absences were reported in the Government-Wide Statement of Activities, but they did not require the use of current financial resources. Therefore, compensated absences were not reported as expenditures in the governmental funds.		
		363,739
Changes in net other postemployment benefit assets reported in the Statement of Activities do not use current financial resources and, therefore, are not reported as an expenditures in governmental funds.		
		(671,870)
Certain pension expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
		321,273
Internal Service Funds are used by management to charge the costs of certain activities, such as insurance and equipment replacement, to individual funds. The net revenue of the Internal Service Funds is reported in governmental activities.		
		27,656
Change in Net Position of Governmental Activities	\$	2,641,483

PROPRIETARY FUND FINANCIAL STATEMENTS

City of Placentia
Statement of Net Position
Proprietary Funds
June 30, 2016

	Business-Type Activities		
	Refuse	Sewer Maintenance	Other
ASSETS			
Current Assets:			
Cash and investments	\$ -	\$ 1,493,540	\$ -
Receivable:			
Accounts	28,909	71,408	-
Due from other funds	-	919,662	-
Restricted:			
Cash and investments	-	-	-
Total Current Assets	28,909	2,484,610	-
Noncurrent Assets:			
Capital assets, net of accumulated depreciation	-	10,765,365	-
Total Noncurrent Assets	-	10,765,365	-
Total Assets	28,909	13,249,975	-
DEFERRED OUTFLOWS OF RESOURCES			
Deferred pension related items	20,756	55,350	-
Total Deferred Outflows of Resources	20,756	55,350	-
LIABILITIES			
Current Liabilities:			
Accounts payable	211,059	135,604	-
Accrued liabilities	1,294	10,403	-
Due to other funds	23,907	-	-
Accrued compensated absences	3,723	24,223	-
Accrued claims and judgments	-	-	-
Total Current Liabilities	239,983	170,230	-
Noncurrent Liabilities:			
Accrued compensated absences	3,024	17,901	-
Accrued claims and judgments	-	-	-
Aggregate net pension liability	274,627	732,340	-
Total Noncurrent Liabilities	277,651	750,241	-
Total Liabilities	517,634	920,471	-
DEFERRED INFLOW OF RESOURCES			
Deferred pension related items	83,724	223,264	-
Total Deferred Inflows of Resources	83,724	223,264	-
NET POSITION			
Investment in capital assets	-	10,765,365	-
Unrestricted	(551,693)	1,396,225	-
Total Net Position	\$ (551,693)	\$ 12,161,590	\$ -

City of Placentia
Statement of Net Position
Proprietary Funds (Continued)
June 30, 2016

	Business-Type Activities	Governmental Activities
	Total	Internal Service
ASSETS		
Current Assets:		
Cash and investments	\$ 1,493,540	\$ 1,847,581
Receivable:		
Accounts	100,317	1,659
Due from other funds	919,662	-
Restricted:		
Cash and investments	-	25,690
Total Current Assets	2,513,519	1,874,930
Noncurrent Assets:		
Capital assets, net of accumulated depreciation	10,765,365	27,250
Total Noncurrent Assets	10,765,365	27,250
Total Assets	13,278,884	1,902,180
DEFERRED OUTFLOWS OF RESOURCES		
Deferred pension related items	76,106	-
Total Deferred Outflows of Resources	76,106	-
LIABILITIES		
Current Liabilities:		
Accounts payable	346,663	13,180
Accrued liabilities	11,697	-
Due to other funds	23,907	-
Accrued compensated absences	27,946	-
Accrued claims and judgments	-	508,961
Total Current Liabilities	410,213	522,141
Noncurrent Liabilities:		
Accrued compensated absences	20,925	-
Accrued claims and judgments	-	1,526,882
Aggregate net pension liability	1,006,967	-
Total Noncurrent Liabilities	1,027,892	1,526,882
Total Liabilities	1,438,105	2,049,023
DEFERRED INFLOW OF RESOURCES		
Deferred pension related items	306,988	-
Total Deferred Inflows of Resources	306,988	-
NET POSITION		
Investment in capital assets	10,765,365	27,250
Unrestricted	844,532	(174,093)
Total Net Position	\$ 11,609,897	\$ (146,843)

City of Placentia
Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended June 30, 2016

	Business-Type Activities		
	Refuse	Sewer Maintenance	Other
OPERATING REVENUES:			
Reimbursements	\$ -	\$ -	\$ 232
Charges for services	2,890,043	687,719	-
Total Operating Revenues	<u>2,890,043</u>	<u>687,719</u>	<u>232</u>
OPERATING EXPENSES:			
Administration	23,852	567,118	-
Reinsurance premiums	-	-	-
Claims	-	-	-
Medical and dental premiums	-	-	-
Liability insurance premiums	-	-	-
Maintenance	-	331,525	-
Landfill and contractor charges	2,531,156	-	-
Depreciation expense	-	519,067	-
Total Operating Expenses	<u>2,555,008</u>	<u>1,417,710</u>	<u>-</u>
OPERATING INCOME (LOSS)	<u>335,035</u>	<u>(729,991)</u>	<u>232</u>
NONOPERATING INCOME (LOSS):			
Lease revenue	-	-	75,000
Investment income	-	5,627	1,120
Gain (loss) on disposal of capital assets	-	-	-
Total Nonoperating Income (Loss)	<u>-</u>	<u>5,627</u>	<u>76,120</u>
NET INCOME (LOSS) BEFORE TRANSFERS	<u>335,035</u>	<u>(724,364)</u>	<u>76,352</u>
TRANSFERS:			
Transfers out	-	(75,200)	(571,054)
Total Transfers	<u>-</u>	<u>(75,200)</u>	<u>(571,054)</u>
CHANGES IN NET POSITION	<u>335,035</u>	<u>(799,564)</u>	<u>(494,702)</u>
NET POSITION:			
Beginning of the Year	(886,728)	12,961,154	494,702
End of the Year	<u>\$ (551,693)</u>	<u>\$ 12,161,590</u>	<u>\$ -</u>

City of Placentia
Statement of Revenues, Expenses, and Changes in Net Position (Continued)
For the Year Ended June 30, 2016

	Business-Type Activities	Governmental Activities
	Total	Internal Service
OPERATING REVENUES:		
Reimbursements	\$ 232	\$ -
Charges for services	3,577,762	1,686,606
Total Operating Revenues	3,577,994	1,686,606
OPERATING EXPENSES:		
Administration	590,970	132,032
Reinsurance premiums	-	122,257
Claims	-	(150,288)
Medical and dental premiums	-	1,045,026
Liability insurance premiums	-	500,043
Maintenance	331,525	-
Landfill and contractor charges	2,531,156	-
Depreciation expense	519,067	27,380
Total Operating Expenses	3,972,718	1,676,450
OPERATING INCOME (LOSS)	(394,724)	10,156
NONOPERATING INCOME (LOSS):		
Lease revenue	75,000	-
Investment income	6,747	-
Gain (loss) on disposal of capital assets	-	17,500
Total Nonoperating Income (Loss)	81,747	17,500
NET INCOME (LOSS) BEFORE TRANSFERS	(312,977)	27,656
TRANSFERS:		
Transfers out	(646,254)	-
Total Transfers	(646,254)	-
CHANGES IN NET POSITION	(959,231)	27,656
NET POSITION:		
Beginning of the Year	12,569,128	(174,499)
End of the Year	\$ 11,609,897	\$ (146,843)

City of Placentia
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2016

	Business-Type Activities				Governmental Activities
	Refuse	Sewer Maintenance	Other	Total	Internal Service
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers and users	\$ 2,902,540	\$ 688,129	\$ 24,729	\$ 3,615,398	\$ 1,690,018
Cash paid to suppliers for goods and services	(2,530,462)	(215,072)	-	(2,745,534)	(2,308,486)
Cash paid to employees for services	(128,676)	(306,114)	-	(434,790)	(132,032)
Cash received from (payments to) others	-	-	232	232	150,288
Net Cash Provided by (Used in) Operating Activities	<u>243,402</u>	<u>166,943</u>	<u>24,961</u>	<u>435,306</u>	<u>(600,212)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Cash transfers in (out)	-	(75,200)	(571,054)	(646,254)	-
Repayment received from other funds	(243,402)	(757,730)	-	(1,001,132)	-
Net Cash Used in Noncapital Financing Activities	<u>(243,402)</u>	<u>(832,930)</u>	<u>(571,054)</u>	<u>(1,647,386)</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Proceeds from sale of capital assets	-	-	-	-	17,500
Acquisition of capital assets	-	(4,847)	-	(4,847)	-
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>-</u>	<u>(4,847)</u>	<u>-</u>	<u>(4,847)</u>	<u>17,500</u>
CASH FLOWS FROM INVESTING ACTIVITIES:					
Interest received	-	5,627	1,120	6,747	-
Net Cash Provided by Investing Activities	<u>-</u>	<u>5,627</u>	<u>1,120</u>	<u>6,747</u>	<u>-</u>
Net Increase (Decrease) In Cash and Cash Equivalents	<u>-</u>	<u>(665,207)</u>	<u>(544,973)</u>	<u>(1,210,180)</u>	<u>(582,712)</u>
CASH AND CASH EQUIVALENTS:					
Beginning of Year	-	2,158,747	544,973	2,703,720	2,455,983
End of Year	<u>\$ -</u>	<u>\$ 1,493,540</u>	<u>\$ -</u>	<u>\$ 1,493,540</u>	<u>\$ 1,873,271</u>
CASH AND CASH EQUIVALENTS:					
Cash and investments	\$ -	\$ 1,493,540	\$ -	1,493,540	\$ 1,847,581
Cash and investments with fiscal agent	-	-	-	-	25,690
Total cash and cash equivalents	<u>\$ -</u>	<u>\$ 1,493,540</u>	<u>\$ -</u>	<u>\$ 1,493,540</u>	<u>\$ 1,873,271</u>
Reconciliation of Operating Income (Loss) to to Net Cash Provided (Used) by Operating Activities:					
Operating Income (loss)	\$ 335,035	\$ (729,991)	\$ 232	(394,724)	\$ 10,156
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation	-	519,067	-	519,067	27,380
Changes in assets and liabilities:					
(Increase)/decrease in accounts receivables	(28,909)	410	24,729	(3,770)	3,412
(Increase)/decrease in taxes receivables	41,406	-	-	41,406	-
(Increase)/decrease in deferred outflows of resources related to pension	3,662	(19,746)	-	(16,084)	-
Increase/(decrease) in accounts payable	694	116,453	-	117,147	(60,719)
Increase/(decrease) in accrued liabilities	(1,375)	3,380	-	2,005	-
Increase/(decrease) in compensated absences	(13,182)	(4,597)	-	(17,779)	-
Increase/(decrease) in claims payable	-	-	-	-	(580,441)
Increase/(decrease) in net pension liabilities	(42,929)	259,363	-	216,434	-
Increase/(decrease) in deferred inflows of resources related to pension	(51,000)	22,604	-	(28,396)	-
Net Cash Provided by (Used in) Operating Activities	<u>\$ 243,402</u>	<u>\$ 166,943</u>	<u>\$ 24,961</u>	<u>\$ 435,306</u>	<u>\$ (600,212)</u>

FIDUCIARY FUND FINANCIAL STATEMENTS

City of Placentia
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2016

	RDA Successor Agency	Agency Funds
ASSETS		
Pooled cash and investments	\$ 14,862	\$ 482,918
Receivables:		
Taxes	-	1,087
Restricted assets:		
Cash and investments with fiscal agents	773,140	-
Total Assets	788,002	\$ 484,005
LIABILITIES		
Accounts payable	1,179	\$ -
Accrued interest	295,120	-
Deposits payables	-	484,005
Long-term liabilities:		
Due in one year	777,992	-
Due in more than one year	16,262,712	-
Total Liabilities	17,337,003	\$ 484,005
NET POSITION		
Held in trust for other purposes	(16,549,001)	
Total Net Position	\$ (16,549,001)	

City of Placentia
Statement of Change in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2016

	RDA Successor Agency
<hr/>	
ADDITIONS:	
Property taxes	\$ 2,253,131
Investment income	753
Total Additions	<hr/> 2,253,884 <hr/>
 DEDUCTIONS:	
Program costs	187,281
Administrative expenses	20,761
Interest expense	488,786
Contributions to City	626,691
Total Deductions	<hr/> 1,323,519 <hr/>
Change in Net Position	930,365
 NET POSITION:	
Beginning of Year	<hr/> (17,479,366)
End of Year	<hr/> \$ (16,549,001) <hr/>

This page intentionally left blank.

NOTES TO THE BASIC FINANCIAL STATEMENTS

This page intentionally left blank.

City of Placentia
Index to Notes to the Basic Financial Statements
For the Year Ended June 30, 2016

	<u>Page</u>
Note 1 – Summary of Significant Accounting Policies.....	47
A. Financial Reporting Entity	47
B. Basis of Accounting and Measurement Focus	47
C. Cash and Investments.....	51
D. Fair Value Measurement	51
E. Property Taxes Receivable.....	52
F. Prepaid Items.....	52
G. Interfund Transactions.....	52
H. Capital Assets.....	52
I. Unearned and Unavailable Revenue	53
J. Compensated Absences Payable	53
K. Claims Payable.....	53
L. Pensions.....	54
M. Deferred Outflows/Inflows of Resources.....	54
N. Long-Term Obligations.....	54
O. Net Position.....	55
P. Fund Balances	55
Q. Use of Estimates.....	56
R. Accounting Changes	56
 Note 2 – Cash and Investments.....	 57
A. Demand Deposits	57
B. Investments Authorized by the California Government Code and the City's Investment Policy... ..	58
C. Investments Authorized by Debt Agreements.....	58
D. Fair Value Measurement	59
E. Risk Disclosures.....	59
F. Investment in Local Agency Investment Fund (“LAIF”).....	60
 Note 3 – Interfund Transactions.....	 61
 Note 4 – Receivables.....	 62
A. 2003 Certificates of Participation Reimbursement	63
B. Owner’s Participation Agreement.....	63
 Note 5 – Capital Assets	 64
 Note 6 – Long-Term Liabilities.....	 65
A. Governmental Activities	65
B. Business Type Activities.....	71
 Note 7 – Non-City Obligations	 72
A. 1996 and 2001 Special Tax Revenue Bond.....	72
B. 2009 Special Tax Revenue Refunding Bonds.....	72
 Note 8 – Deferred Compensation Plans	 72

City of Placentia
Index to Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

	<u>Page</u>
Note 9 – Defined Benefit Pension Plans.....	73
Note 10 – Other Postemployment Benefit Plan	81
Note 11 – Joint Ventures	84
Note 12 – Risk Management and Self Insurance Program	84
A. General Liability	84
B. Worker’s Compensation.....	84
C. Other Insurance	84
Note 13 – Classification on Fund Balances	85
Note 14 – Commitments and Contingencies	86
A. Commitments	86
B. Contingencies	86
C. Grants	86
Note 15 – Individual Fund Disclosure	86
A. Expenditures in Excess of Appropriation.....	86
B. Deficit Net Positions and Fund Balances	87
Note 16 – Prior Period Adjustments.....	87
Note 17 – Successor Agency to the Former Placentia Redevelopment Agency	88
A. Cash and Investments.....	88
B. Long-Term Liabilities	88
C. Insurance	90
D. Contingent Liabilities.....	90
Note 18 – Extraordinary Items	91

City of Placentia
Notes to the Basic Financial Statements
For the Year Ended June 30, 2016

Note 1 – Summary of Significant Accounting Policies

The basic financial statements of the City of Placentia, California, (the “City”) have been prepared in conformity with accounting principles generally accepted in the United States (“U.S. GAAP”) as applied to governmental agencies. The Governmental Accounting Standards Board (“GASB”) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the City’s significant policies:

A. Financial Reporting Entity

The City was incorporated on December 2, 1926, under the General Laws of the State of California. The City operates under a Council-Manager form of government and under provisions of a City Charter adopted on June 29, 1965.

The basic financial statements present the City and its component units, entities for which the City is considered to be financially accountable. The City is considered to be financially accountable for an organization if the City appoints a voting majority of that organization’s governing body and either the City is able to impose its will on that organization or there is a potential for the organization to provide financial benefits to or impose specific financial burdens on the City. The City is also considered to be financially accountable for an organization if that organization is fiscally dependent (i.e., it is unable to adopt its budget, levy taxes, set rates or charges, or issue bonded debt without approval from the City). In certain cases, other organizations are included as component units if the nature and significance of their relationship with the City are such that their exclusion would cause the City’s financial statement to be misleading or incomplete. Blended component units, although legally separate entities, are in substance, part of the City’s operations and data from these units are combined with data of the City.

Management determined that the following entities should be reported as blended component units based on the criteria above. Each blended component unit has a June 30 year-end, has a governing board that is substantially the same as the City’s, there is a financial benefit or burden relationship between the City and the blended component unit, and the City is financially accountable for each of the blended component units.

The Placentia Public Financing Authority – The Placentia Public Financing Authority (the “Authority”) was formed in 1996 to issue Tax Revenue Bonds. The proceeds of the debt were used to refund the existing Mello-Roos Community Facilities District 89-1 bonds, originally issued in September 1996. The Authority is governed by a five-member board that is the City Council of the City. Separate financial statements are not prepared.

B. Basis of Accounting and Measurement Focus

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

City of Placentia
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 1 – Summary of Significant Accounting Policies (Continued)

B. Basis of Accounting and Measurement Focus (Continued)

Government-Wide Financial Statements

The government-wide financial statements are presented on an “*economic resources*” measurement focus and the accrual basis of accounting. Accordingly, all of the City’s assets and liabilities, including capital assets, as well as infrastructure assets, and long-term liabilities, are included in the accompanying statement of net position. The statement of activities presents changes in net position. 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. Fiduciary activities of the City are not included in these statements.

Certain types of transactions are reported as program revenues for the City in three categories:

- Charges for services
- Operating grants and contributions
- Capital grants and contributions

Certain eliminations have been made in regards to interfund activities, payables and receivables. All internal balances in the statement of net position have been eliminated. In the statement of activities, internal service fund transactions have been included in the governmental activities. The following interfund activities have been eliminated:

- Due from and to other funds, which are short-term loans within the primary government
- Transfers in and out, which are flows of assets between funds without the requirement for repayment

Governmental Fund Financial Statements

All governmental funds are accounted for on a spending or “*current financial resources*” measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances presents increases (revenue and other financing sources) and decreases (expenditures and other financing uses) in fund balances. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period.

City of Placentia
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 1 – Summary of Significant Accounting Policies (Continued)

B. Basis of Accounting and Measurement Focus (Continued)

Governmental Fund Financial Statements (Continued)

Revenues are recorded when received in cash, except those revenues subject to accrual (generally 60 days after year-end) which are recognized when due. The primary revenue sources that have been treated as susceptible to accrual by the City are property taxes, intergovernmental revenues and other taxes. Business license fees are recorded as received, except at year-end when they are accrued pursuant to the modified accrual basis of accounting. The City recognizes business license revenue collected within 60 days as revenue at June 30. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

Reconciliations of the fund financial statements to the government-wide financial statements are provided to explain the differences.

The City reports the following major Governmental Funds:

General Fund – The General Fund is the City’s principal operating fund. It accounts for all revenues and expenditures used to finance the traditional services associated with a municipal government except those required to be accounted for in another fund.

Housing Successor Special Revenue Fund – This fund is used to account for the residual balance of the former low and moderate income housing fund of the former Placentia Redevelopment Agency, and revenues and expenditures related to such housing projects and programs.

City Projects Capital Projects Fund – This fund is used to account for and report financial resources that are restricted, committed, or assigned for the acquisition or construction of major capital facilities within the boundaries of the City.

Proprietary Fund Financial Statements

Proprietary Fund Financial Statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Net Position, and a Statement of Cash Flows for each major Proprietary Fund.

A separate column representing internal service funds is also presented in these statements. However, internal service balances and activities have been combined with the governmental activities in the Government-Wide Financial Statements. The City’s internal service funds include four individual funds that provide services directly to other City funds. These services include employee benefits, risk management, equipment replacement, and information technology.

City of Placentia
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 1 – Summary of Significant Accounting Policies (Continued)

B. Basis of Accounting and Measurement Focus (Continued)

Proprietary Fund Financial Statements (Continued)

Proprietary funds are accounted for using the "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Fund Net Position presents increases (revenues) and decreases (expenses) in total Net Position. 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. In these funds, receivables have been recorded as revenue and provisions have been made for uncollectible amounts.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

The City reports the following major Proprietary Funds:

Refuse Fund – This fund is used to account for the provision of refuse services to the residents of the City. All activities necessary to provide such services are accounted for in this fund, including, but not limited to administration, operation, acquisition or equipment, and related debt service.

Sewer Maintenance Fund – This fund is used to account for the operations and maintenance of the sewer lines located in the City's sewer system, including administration and capital improvements. Fees are computed from water consumption amounts provided by local water companies. All residents and businesses connected to the City's sewer system are placed in billing categories based on a percentage of water consumption that is returned to the City sewer system.

Internal service funds are presented in the proprietary fund financial statements. However, internal service balances and activities have been combined with the governmental activities in the government-wide financial statements.

Fiduciary Fund Financial Statements

Fiduciary fund financial statements include a Statement of Net Position and a Statement of Changes in Fiduciary Net Position. The City's fiduciary funds represent agency funds and private purpose trust funds. Both agency funds and the private purpose trust funds are accounted for on the full accrual basis of accounting.

City of Placentia
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 1 – Summary of Significant Accounting Policies (Continued)

B. Basis of Accounting and Measurement Focus (Continued)

Fiduciary Fund Financial Statements (Continued)

The City reports the following fiduciary funds:

Private-purpose Trust Fund – This fund is used to account for the balances and transactions of the Successor Agency to the former Placentia Redevelopment Agency.

Agency Funds – These funds account for resources held by the City in a trustee capacity as an agent for individuals, private organizations, other governments, and/or other funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

C. Cash and Investments

The City's cash and cash equivalents are comprised of cash on hand, demand deposits, and short-term investments with original maturity of three months or less from the date of acquisition. All cash and investments of proprietary funds are held in the City's investment pool. These cash pools have the general characteristics of a demand deposit account, therefore, all cash and investments in the proprietary funds are considered cash and cash equivalents for statement of cash flows purposes.

Investments are stated at fair value (quoted market price or best available estimate thereof).

D. Fair Value Measurement

In accordance with GASB Statement No. 72, *Fair Value Measurement and Applications*, this statement defines fair value, establishes a framework for measuring fair value and establishes disclosures about fair value measurement. Investments, unless otherwise specified, recorded at fair value in the financial statements, are categorized based upon the level of judgment associated with the inputs used to measure their fair value.

The three levels of the fair value measurement hierarchy are described below:

- Level 1 – Inputs are unadjusted, quoted prices for identical assets or liabilities in active markets at the measurement date.
- Level 2 – Inputs, other than quoted prices included in Level 1, that are observable for the assets or liabilities through corroboration with market data at the measurement date.
- Level 3 – Unobservable inputs that reflect management's best estimate of what market participants would use in pricing the assets or liabilities at the measurement date.

City of Placentia
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 1 – Summary of Significant Accounting Policies (Continued)

E. Property Taxes Receivable

Property tax revenue is recognized in the fiscal year for which the taxes have been levied providing they become available. Available means due, or past due and receivable within the current period and collected within the current period or expected to be collected soon enough thereafter (not to exceed 60 days) to be used to pay liabilities in the current period.

Under California law, property taxes are assessed and collected by the counties at up to 1% of assessed value, plus other increases approved by the voters. The property taxes go into a pool, and are then allocated to the cities based on complex formulas. The County of Orange collects property taxes for the City. Tax liens attach annually as of 12:01 a.m. on the first day of January preceding the fiscal year for which the taxes are levied. Taxes are levied on July 1 and cover the fiscal period July 1 to June 30. All secured personal property taxes and one-half of the taxes on real property are due November 1; the second installment is due February 1. All taxes are delinquent, if unpaid, on December 10 and April 10, respectively. Unsecured personal property taxes become due on March 1 each year, and are delinquent, if unpaid, on August 31.

F. Prepaid Items

Prepaid items are payments made to vendors for services that will benefit periods beyond the fiscal year ended using purchase method.

G. Interfund Transactions

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “due from/to other funds” (i.e., current portion of interfund loans).

H. Capital Assets

In the government-wide financial statements, capital assets, which include land, buildings, improvements, equipment, furniture, and infrastructure assets (e.g., roads, sidewalks, and similar items), are recorded at historical cost or estimated historical if purchased or constructed. Donated capital assets are valued at their estimated fair market value on the date donated. City policy has set the capitalization threshold for reporting capital assets with an initial, individual cost of more than \$2,500 and an estimated useful life of one year or more.

The City defines infrastructure as the basic physical assets that allow the City to function. The assets include street network, street appurtenances, and storm drains.

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

City of Placentia
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 1 – Summary of Significant Accounting Policies (Continued)

H. Capital Assets (Continued)

Capital assets used in operations are depreciated over their estimated useful lives using the straight-line method. The lives used for depreciation purposes are as follows:

Structures and improvements	5-50 years
Civic Center structures and improvements	50 years
Automotive equipment	2-10 years
Computer equipment	3 years
Other equipment	5 years
Infrastructure:	
Roadways	35 years
Street appurtenances	10-50 years
Wastewater	50-60 years
Storm drains	50 years

I. Unearned and Unavailable Revenue

In the government-wide financial statements, unearned revenue is recognized for transactions for which revenue has not yet been earned. Typical transactions recorded as unearned revenues in the government-wide financial statements are cell phone site license lease payments received in advance, prepaid charges for services and facility rentals paid in advance.

In the fund financial statements, unearned revenue is recorded when transactions have not yet met the revenue recognition criteria based on the modified accrual basis of accounting. The City records unearned revenue for transactions for which revenues have not been earned, or for which funds are not available to meet current financial obligations in accordance with GASB Statement No. 65. Typical transactions for which unearned revenue is recorded are lease payments, quarterly encroachment fees and advance registration for recreation classes which were not yet earned.

J. Compensated Absences Payable

City employees have vested interest in varying levels of vacation, sick leave and compensatory time based on their length of employment. It is the policy of the City to pay all accumulated vacation pay and all or a portion of sick pay when an employee retires or terminates. The long-term amount is included as a liability in the governmental activities of the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. All of the liability for compensated absences applicable to proprietary funds is reported in those funds.

K. Claims Payable

The City records a liability to reflect an actuarial estimate of ultimate uninsured losses for both general liability claims (including property damage claims) and workers' compensation claims. The estimated liability for workers' compensation claims and general liability claims includes "incurred but not reported" ("IBNR") claims. There is no fixed payment schedule to pay these liabilities.

City of Placentia
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 1 – Summary of Significant Accounting Policies (Continued)

L. Pensions

For purposes of measuring the aggregate net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the plans and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the plans (Note 9). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

The following timeframes are used for pension reporting:

<u>CalPERS</u>	
Valuation Date	June 30, 2014
Measurement Date	June 30, 2015
Measurement Period	July 1, 2014 to June 30, 2015

Gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time. The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense. The amortization period differs depending on the source of the gain or loss. The difference between projected and actual earnings is amortized straight-line over 5 years. All other amounts are amortized straight-line over the average expected remaining service lives of all members that are provided with benefits (active, inactive, and retired) as of the beginning of the measurement period.

M. Deferred Outflows/Inflows of Resources

In accordance with GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position, the Statement of Net Position reports separate sections for Deferred Outflows of Resources, and Deferred Inflows of Resources, when applicable.

Deferred Outflows of Resources represent outflows of resources (consumption of net position) that apply to future periods and that, therefore, will not be recognized as an expense until that time.

Deferred Inflows of Resources represent inflows of resources (acquisition of net position) that apply to future periods and that, therefore, are not recognized as revenue until that time.

N. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

City of Placentia
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 1 – Summary of Significant Accounting Policies (Continued)

O. Net Position

In the government-wide financial statements and proprietary fund financial statements, net position is classified as follows:

Investment in Capital Assets – This component of net position consists of capital assets, net of accumulated depreciation.

Restricted – This component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

Unrestricted – This component of net position is the amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

P. Fund Balances

In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable – Nonspendable fund balances include amounts that cannot be spent because they are not in a spendable form, such as loans receivable or inventory, or because resources legally or contractually must remain intact.

Restricted – Restricted fund balances are the portion of fund balance that have externally enforceable limitations on their usage through legislation or limitations imposed by creditors, grantor, laws and regulations of other governments or enabling legislation.

Committed – Committed fund balances are self-imposed limitations by the highest level of decision-making authority, namely the City Council, prior to the end of the reporting period. City Council adoption of a resolution is required to commit resources or to rescind the commitment.

Assigned – Assigned fund balances are limitations imposed by management based on the intended use of the funds. Modifications or rescissions of the constraints can be removed by the same type of action that limited the use of the funds. Assignment of resources can be done by the highest level of decision making or by a committee or official designated for that purpose. The City Council has authorized the Finance Director for that purpose.

Unassigned – Unassigned fund balances represent the residual net resources in excess of the other classifications. The general fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds, it is not appropriate to report a positive unassigned fund balance amount. However, in governmental funds other than general fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

City of Placentia
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 1 – Summary of Significant Accounting Policies (Continued)

Q. Use of Estimates

The preparation of the basic financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

R. Accounting Changes

GASB has issued Statement No. 72, Fair Value Measurement and Application. This Statement addresses accounting and financial reporting issues related to fair value measurements. This Statement provides guidance for determining a fair value measurement for financial reporting purposes and also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. This Statement became effective for periods beginning after June 15, 2015 and did not have any measurement impact on the City's investment portfolio, except for the additional disclosure regarding measurement input as discussed in Note 1D of the City's financial statements for the year ended June 30, 2016.

GASB has issued Statement No. 73, Accounting and Financial reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68. This Statement establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, Accounting and Financial Reporting for Pensions, as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement 68. It also amends certain provisions of Statement No. 67, Financial Reporting for Pension Plans, and Statement 68 for pension plans and pensions that are within their respective scopes. This statement became effective for periods beginning after June 15, 2015 and did not have a significant impact on the City's financial statements for the year ended June 30, 2016.

GASB has issued Statement No. 76, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments. This statement establishes standards relating to the hierarchy of generally accepted accounting principles (GAAP). The "GAAP hierarchy" consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. This statement became effective for periods beginning after June 15, 2015, and should be applied retroactively. This statement did not have a significant impact on the City's financial statements for the year ended June 30, 2016.

GASB has issued Statement No. 79, Certain External Investment Pools and Pool Participants. This statement establishes standards relating accounting and financial reporting for certain external investment pools and pool participants. This statement became effective for periods beginning after June 15, 2015, except for certain provisions on portfolio quality, custodial credit risk, and shadow pricing. Those provisions are effective for reporting periods beginning after December 15, 2015 and did not have a significant impact on the City's financial statements for the year ended June 30, 2016.

City of Placentia
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 2 – Cash and Investments

The City maintains a cash and investment pool, which includes cash balances and authorized investments of all funds.

The City had the following cash and investments at June 30, 2016:

	Government-Wide Statement of Net Position		Statement of	Total
	Governmental Activities	Business-type Activities	Fiduciary Net Position	
Cash and investments	\$ 6,607,975	\$ 1,493,540	\$ 497,780	\$ 8,599,295
Cash and investment with fiscal agent	1,541,121	-	773,140	2,314,261
Total Cash and Investments	<u>\$ 8,149,096</u>	<u>\$ 1,493,540</u>	<u>\$ 1,270,920</u>	<u>\$ 10,913,556</u>

The City's cash and investments at June 30, 2016 in more detail:

Cash on hand	\$ 17,790
Demand deposits	1,490,011
Investments	7,117,183
Investment with fiscal agent	2,288,572
	<u>\$ 10,913,556</u>

A. Demand Deposits

The carrying amounts of the City's demand deposits were \$1,490,011 at June 30, 2016. Bank balances at that date were \$1,835,718, the total amount of which was insured or collateralized with securities held by the pledging financial institutions in the City's name as discussed below.

The California Government Code requires California banks and savings and loan associations to secure the City's cash deposits by pledging securities as collateral. This Code states that collateral pledged in this manner shall have the effect of perfecting a security interest in such collateral superior to those of a general creditor. Thus, collateral for cash deposits is considered to be held in the City's name.

The market value of pledged securities must equal at least 110% of the City's cash deposits. California law also allows institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the City's total cash deposits. The City may waive collateral requirements for cash deposits, which are fully insured up to \$250,000 by the Federal Deposit Insurance Corporation ("FDIC"). The City, however, has not waived the collateralization requirements.

City of Placentia
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 2 – Cash and Investments (Continued)

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

The table below identifies the investment types that are authorized by the City's investment policy and the California Government Code. The table also identifies certain provisions of the California Government Code (or the City's investment policy, if 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 trustee that are governed by the provisions of debt agreements of the City, rather than the general provisions of the California Government Code or the City's investment policy.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
United States (U.S.) Treasury Obligation	5 years	None	None
Federal Agency Securities	5 years	30%	15%
Negotiable Certificates of Deposits	5 years	30%	\$250,000
Non-Negotiable Certificates of Deposit	5 years	40%	\$250,000
Money Market Funds	N/A	20%	10%
Passbook Savings	N/A	None	None
Commerical Paper	270 days	25%	10%
Banker's Acceptances	180 days	30%	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Orange County Investment Pool	N/A	None	None
Repurchase Agreements	1 year	30%	None

*The table is based on state law requirements or investment policy requirements, whichever is more restrictive.

C. Investments Authorized by Debt Agreements

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
United States (U.S.) Treasury Obligation	N/A	None	None
Federal Agency Securities	N/A	None	None
Negotiable Certificates of Deposits	N/A	None	None
Non-Negotiable Certificates of Deposit	N/A	None	None
Money Market Funds	N/A	None	None
Passbook Savings	N/A	None	None
Commerical Paper	270 days	None	None
Banker's Acceptances	180 days	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Orange County Investment Pool	N/A	None	None
Repurchase Agreements	N/A	None	None

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

City of Placentia
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 2 – Cash and Investments (Continued)

D. Fair Value Measurement

At June 30, 2016, investments are reported at fair value. The following table presents the fair value measurement of investments on a recurring basis and the levels within GASB 72 fair value hierarchy in which the fair value measurements fall at June 30, 2016:

Investment Type	Level 1	Level 2	Level 3	Not subject to Measurement	Total
Local Agency Investment Fund	\$ -	\$ 5,874,241	\$ -	\$ -	\$ 5,874,241
Negotiable Certificates of Deposit	-	1,242,942	-	-	1,242,942
Held by Fiscal Agent:					
Money Market Mutual Funds	-	-	-	2,288,572	2,288,572
Total	\$ -	\$ 7,117,183	\$ -	\$ 2,288,572	\$ 9,405,755

E. Risk Disclosures

Disclosures Relating to 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 is, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the City manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair values of the City's investments (including investments held by bond trustees) to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity:

Investment Type	Fair value	Investment Maturities (in Years)				
		Less than 1	1 to 2	2 to 3	3 to 4	4 to 5
Local Agency Investment Fund	\$ 5,874,241	\$ 5,874,241	\$ -	\$ -	\$ -	\$ -
Negotiable Certificates of Deposit	1,242,942	245,412	246,384	248,242	250,522	252,382
Held by Fiscal Agent:						
Money Market Mutual Funds	2,288,572	2,288,572	-	-	-	-
Total	\$ 9,405,755	\$ 8,408,225	\$ 246,384	\$ 248,242	\$ 250,522	\$ 252,382

City of Placentia
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 2 – Cash and Investments (Continued)

E. Risk Disclosures (Continued)

Disclosures Relating to 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. Presented below is the minimum rating required by (where applicable) the California Government Code or the City's investment policy, or debt agreements, and the actual rating as of fiscal year end for each investment type.

Investment Type	Total	Minimum Legal Rating	AAA	AA	A	Not Rated
Local Agency Investment Fund	\$ 5,874,241	N/A	\$ -	\$ -	\$ -	\$ 5,874,241
Negotiable Certificates of Deposit	1,242,942	N/A	-	-	-	1,242,942
Held by Fiscal Agent:						
Money Market Mutual Funds	<u>2,288,572</u>	AAA	<u>2,288,572</u>	-	-	-
Total	<u><u>\$ 9,405,755</u></u>		<u><u>\$ 2,288,572</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 7,117,183</u></u>

Concentration of Credit Risk

The investment policy of the City contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. The City has no investments in any one issuer (other than mutual funds and external investment pools) that represent 5% or more of total City investments.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that in the event of the failure of the counterparty (e.g., broker dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local government units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. At June 30, 2016, the City deposits (bank balances) were insured by the Federal Depository Insurance Corporation up to \$250,000 and the all balances were collateralized under California law.

For investments identified herein as held by bond trustee, the bond trustee selects the investment under the terms of the applicable trust agreement, acquires the investment, and holds the investment on behalf of the reporting government.

City of Placentia
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 2 – Cash and Investments (Continued)

F. Investment in Local Agency Investment Fund (“LAIF”)

The City is a participant in LAIF, which is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The City’s investments with LAIF at June 30, 2016 included a portion of the pool funds invested in Structured Notes and Asset-Backed Securities, which included the following:

Structured Notes: debt securities (other than asset-backed securities) whose cash flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or that have embedded forwards or options.

Asset-Backed Securities: generally mortgage-backed securities that entitle their purchasers to receive a share of the cash flows from a pool of assets such as principal and interest repayments from a pool of mortgages (for example, collateralized mortgage obligations), or credit card receivables.

As of June 30, 2016, the City had \$5,874,241 invested in LAIF, which had invested 2.81% of the pool investment funds in Structured Notes and Asset-Backed Securities.

Note 3 – Interfund Transactions

Due From/To Other Funds – At June 30, 2016, the City had the following due from/to other funds:

	Due From Other Funds
	Sewer Maintenance
	Enterprise Fund
Due To Other Funds	
General Fund	\$ 514,770
Housing Successor Special Revenue Fund	380,985
Refuse Enterprise Fund	23,907
Total	\$ 919,662

The above amounts resulted from when one fund reflects a deficit in its pooled cash account. Short-term loans were made from the Sewer Maintenance Enterprise Fund to address these deficits.

City of Placentia
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 3 – Interfund Transactions (Continued)

Transfers

During the year ended June 30, 2016, the City had the following transfers:

Transfers In	Transfers Out				Total
	General Fund	Nonmajor Governmental Funds	Sewer Maintenance Enterprise Fund	Nonmajor Enterprise Fund	
General Fund	\$ -	\$ 4,855,177	\$ 75,200	\$ 571,054	\$ 5,501,431
City Projects Capital Projects Fund	173,621	612,846	-	-	786,467
Nonmajor Governmental Funds	228,875	483,366	-	-	712,241
Total	<u>\$ 402,496</u>	<u>\$ 5,951,389</u>	<u>\$ 75,200</u>	<u>\$ 571,054</u>	<u>\$ 7,000,139</u>

In general, transfers are used to 1) use unrestricted revenues collected in one fund to finance various programs accounted for in other funds in accordance with budgetary authorizations, and 2) to transfer to the General Fund to fund administration services.

Transfers from non-major governmental funds to the General Fund included \$3,820,836 transferred from Utility Users Tax Special Revenue Fund, \$850,000 from Gas Tax Special Revenue Fund for gas tax eligible costs, \$69,647 from Asset Seizure Special Revenue Fund, and \$114,694 from Supplemental Law Enforcement Special Revenue Fund to fund police officers.

Sewer Maintenance Enterprise Fund transferred \$75,200 to General Fund for operating costs.

CNG Enterprise Fund transferred \$571,054 to General Fund to close out the operation.

\$173,621 from General Fund and \$612,846 from nonmajor funds were transferred to the City Projects Capital Projects Fund to fund city projects.

General Fund transferred \$228,875 to Street Lighting Special Revenue Fund to subsidize street lighting district.

Gas Tax Fund transferred \$483,366 to Debt Service Fund to fund the 2011 Gas Tax Certificate of Participation debt service.

Note 4 – Loans Receivables

At June 30, 2016, the City had following loans receivable:

2003 Certificates of Participation Reimbursement	\$ 3,842,128
Owner's Participation Agreement	<u>73,749</u>
Total	<u>\$ 3,915,877</u>

City of Placentia
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 4 – Loans Receivables (Continued)

A. 2003 Certificates of Participation Reimbursement

On April 16, 2007, the City Council of the City of Placentia and the Board of Directors of the former Placentia Redevelopment Agency approved a reimbursement agreement between the City and the former Placentia Redevelopment Agency. This agreement provides that the former Placentia Redevelopment Agency will reimburse the City for a portion of the lease payment paid by the City to the bond trustee, with respect to the 2003 Certificates of Participation (COP). The portion reimbursed (87.52 percent) is based upon the portion of the capital improvements and improved facilities benefiting from the original proceeds of the related debt issue that were within the confines of the development project area. The loans receivable balance as of June 30, 2016 of \$3,842,128 represents 87.52 percent of the outstanding principal balance of the 2003 COP at June 30, 2016 of \$4,390,000.

B. Owner's Participation Agreement

The Placentia Redevelopment Agency entered into an owner participation agreement dated January 5, 2001. Pursuant to that agreement, the Agency loaned \$150,000 to a small-business in Placentia. The term of the loan is 30 years and does not bear interest, except upon default. The loan was recorded in the Low and Moderate Housing fund of the former Redevelopment Agency of Placentia. Upon dissolution of the Redevelopment Agency at February 1, 2012, the outstanding loan receivable balance was transferred to the Housing Successor Fund. During the 2014-15 fiscal year, the City received \$5,000 in principal payments. The ending loan receivable at June 30, 2016 is \$73,749.

City of Placentia
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 5 – Capital Assets

The following is a summary of changes in capital assets for the governmental activities for the year ended June 30, 2016:

	Balance July 1, 2015	Additions	Deletions	Reclassifications	Balance June 30, 2016
<i>Capital assets not being depreciated:</i>					
Land	\$ 23,381,937	\$ -	\$ -	\$ -	\$ 23,381,937
Land-right of way	258,822	-	-	-	258,822
Infrastructure - trees	3,114,540	-	-	-	3,114,540
Construction in progress	2,495,841	424,154	-	(814,674)	2,105,321
Total capital assets not being depreciated	<u>29,251,140</u>	<u>424,154</u>	<u>-</u>	<u>(814,674)</u>	<u>28,860,620</u>
<i>Capital assets being depreciated:</i>					
Structures and improvements	12,539,771	53,185	-	-	12,592,956
Equipment	4,432,285	697,392	(261,077)	790,325	5,658,925
Land improvements	138,806	-	-	-	138,806
Infrastructure:					
Streets network	45,232,725	22,987	-	431,005	45,686,717
Street appurtenances	22,608,043	-	-	288,747	22,896,790
Storm drain	8,265,432	-	-	94,922	8,360,354
Total capital assets being depreciated	<u>93,217,062</u>	<u>773,564</u>	<u>(261,077)</u>	<u>1,604,999</u>	<u>95,334,548</u>
<i>Less accumulated depreciation for:</i>					
Structures and improvements	(4,017,629)	(259,568)	-	(509,222)	(4,786,419)
Equipment	(4,332,961)	(77,303)	245,456	(281,103)	(4,445,911)
Land improvements	(89,728)	(3,548)	-	-	(93,276)
Infrastructure:					
Streets network	(17,299,163)	(1,244,253)	-	-	(18,543,416)
Street appurtenances	(11,328,427)	(596,990)	-	-	(11,925,417)
Storm drain	(5,641,993)	(165,535)	-	-	(5,807,528)
Total accumulated depreciation	<u>(42,709,901)</u>	<u>(2,347,197)</u>	<u>245,456</u>	<u>(790,325)</u>	<u>(45,601,967)</u>
Total capital assets being depreciated, net	<u>50,507,161</u>	<u>(1,573,633)</u>	<u>(15,621)</u>	<u>814,674</u>	<u>49,732,581</u>
Total governmental activities	<u>\$ 79,758,301</u>	<u>\$ (1,149,479)</u>	<u>\$ (15,621)</u>	<u>\$ -</u>	<u>\$ 78,593,201</u>

Depreciation expense was charged to functions/programs of governmental activities for the year ended June 30, 2016 as follows:

General government	\$ 219,140
Public safety	51,052
Public works	2,049,625
Internal service fund	27,380
Total depreciation expense	<u>\$ 2,347,197</u>

City of Placentia
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 5 – Capital Assets (Continued)

The following is a summary of changes in capital assets for the business-type activities for the year ended June 30, 2016:

	Balance July 1, 2015	Additions	Deletions	Reclassifications	Balance June 30, 2016
<i>Capital assets being depreciated:</i>					
Structures and improvements	\$ 28,155,969	\$ -	\$ -	\$ -	\$ 28,155,969
Equipment	825,558	4,848	-	(790,326)	40,080
Total capital assets being depreciated	<u>28,981,527</u>	<u>4,848</u>	<u>-</u>	<u>(790,326)</u>	<u>28,196,049</u>
Less accumulated depreciation for:					
Structures and improvements	(16,911,352)	(515,100)	-	-	(17,426,452)
Equipment	(790,590)	(3,968)	-	790,326	(4,232)
Total accumulated depreciation	<u>(17,701,942)</u>	<u>(519,068)</u>	<u>-</u>	<u>790,326</u>	<u>(17,430,684)</u>
Total capital assets being depreciated, net	<u>11,279,585</u>	<u>(514,220)</u>	<u>-</u>	<u>-</u>	<u>10,765,365</u>
Total business-type activities	<u><u>\$ 11,279,585</u></u>	<u><u>\$ (514,220)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 10,765,365</u></u>

Depreciation expense was charged to the Sewer Maintenance Fund within Business-type activities.

Note 6 – Long-Term Liabilities

A. Governmental Activities

Summary of changes in long-term liabilities for governmental activities for the year ended June 30, 2016 is as follows:

	Balance July 1, 2015 Restated	Additions	Deletions	Balance June 30, 2016	Classification	
	Due within One Year				Due in more than One Year	
Certification of Participation;						
2003 Refunding and Improvement						
Project Certificates of Participation	\$ 4,665,000	\$ -	\$ (275,000)	\$ 4,390,000	\$ 285,000	\$ 4,105,000
2011 Gas Tax Certificates of Participation	5,140,000	-	(225,000)	4,915,000	235,000	4,680,000
Bonds Payable:						
2009 Lease Revenue Bonds	3,615,000	-	(525,000)	3,090,000	830,000	2,260,000
Bond Discount:	(35,658)	-	8,914	(26,744)	(8,914)	(17,830)
2009 Lease Revenue Bonds						
Other Liabilities:						
Capital Lease	41,141	250,598	(73,925)	217,814	55,796	162,018
OCTA Advance	3,543,813	-	(239,092)	3,304,721	-	3,304,721
Claims Payable	2,616,284	85,196	(665,637)	2,035,843	508,961	1,526,882
Compensated Absences	2,512,425	674,822	(1,038,561)	2,148,686	1,241,144	907,542
Other Postemployment Benefits	2,929,765	1,685,945	(1,014,075)	3,601,635	-	3,601,635
Aggregate Net Pension Liability (Note 9)	<u>26,865,771</u>	<u>12,713,528</u>	<u>(10,657,264)</u>	<u>28,922,035</u>	<u>-</u>	<u>28,922,035</u>
	<u><u>\$ 51,893,541</u></u>	<u><u>\$ 15,410,089</u></u>	<u><u>\$ (14,704,640)</u></u>	<u><u>\$ 52,598,990</u></u>	<u><u>\$ 3,146,987</u></u>	<u><u>\$ 49,452,003</u></u>

City of Placentia
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 6 – Long-Term Liabilities (Continued)

A. Governmental Activities (Continued)

2003 Refunding and Improvements Project Certificate of Participation

On November 13, 2003, the City issued certificates of participation in the amount of \$11,145,000 to (a) refinance certain obligations relating to the Placentia Redevelopment Agency's 2003 Taxable Convertible Certificates of Participation (2003 Financing Project), (b) refinance certain obligations relating to the City's 2001 Certificates of Participation (Traffic Circulation Project) and (c) finance and refinance certain capital improvements in the City. The certificates are in denominations of \$5,000 each and bear interest ranging from 2 to 4.4 percent.

Certificates maturing on or after January 1, 2014, are subject to call for prepayment at the option of the City at a price equal to principal plus accrued interest without premium. Certificates maturing on January 1, 2028, are subject to mandatory prepayment on January 1, each year commencing January 2, 2021, from lease payments made by the City at a price equal to the principal payment.

Principal is payable annually on January 1. Interest is payable semiannually on January 1 and July 1 commencing July 1, 2004. The required reserve for the certificates was fully funded as of June 30, 2015.

Each certificate represents a direct, undivided fractional interest of the owner thereof in lease payments to be made by the City to the former Placentia Redevelopment Agency for the right to use and occupancy of an existing corporate yard and an existing public park (the Project), the property to which the City has rights of use and occupancy is subleased by the City from the former Placentia Redevelopment Agency as lessee and sublessor of the leased property. In accordance with the Lease Agreement, the City is required to pay lease payments to the bond trustee, which is designed to be sufficient in both time and amount, to pay, when due, the principal and interest with respect to the Certificates, due on January 1 and July 1 of each year. The City has covenanted that it will provide the necessary appropriations in each annual budget.

On April 17, 2007, the City Council of the City of Placentia and the Board of Directors of the former Placentia Redevelopment Agency approved a reimbursement agreement between the City and the Placentia Redevelopment Agency. This agreement provides that the former Placentia Redevelopment Agency will reimburse the City for apportion of the lease payment paid by the city to the Bond trustee, with respect of the 2003 Certificates of Participation. The portion reimbursed (87.52 percent) is based upon the portion of the capital improvements and improved facilities benefiting from the original proceeds of the related debt issue that were within the confines of the redevelopment project area.

The 2003 Certificates of Participation is the obligation of the City, and is reported in full in the government-wide Statement of Net Position, within the governmental activities. A portion of the 2003 Certificates of Participation, which constitutes 87.52 percent of the total obligation amount, is to be repaid by the former Placentia Redevelopment Agency, pursuant to the above mentioned reimbursement agreement. As such, an amount reflecting the 87.52 percent of the total obligation is reported on the Statement of Fiduciary Net Position within the RDA Successor Agency Private-Purpose Trust Fund (See Note 17 for additional details). A note receivable is reported in the General Fund, relating to the 87.52 percent of the total obligation that the city is expected to have reimbursement by the former Placentia Redevelopment Agency (See Note 3 for additional details). The outstanding balance of the 2003 Certificates of Participation as of June 30, 2016 is \$4,390,000.

City of Placentia
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 6 – Long-Term Liabilities (Continued)

A. Governmental Activities (Continued)

2003 Refunding and Improvements Project Certificate of Participation (Continued)

The annual debt service requirements are as follows:

Year ending June 30,	Principal	Interest	Total
2017	\$ 285,000	\$ 202,986	\$ 487,986
2018	295,000	191,230	486,230
2019	310,000	178,693	488,693
2020	320,000	165,130	485,130
2021	335,000	151,050	486,050
2022-2026	1,935,000	500,650	2,435,650
2027-2028	910,000	65,313	975,313
	<u>\$ 4,390,000</u>	<u>\$ 1,455,052</u>	<u>\$ 5,845,052</u>

2011 Gas Tax Certifications of Participation

On May 1, 2011, the City issued Gas Tax Revenue Certificates of Participation in the amount of \$5,955,000. Proceeds from the debt will be used to (i) finance the design, acquisition, and construction of certain local roadway improvements and street resurfacing projects within the City, (ii) fund a reserve fund for the certificates, and (III) pay the costs incurred in connection with the certificates.

The certificates are in denominations of \$5,000 each and bear interest ranging from 2.0% to 5.5%. Interest is payable semi-annually on June 1, and December 1. Principal payments of \$185,000 to \$275,000 are due each June 1, through 2021. Term Certificates of \$1,590,000 are due June 1, 2026. Term Certificates of \$2,050,000 are due June 1, 2031.

All gas tax revenues and any other amounts (including proceeds of the sale of Certificates) held by the trustee will be irrevocably pledged to the payment of the principal, interest, and prepayment premium, if any, will not be used for any other purpose while any of the Certificates remain outstanding.

Each Certificate evidences proportionate and undivided interests of the registered owners thereof in installment sale payments to be made by the City to the California Statewide Communities Development Authority, as the purchase price for certain local roadway improvements and street resurfacing projects pursuant to a 2011 Installment Sale Agreement, dated as of May 1, 2011.

The Certificates are subject to optional, mandatory, and mandatory sinking fund prepayments under certain conditions.

City of Placentia
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 6 – Long-Term Liabilities (Continued)

A. Governmental Activities (Continued)

2011 Gas Tax Certifications of Participation (Continued)

Optional Prepayment

The Certificates maturing on or before June 1, 2021, are not subject to optional prepayment prior to the respective stated maturities. The Certificates maturing on or after June 1, 2022, will be subject to optional prepayment prior to maturity, at the option of the California Statewide Communities Development Authority upon direction of the City, on or after June 1, 2021, in whole or in part (by lot within any maturity), on any date, at a prepayment price equal to the principal amount to be prepaid, plus accrued interest to the date fixed for prepayment, without premium. The City is required to provide written notice at least 45 days prior to the prepayment date specifying the principal amount to be prepaid.

Mandatory Prepayment of Certificates Upon Acceleration

The Certificates are subject to mandatory prepayment prior to maturity, in whole or in part (by lot within any maturity), on any date, from amounts received upon the acceleration of payments upon the occurrence of an event of default, at a prepayment price equal to the principal amount to be prepaid, plus accrued interest to the date fixed for prepayment, without premium.

Mandatory Sinking Fund Prepayment

The Certificates maturing on June 1, 2026 and 2031 are subject tot mandatory prepayment on June 1, of each year commencing June 1, 2022 and 2027, respectively.

The prepayment requirements are as follows:

Mandatory Prepayment Date (June 1)	Amount	Mandatory Prepayment Date (June 1)	Amount
2022	\$ 290,000	2027	\$ 365,000
2023	300,000	2028	390,000
2024	315,000	2029	410,000
2025	335,000	2030	430,000
2026	350,000	2031	455,000

City of Placentia
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 6 – Long-Term Liabilities (Continued)

A. Governmental Activities (Continued)

2011 Gas Tax Certifications of Participation (Continued)

Annual debt service requirements are as follows:

Year ending June 30,	Principal	Interest	Total
2017	\$ 235,000	\$ 244,944	\$ 479,944
2018	245,000	235,544	480,544
2019	255,000	225,744	480,744
2020	265,000	215,544	480,544
2021	275,000	204,281	479,281
2022-2026	1,590,000	810,000	2,400,000
2027-2031	2,050,000	350,350	2,400,350
	<u>\$ 4,915,000</u>	<u>\$ 2,286,407</u>	<u>\$ 7,201,407</u>

2009 Lease Revenue Bonds

On June 24, 2009, the Placentia Public Financing Authority (the “Authority”) issued \$4,390,000 of Lease Revenue Bonds (Working Capital Financing) (the “Bonds”) to finance the City’s accumulated working capital deficit, fund a reserve fund for the bonds, and pay the costs incurred in connection with the issuance of the Bonds. The Bonds are payable from lease payments to be made by the City to the Placentia Public Financing Authority as payable semiannually on December 1 and June 1 of each year, commencing on December 1, 2009, until maturity, and yield and interest rate of 7.5 percent.

The Bonds are secured by a first pledge of security interest all of the lease payments received with respect to the Placentia City Hall. Pursuant to the Assignment Agreement, the Authority has assigned all of its rights to receive the lease payments from the City and remedies to the trustee for the benefit of the owners of the Bonds. The City is required to pay principal and interest when due. The outstanding balance as of June 30, 2016 is \$3,090,000.

The annual debt service requirements are as follows:

Year ending June 30,	Principal	Interest	Total
2017	\$ 830,000	\$ 231,750	\$ 1,061,750
2018	1,025,000	169,500	1,194,500
2019	1,235,000	92,625	1,327,625
	<u>\$ 3,090,000</u>	<u>\$ 493,875</u>	<u>\$ 3,583,875</u>

City of Placentia
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 6 – Long-Term Liabilities (Continued)

A. Governmental Activities (Continued)

Capital Lease

Phone System Upgrade

On August 23, 2011, the City entered into a Tax-Exempt California Abatement Lease/Purchase Agreement for financing the acquisition of phone system in the City Hall. The assets acquired through the capital lease were included in the machinery and equipment for governmental activities in the amount of \$157,870. The lease is for a period of five years with total interest payment of \$14,515. Rental payments are payable monthly in arrears of the period to which they relate. The title to the purchased equipment is in the name of the City.

Electric Vehicles

On October 22, 2015, the City entered into a Purchase Agreement for financing the acquisition of ten electric vehicles. The assets acquired through the capital lease were included in the machinery and equipment for governmental activities in the amount of \$275,200. The lease is for a period of five years with interest rate of 3.99% for one of the ten vehicles for a total of \$2,501. Rental payments are payable monthly in arrears of the period to which they relate. The title to the purchased equipment is in the name of the City.

The future minimum lease obligations for the capital lease payable as of June 30, 2016 are as follows:

Year ending June 30,	Amount
2017	\$ 56,596
2018	50,620
2019	50,620
2020	50,620
2021	11,474
Total payment	219,930
Interest	(2,116)
Principal	<u>\$ 217,814</u>

City of Placentia
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 6 – Long-Term Liabilities (Continued)

A. Governmental Activities (Continued)

OCTA Advance

On February 16, 2010, the City entered into a cooperative agreement with the Orange County Transportation Authority (the “OCTA”). Terms of the cooperative agreement required OCTA to repay CalTrans \$1.5 million for previously disallowed costs in exchange for the City’s support of OCTA’s direction to CalTrans for any eligible project in Orange County. In addition, OCTA advanced the City \$4.1 million of future Measure M funds. Principal and accrued but unpaid interest payments commenced bi-monthly beginning July 1, 2011, and are made from future Measure M funds over approximately 19 years. Interest is equal to the yield on OCTA’s short-term investment portfolio, and resets annually on June 30. The outstanding principal as of June 30, 2016 is \$3,304,721.

Claims Payable

Estimated claims payable from general liability and workers’ compensation claims as determined by outside claims administrator. Outstanding balance as of June 30, 2016 is as follows:

General Liability Claims	\$ 155,560
Workers' Compensation Claims	<u>1,880,283</u>
Total Claims Payable	<u>\$ 2,035,843</u>

B. Business-Type Activities

Summary of changes in long-term liabilities for business-type activities for the year ended June 30, 2016 is as follows:

	Balance			Balance June 30, 2016	Classification	
	July 1, 2015	Additions	Deletions		Due within One Year	Due in more than One Year
Compensated Absences	\$ 66,650	\$ 16,521	\$ (34,300)	\$ 48,871	\$ 27,946	\$ 20,925
Aggregate Net Pension Liability (Note 9)	815,675	535,978	(344,686)	1,006,967	-	1,006,967
	<u>\$ 882,325</u>	<u>\$ 552,499</u>	<u>\$ (378,986)</u>	<u>\$ 1,055,838</u>	<u>\$ 27,946</u>	<u>\$ 1,027,892</u>

City of Placentia
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 7 – Non-City Obligations

A. 1996 and 2001 Special Tax Revenue Bond

On August 27, 1996, \$27,765,000 of special Tax Revenue Bonds, Series A and B were issued to refund the existing Mello-Roos Community Facilities District Bonds originally issued on September 1990. On June 15, 2001, \$5,715,000 of Special Tax Revenue Bonds, Series A, was issued to refund the 1996 Special Tax Revenue Bonds, Series B. The bonds were issued to provide financing for the design, construction and installation of certain public improvements within Community Facilities District No. 89-1. The bonds are secured by the assessments levied against the private property within the assessment district. The bonds are not general obligations of the City, and neither the faith and credit nor taxing power of the City is pledged to the payment of the bonds. The City is acting only in an agency capacity for the property owners. As noted below, the 2009 Special Tax Revenue Refunding Bonds defeased the 1996 special Tax Revenue Bonds Series A. The outstanding principal balance was paid off during the fiscal year 2015-2016.

B. 2009 Special Tax Revenue Refunding Bonds

On May 27, 2009, \$9,715,000 of Special Tax Revenue Refunding Bonds were issued to provide for defeasance and refunding of the Authority's Special Tax Revenue Bond, 1996 Series A, to fund a reserve fund and to pay costs to issue the bonds. On June 16, 2009, \$12,400,144 was deposited into an irrevocable trust to defease the 1996 Series A bonds. As such, the 1996 Series A Special Tax Revenue Bonds have been considered defeased. The 2009 bonds are not general obligations of the City, and neither the faith and credit nor taxing power of the City is pledged to the payment of the bonds. The City is acting only in an agency capacity for the property owners. The outstanding principal balance was paid off during the fiscal year 2015-2016.

Note 8 – Deferred Compensation Plans

The City has made available to its employees two deferred compensation plans, created in accordance with Internal Revenue Code (the "IRC") Section 457, whereby employees authorize the City to defer a portion of their salary to be deposited in individual investment accounts. There are several options available for employees to invest, including annuities, life insurance, savings accounts and mutual funds. Funds may be withdrawn by participants upon termination of employment, retirement, or a certified emergency. The City makes no contribution under the plans.

Pursuant to changes in IRC Section 457, the City amended its plans and established a trust into which all assets and income of the 457 plan were transferred during the year ended June 30, 1998. The assets and all income attributable to such amounts are held in trust for the exclusive benefit of the participant and their beneficiaries. These assets are no long the property of the City, and therefore, are no long subject to the claims of the City's general creditors. As a result, the assets of the 457 deferred compensation plans are no longer presented in an agency fund of the City's financial statements. The City has minimal involvement in the administration of the 457 plans, and therefore, lacks the fiduciary accountability that would require the 457 assets be recorded in an expendable trust fund.

City of Placentia
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 9 – Defined Benefit Pension Plans

The following is a summary of net pension liabilities and related deferred outflows and inflows of resources as of June 30, 2016 and pension expenses for the year then ended June 30, 2016:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Deferred outflows of resources:			
Pension contribution made after measurement date			
Miscellaneous	\$ 594,023	\$ 73,418	\$ 667,441
Safety	2,568,441	-	2,568,441
Difference between expected and actual experience			
Miscellaneous	21,749	2,688	24,437
Adjustment due to differences in proportions			
Safety	334,284	-	334,284
Difference between City's contributions and proportionated share of contributions			
Safety	91,437	-	91,437
Total deferred outflows of resources	<u>\$ 3,609,934</u>	<u>\$ 76,106</u>	<u>\$ 3,686,040</u>
Aggregate net pension liabilities:			
Aggregate net pension liabilities			
Miscellaneous	\$ 8,147,278	\$ 1,006,967	\$ 9,154,245
Safety	20,774,757	-	20,774,757
Total net pension liabilities	<u>\$ 28,922,035</u>	<u>\$ 1,006,967</u>	<u>\$ 29,929,002</u>
Deferred inflows of resources:			
Difference between expected and actual experience			
Safety	\$ 248,075	\$ -	\$ 248,075
Changes of assumptions			
Miscellaneous	205,761	25,431	231,192
Safety	1,140,987	-	1,140,987
Difference in projected and actual earnings on pension investments			
Miscellaneous	103,151	12,749	115,900
Safety	578,260	-	578,260
Adjustment due to differences in proportions			
Miscellaneous	1,193,486	147,510	1,340,996
Difference between City's contributions and proportionated share of contributions			
Miscellaneous	981,414	121,298	1,102,712
Total deferred inflows of resources	<u>\$ 4,451,134</u>	<u>\$ 306,988</u>	<u>\$ 4,758,122</u>
Pension expenses:			
Miscellaneous	\$ 755,459	\$ 93,371	\$ 848,830
Safety	1,313,363	-	1,313,363
Total pension expenses	<u>\$ 2,068,822</u>	<u>\$ 93,371</u>	<u>\$ 2,162,193</u>

City of Placentia
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 9 – Defined Benefit Pension Plans (Continued)

General Information about the Pension Plan

Plan Description

The City contributes to the California Public Employees’ Retirement System (“CalPERS”), a cost-sharing multiple-employer defined benefit pension plan. CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by State statute and City ordinance. Copies of the CalPERS annual financial report may be obtained from their Executive Office located at 400 P Street, Sacramento, California 95814.

Employees Covered by Benefit Terms

At June 30, 2014, the following employees were covered by the benefit terms:

	Plans				
	Misc.	Misc. Tier 2	PEPRA Misc.	Safety	PEPRA Safety
Active employees	41	8	6	37	3
Transferred and terminated employees	52	5	4	22	-
Separated	39	1	1	12	2
Retired employees and beneficiaries	172	-	-	158	-
Total	<u>304</u>	<u>14</u>	<u>11</u>	<u>229</u>	<u>5</u>

Benefit Provided

CalPERS provide retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Classic and PEPRA Safety CalPERS member becomes eligible for service retirement upon attainment of age 55 with at least 5 years of credited service. PEPRA miscellaneous members become eligible for service retirement upon attainment of age 62 with at least 5 years of service. The service retirement benefit is a monthly allowance equal to the product of the benefit factor, years of service, and final compensation. The final compensation is the monthly average of the member's highest 36 full-time equivalent monthly pay.

Following are the benefit provisions for each plan:

- Miscellaneous: 2% (at age 55) of the average final 12 months compensation
- Miscellaneous Tier 2 : 2% (at age 60) of the average final 12 months compensation
- PEPRA Miscellaneous : 2% (at age 62) of the average final 36 months compensation
- Safety: 3% (at age 50) of the average final 12 months compensation
- PEPRA Safety Police: 2.7% (at age 57) of the average final 36 months compensation

Participants are eligible for non-industrial disability retirement if they become disabled and have at least 5 years of credited service. There is no special age requirement. The standard non-industrial disability retirement benefit is a monthly allowance equal to 1.8 percent of final compensation, multiplied by service. Industrial disability benefits are not offered to miscellaneous employees.

City of Placentia
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 9 – Defined Benefit Pension Plans (Continued)

General Information about the Pension Plan (Continued)

Benefit Provided (Continued)

An employee's beneficiary may receive the basic death benefit if the employee dies while actively employed. The employee must be actively employed with the City to be eligible for this benefit. An employee's survivor who is eligible for any other pre-retirement death benefit may choose to receive that death benefit instead of this basic death benefit. The basic death benefit is a lump sum in the amount of the employee's accumulated contributions, where interest is currently credited at 7.5 percent per year, plus a lump sum in the amount of one month's salary for each completed year of current service, up to a maximum of six months' salary. For purposes of this benefit, one month's salary is defined as the member's average monthly full-time rate of compensation during the 12 months preceding death.

Upon the death of a retiree, a one-time lump sum payment of \$500 will be made to the retiree's designated survivor(s), or to the retiree's estate.

Benefit terms provide for annual cost-of-living adjustments to each employee's retirement allowance. Beginning the second calendar year after the year of retirement, retirement and survivor allowances will be annually adjusted on a compound basis by 2 percent.

Contributions

Section 20814(c) of the California Public Employees' Retirement Law ("PERL") requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The Public agency cost-sharing plans covered by either the Safety risk pools, the Plan's actuarially determined rate is based on the estimated amount necessary to pay the Plan's allocated share of the risk pool's costs of benefits earned by employees during the year, and any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the measurement period ended June 30, 2015 (the measurement date), the average contribution rate were as follows:

<u>Plans</u>	<u>Active Employee Contribution Rate</u>	<u>Employer Contribution Rate</u>
Miscellaneous	7.000%	11.522%
Miscellaneous Tier 2	7.000%	8.435%
PEPRA Miscellaneous	6.250%	6.250%
Safety	9.000%	50.865%
PEPRA Safety	12.250%	12.250%

City of Placentia
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 9 – Defined Benefit Pension Plans (Continued)

Pension Liabilities, Pension Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

The June 30, 2014 valuation was rolled forward to determine June 30, 2015 total pension liability based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal in accordance with the requirement of GASB Statement No. 68
Actuarial Assumptions:	
Discount Rate	7.65%
Inflation	2.75%
Salary Increases	Varies by entry age and service
Investment rate of return	7.65% net of pension plan investment expenses, includes inflation
Mortality Rate Table	Derived using CalPERS' membership data for all funds.
Post Retirement Benefit Increase	Contract COLA up to 2.75% until purchasing power protection allowance floor on purchasing power applies, 2.75% thereafter

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

Change of Assumption

In accordance with GASB 68, the long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. The discount rate was changed from 7.5 % (net of administrative expense in 2014) to 7.65% as of the June, 30, 2015 measurement date to correct the adjustment which previously reduced the discount rate for administrative expense.

Discount Rate

The discount rate used to measure the total pension liability was 7.65 percent. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing of the plans, the tests revealed the assets would not run out. Therefore, the current 7.65 percent discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long-term expected discount rate of 7.65 percent is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB 68 section.

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

City of Placentia
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 9 – Defined Benefit Pension Plan (Continued)

Pension Liabilities, Pension Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension (Continued)

Discount Rate (Continued)

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

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. The target allocation shown was adopted by the Board effective on July 1, 2014.

<u>Asset Class</u>	<u>New Strategic Allocation-%</u>	<u>Real Return Years 1-10¹ -%</u>	<u>Real Return Years 11+² -%</u>
Global Equity	51.00	5.25	5.71
Global Fixed Income	19.00	0.99	2.43
Inflation Sensitive	6.00	0.45	3.36
Private Equity	10.00	6.83	6.95
Real Estate	10.00	4.50	5.13
Infrastructure and Forestland	2.00	4.50	5.09
Liquidity	2.00	-0.55	-1.05

¹An expected inflation of 2.5% used for this period

²An expected inflation of 3.0% used for this period.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the City's proportionate share of the net pension liability of the Plan as of the measurement date, calculated using the discount rate of 7.65%, as well as what the City's proportionate share of the net pension liability 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:

	<u>Plan's Net Pension Liability/(Asset)</u>		
	<u>Discount Rate - 1% (6.65%)</u>	<u>Current Discount Rate (7.65%)</u>	<u>Discount Rate + 1% (8.65%)</u>
Miscellaneous	\$ 15,352,308	\$ 9,154,245	\$ 4,037,024
Safety	\$ 33,309,070	\$ 20,774,757	\$ 10,496,851
Total	\$ 48,661,377	\$ 29,929,002	\$ 14,533,875

City of Placentia
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 9 – Defined Benefit Pension Plan (Continued)

Pension Liabilities, Pension Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension (Continued)

Pension Plan Fiduciary Net Position

Detail information about the plan’s fiduciary net position is available in the separately issued CalPERS financial report and can be obtained from CalPERS’ website under Forms and Publications.

Proportionate Share of Net Pension Liability and Pension Expense

The following table shows the plan’s proportionate share of the risk pool collective net pension liability over the measurement period:

	Increase (Decrease)		
	Plan Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Miscellaneous			
Balance at: 6/30/14 (Valuation date)	\$ 50,778,825	\$ 42,161,022	\$ 8,617,803
Balance at: 6/30/15 (Measurement date)	49,890,165	40,735,920	9,154,245
Net changes during 2014-2015	(888,660)	(1,425,102)	536,442
Safety			
Balance at: 6/30/14 (Valuation date)	\$ 80,522,715	\$ 61,484,214	\$ 19,038,500
Balance at: 6/30/15 (Measurement date)	80,896,275	60,121,518	20,774,757
Net changes during 2014-2015	(373,560)	1,362,696	1,736,257

The following is the approach established by the plan actuary to allocate the net pension liability and pension expense to the individual employers within the risk pool.

- (1) In determining a cost-sharing plan’s proportionate share, total amounts of liabilities and assets are first calculated for the risk pool as a whole on the valuation date (June 30, 2014). The risk pool’s fiduciary net position (“FNP”) subtracted from its total pension liability (“TPL”) determines the net pension liability (“NPL”) at the valuation date.
- (2) Using standard actuarial roll forward methods, the risk pool TPL is then computed at the measurement date (June 30, 2015). Risk pool FNP at the measurement date is then subtracted from this number to compute the NPL for the risk pool at the measurement date. For purposes of FNP in this step and any later reference thereto, the risk pool’s FNP at the measurement date denotes the aggregate risk pool’s FNP at June 30, 2015 less the sum of all additional side fund (or unfunded liability) contributions made by all employers during the measurement period (2014-15).

City of Placentia
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 9 – Defined Benefit Pension Plan (Continued)

Pension Liabilities, Pension Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension (Continued)

Proportionate Share of Net Pension Liability and Pension Expense (Continued)

- (3) The individual plan’s TPL, FNP and NPL are also calculated at the valuation date. TPL is allocated based on the rate plan’s share of the actuarial accrued liability. FNP is allocated based on the rate plan’s share of the market value assets.
- (4) Two ratios are created by dividing the plan’s individual TPL and FNP as of the valuation date from (3) by the amounts in step (1), the risk pool’s total TPL and FNP, respectively.
- (5) The plan’s TPL as of the Measurement Date is equal to the risk pool TPL generated in (2) multiplied by the TPL ratio generated in (4). The plan’s FNP as of the Measurement Date is equal to the FNP generated in (2) multiplied by the FNP ratio generated in (4) plus any additional side fund (or unfunded liability) contributions made by the employer on behalf of the plan during the measurement period.
- (6) The plan’s NPL at the Measurement Date is the difference between the TPL and FNP calculated in (5).

Deferred outflows of resources, deferred inflows of resources, and pension expense is allocate based on the City’s share of contributions during measurement period.

The City’s proportionate share of the net pension liability was as follows:

	<u>Miscellaneous</u>	<u>Safety</u>
June 30, 2014	0.13850%	0.30596%
June 30, 2015	<u>0.13337%</u>	<u>0.30267%</u>
Change - Increase (Decrease)	<u><u>-0.00513%</u></u>	<u><u>-0.00330%</u></u>

For the year ended June 30, 2016, the City recognized pension expense as follows:

Miscellaneous	\$ 848,830
Safety	<u>1,313,363</u>
	<u><u>\$ 2,162,193</u></u>

The amortization period differs depending on the source of the gain or loss. The difference between projected and actual earnings is amortized over 5-years straight line. All other amounts are amortized straight-line over the average expected remaining service lives of all members that are provided with benefits (active, inactive and retired) as of the beginning of the measurement period.

The expected average remaining service lifetime (“EARSL”) is calculated by dividing the total future service years by the total number of plan participants (active, inactive, and retired) in the risk pool. The EARSL for risk pool for the 2014-15 measurement period is 3.8 years, which was obtained by dividing the total service years of 467,023 (the sum of remaining service lifetimes of the active employees) by 122,410 (the total number of participants: active, inactive, and retired).

City of Placentia
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 9 – Defined Benefit Pension Plan (Continued)

Pension Liabilities, Pension Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension (Continued)

Proportionate Share of Net Pension Liability and Pension Expense (Continued)

At June 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Miscellaneous		Police	
	Deferred outflows of resources	Deferred inflows of resources	Deferred outflows of resources	Deferred inflows of resources
Pension contribution after measurement date	\$ 667,441	\$ -	\$ 2,568,441	\$ -
Difference between expected and actual experience	24,437	-	-	(248,075)
Changes of assumptions	-	(231,192)	-	(1,140,987)
Difference between projected and actual earning on pension plan investments	-	(115,900)	-	(578,260)
Adjustment due to differences in proportions	-	(1,340,996)	334,284	-
Difference between City contributions and proportionate share of contributions	-	(1,102,712)	91,437	-
Total	<u>\$ 691,878</u>	<u>\$ (2,790,800)</u>	<u>\$ 2,994,162</u>	<u>\$ (1,967,322)</u>

	Total	
	Deferred outflows of resources	Deferred inflows of resources
Pension contribution after measurement date	\$ 3,235,882	\$ -
Difference between expected and actual experience	24,437	(248,075)
Changes of assumptions	-	(1,372,179)
Difference between projected and actual earning on pension plan investments	-	(694,160)
Adjustment due to differences in proportions	334,284	(1,340,996)
Difference between City contributions and proportionate share of contributions	91,437	(1,102,712)
Total	<u>\$ 3,686,040</u>	<u>\$ (4,758,122)</u>

City of Placentia
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 9 – Defined Benefit Pension Plan (Continued)

Pension Liabilities, Pension Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension (Continued)

Proportionate Share of Net Pension Liability and Pension Expense (Continued)

Deferred outflows of resources related to pensions resulting from the City’s contributions made subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Measurement Period Ended June 30,	Deferred Outflows/ (Inflows) of Resources	
	Miscellaneous	Safety
2016	\$ (1,074,220)	\$ (723,772)
2017	(1,052,037)	(751,575)
2018	(788,252)	(776,104)
2019	148,146	709,850
2020	-	-
Thereafter	-	-
	\$ (2,766,363)	\$ (1,541,601)

Note 10 – Other Postemployment Benefit Plan

Plan Description

The City provides post-employment benefits to retired employees in the form of a contribution towards their medical premiums under the CalPERS health plan which provides medical insurance benefits to eligible retirees in accordance with various labor agreements. The minimum required retiree contributions are established by CalPERS. Survivor benefits are not provided. Copies of the CalPERS’ annual financial report can be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, California 95814.

Eligibility

All employees hired prior to November 21, 1995 are in Tier I and become eligible for these benefits as long as they are 50 years of age or older and have worked for the City a minimum of five years and elect a service retirement from the City. The health benefits for Tier I retirees include medical, dental, optical, and life. Vision benefits are also provided to employees who retired after September 30, 1990. The life insurance is available to all retirees until they reach age of 70.

All employees hired on or after November 21, 1995 are Tier II, and upon retirement, they have the option of participating in a post-retirement medical insurance benefit program at their own cost.

City of Placentia
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 10 – Other Postemployment Benefit Plan (Continued)

Funding Policy

The City’s current contribution is paid on a pay-as-you-go basis. Benefits provided to retirees vary based on employment date and unit. Tier II retirees choosing to participate in the post-retirement medical benefit program are responsible for the premium costs in excess of the City’s monthly contribution of \$115. For the year-ended June 30, 2016, the City paid \$1,014,075 towards their post-employment healthcare benefits. Current active employees are not required to contribute any portion toward these benefits.

Annual OPEB Cost and Net OPEB Obligation

The City’s annual Other Postemployment Benefits (“OPEB”) cost (expense) is calculated based on the *Annual Required Contribution of the Employer* (“ARC”), an amount actuarially determined. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excesses) over a period not to exceed thirty years.

The following table shows the components of the City’s annual OPEB cost for the year, the amount actually contributed to the Plan, and changes in the City’s net OPEB obligation for these benefits:

	Total
Annual required contribution	\$ 1,715,783
Interest on net OPEB obligation	117,191
Adjustment to annual required contribution	(147,029)
Annual OPEB cost (expense)	1,685,945
Contributions made to the trust	(1,014,075)
(Increase) in net OPEB Obligation	671,870
Net OPEB obligation - beginning of year	2,929,765
Net OPEB obligation - end of year	\$ 3,601,635

City of Placentia
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 10 – Other Postemployment Benefit Plan (Continued)

The City’s annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan and the net OPEB obligation for year ended June 30, 2016 and the preceding two years are as follows:

Fiscal Year Ended	Annual OPEB Cost	Contributions Made	% of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2014	\$ 1,425,923	\$ 1,040,718	72.99%	\$ 2,583,692
6/30/2015	1,411,514	1,065,441	75.48%	2,929,765
6/30/2016	1,407,473	1,014,075	72.05%	3,601,635

Funded Status and Funding Progress

As of July 1, 2015, the most recent actuarial valuation date, the plan was 0% funded. The actuarial accrued liability for benefits was \$26,514,838 and the actuarial value of assets as of July 1, 2015 was \$0, resulting in an UAAL of \$26,514,838. The covered payroll (annual payroll of active employees covered by the Plan) was \$8,033,778 and the ratio of UAAL to the covered payroll was 330.0%.

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 costs trend. Amounts determined regarding the funded status of the Plan and the ARC of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as Required Supplementary Information following the Notes to the Basic Financial Statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2015 actuarial valuation, the entry age normal cost method was used. The actuarial assumptions include a 4% investment rate of return, which is based on the expected return on funds invested, and an annual healthcare cost trend rate of 7.5% initially reduced by decrements to an ultimate rate of 4.5% thereafter. The actuarial assumption for inflation was 3%, and the aggregate payroll increases was 3.25% used in the actuarial valuation. The City’s Plan does not provide postretirement benefit increases. The UAAL is amortized as a level percentage of future payroll on a 30-year closed amortization period. The remaining average amortization period at June 30, 2016 was 23 years.

City of Placentia
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 11 – Joint Ventures

Orange County Fire Authority

The City entered into a joint powers agreement with 17 other cities and the county of Orange (the “County”) in January 1995, and subsequently amended on September 23, 1999, to create the Orange County Fire Authority (the “Fire Authority”). Since 1995, other cities within the county have also joined the fire Authority to bring the total members in the Fire Authority to 23. The purpose of the Fire 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, hazardous materials regulation, as well as providing facilities and personnel for such services. The Fire Authority’s governing board consists of one representative from each city and two from the County. The operations of the Fire Authority are funded with structural fire fees collected by the County through either the property tax roll or with cash contributions based on the Fire Authority’s annual budget. The City pays a cash contribution each year to the Fire Authority. The County pays all structural fire fees it collects to the Fire Authority.

Note 12 – Risk Management and Self Insurance Program

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City participates in municipal agency risk pools for their property, workers' compensation, and excess liability coverage.

A. General Liability

The City is a member of the Public Agency Risk Sharing Authority of California (the “PARSAC”), a joint powers authority, which provides joint protection programs for public entities covering automobile, general liability, errors and omission losses, workers’ compensation, and property claims. Under the program, the City has a \$100,000 retention limit similar to a deductible with the PARSAC being responsible for losses above that amount up to \$1 million. The PARSAC has additional coverage of \$34 million in excess of its \$1 million retention limit affiliated risk management authorities. The PARSAC also provides \$1 billion aggregate per occurrence property coverage to its members with such coverage provided by purchased insurance.

B. Worker’s Compensation

The City is a member of the Local Agency Workers’ Compensation Excess (the “LAWCX”), a joint powers authority, which provides joint protection programs for public entities covering worker’s compensation claims. Under the program, the City has a \$250,000 retention limits similar to a deductible with the LAWCX being responsible for losses above that amount up to \$4.7 million. The City has purchased excess coverage for Workers’ Compensation excess of \$5 million.

C. Other Insurance

The City has Crime Bond Insurance coverage as a member of PARSAC under Alliant Crime Insurance Program (the “ACIP”) excess of \$2,500 up to \$1 million. This insurance includes coverage for faithful performance of duty, forgery or alteration, inside premises theft of money and securities, inside premises robbery and safety burglary other property, outside the premises, computer fraud, funds transfer fraud, and money orders and counterfeit paper currency fraud.

City of Placentia
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 12 – Risk Management and Self Insurance Program (Continued)

A reconciliation of changes in aggregates for claims filed in the current and prior fiscal years are as follows:

	Beginning of Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	End of Year Liability	Amounts Due within One Year	Amounts Due in more than One Year
<i>Workers' Compensation</i>						
2013-2014	\$ 2,735,935	\$ 500,393	\$ (416,104)	\$ 2,820,224	\$ 732,105	\$ 2,088,119
2014-2015	2,820,224	1,549,335	(2,004,519)	2,365,040	591,260	1,773,780
2015-2016	2,365,040	92,384	(577,141)	1,880,283	470,071	1,410,212
<i>General Liability</i>						
2013-2014	\$ 218,160	\$ 434,865	\$ (205,434)	\$ 447,591	\$ 455,568	\$ (7,977)
2014-2015	447,591	(37,432)	(158,915)	251,244	62,811	188,433
2015-2016	251,244	(7,189)	(88,495)	155,560	38,890	116,670

Note 13 – Classification of Fund Balances

At June 30, 2016, fund balances are classified in the governmental funds as follows:

	General Fund	Housing Successor Special Revenue Fund	City Projects Capital Projects Fund	Nonmajor Governmental Funds	Total
Nonspendable					
Inventory	\$ 38,911	\$ -	\$ -	\$ -	\$ 38,911
Loans receivable	3,842,128	-	-	-	\$ 3,842,128
Total nonspendable	3,881,039	-	-	-	3,881,039
Restricted					
Public safety	-	-	-	978,377	978,377
Public works	-	-	-	308,516	308,516
Community development	-	1,640,867	-	598,530	2,239,397
Debt service	1,029,503	-	-	485,928	1,515,431
Grant programs	-	-	-	424,722	424,722
Park development	-	-	-	401,656	401,656
Street maintenance	-	-	-	1,288,512	1,288,512
Air quality	-	-	-	203,946	203,946
Affordable housing In-lieu	-	-	-	320,250	320,250
Total restricted	1,029,503	1,640,867	-	5,010,437	7,680,807
Committed					
Metrolink station	3,600,000	-	-	-	3,600,000
Total committed	3,600,000	-	-	-	3,600,000
Assigned					
Public safety mitigation	286,518	-	-	-	286,518
Total assigned	286,518	-	-	-	286,518
Unassigned					
	71,557	-	-	-	71,557
Total fund balances	\$ 8,868,617	\$ 1,640,867	\$ -	\$ 5,010,437	\$ 15,519,921

City of Placentia
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 14 – Commitments and Contingencies

A. Commitments

The City had several outstanding or planned construction and other projects as of June 30, 2016. These projects are evidenced by contractual commitments with contractors and include:

Project	Commitment
Placentia Avenue Rehabilitation Project	\$ 1,127,000
Metrolink Station and Parking Structure	5,405,000
Total	\$ 6,532,000

B. Contingencies

The City is a defendant in a number of lawsuits, which have arisen in the normal course of business. While substantial damages are alleged in some of these actions, their outcome cannot be predicted with certainty.

C. Grants

Amounts received or receivable from granting agencies are subject to audit and adjustment by grantor agencies. While no matters of noncompliance were disclosed by the audit of the financial statements or single audit of the Federal grant programs, grantor agencies may subject grant programs to additional compliance tests, which may result in disallowed costs. In the opinion of management, future disallowances of current or prior grant expenditures, if any, would not have a material adverse effect on the financial position of the City.

Note 15 – Individual Fund Disclosure

A. Expenditures in Excess of Appropriations

The following funds report expenditures in excess of appropriations for the year ended June 30, 2016.

	Expenditures	Appropriation	Expenditures in Excess of Appropriations
Nonmajor Special Revenue Funds:			
Park Development	\$ 1,205	\$ -	\$ (1,205)
Street Lighting	381,608	378,875	(2,733)
Air Quality	341,415	107,022	(234,393)
Nonmajor Debt Service Fund:			
2011 Gas Tax COP	257,722	256,944	(778)

City of Placentia
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 15 – Individual Fund Disclosure (Continued)

B. Deficit Net Positions and Fund Balances

The City’s governmental activities had an unrestricted net position (deficit) of \$(30,490,175) as of June 30, 2016. This is mainly due to reporting of net pension liability of \$(28,922,035) as required under GASB Statement No. 68 (Note 9).

Funds with deficit net positions at June 30, 2016 are as follows:

	Deficit Net Position
Proprietary Fund:	
Refuse	\$ (551,693)
Internal Service Fund:	
Risk Management	\$ (146,843)

Note 16 – Prior Period Adjustments

Net position as of July 1, 2015 was restated due to overstatement of pension related items as follows:

	Governmental Activities
Beginning net position, as previously reported	\$ 41,446,033
Prior period adjustments:	
Overstatement of deferred inflows of resources	(19,184)
Overstatement of aggregate net pension liabilities	671,833
Overstatement of deferred outflows of resources	285,024
Beginning net position, as restated	\$ 42,383,706

City of Placentia
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 17 – Successor Agency to the Former Placentia 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 Irwindale that previously had reported a redevelopment agency within the reporting entity of the City as a blended component unit.

The Bill provided 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. The City Council elected to become the Successor Agency for the former Placentia Redevelopment Agency in accordance with the Bill, and all assets and activities relating to the former Placentia Redevelopment Agency were transferred to the RDA Successor Agency Private-Purpose Trust Fund to be reported in the fiduciary fund statements of the City. In accordance with the timeline set forth in the Bill (as modified by the California Supreme Court on December 29, 2011) all redevelopment agencies in the State of California were dissolved and ceased to operate as a legal entity as of February 1, 2012.

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.

A. Cash and Investments

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

Cash and investments pooled with the City	\$	14,862
Cash and investment with fiscal agent		773,140
Total Cash and Investments	\$	<u>788,002</u>

B. Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2016, was as follows:

	Balance			Balance			Classification	
							Due within	Due in More
	July 1, 2015	Additions	Deletions	June 30, 2016	One Year	Than One Year		
Bonds Payable:								
2013 Tax Allocation Refunding Bonds	\$ 12,665,000	\$ -	\$ (515,000)	\$ 12,150,000	\$ 525,000	\$ 11,625,000		
Bond Premium:								
2013 Tax Allocation Refunding Bonds	60,822	-	(3,560)	57,262	3,560	53,702		
Other Liabilities:								
2003 Refunding and Improvement								
Project Certificates of Participation	4,082,808	-	(240,680)	3,842,128	249,432	3,592,696		
SERAF Obligation	991,314	-	-	991,314	-	991,314		
	<u>\$ 17,799,944</u>	<u>\$ -</u>	<u>\$ (759,240)</u>	<u>\$ 17,040,704</u>	<u>\$ 777,992</u>	<u>\$ 16,262,712</u>		

City of Placentia
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 17 – Successor Agency to the Former Placentia Redevelopment Agency (Continued)

B. Long-Term Liabilities (Continued)

2013 Tax Allocation Refunding Bonds

On December 1, 2013, the Successor Agency to the Redevelopment Agency of the City of Placentia issued a tax allocation refunding bond (“TARB”) in the amount of \$13,120,000. Proceeds of the bond were used to refund the 2002 Series A & Series B Tax Allocation Bonds and the 2009 Subordinate Tax Allocation Note. The bond proceeds, together with other funds deposited from reserves, redeemed the 2002 Series A outstanding principal of \$2,445,000, the 2002 Series B outstanding principal of \$3,670,000, and the 2009 Subordinate TAN outstanding principal of \$6,850,000. In lieu of funding the Reserve Account with proceeds of the Bonds, the Successor Agency has determined to purchase a Municipal Bond Debt Service Reserve Insurance Policy issued by the Insurer.

The bond is a special obligation of the Successor Agency. The bond does not constitute a debt or liability of the City of Placentia, County of Orange, State of California, or of any political subdivision thereof, other than the Successor Agency. The Successor Agency shall only be obligated to pay the principal of the bond, or interest thereon, from the funds described within the Official Statement. Neither the faith and credit nor the taxing power of the City of Placentia, the County of Orange, the State of California or any of its political subdivisions is pledged to the payment of the principal of or the interest on the bond. The Successor Agency has no taxing power. As of June 30, 2016, the outstanding principal on this bond is \$12,150,000.

The annual debt service requirements are as follows:

Year ending June 30,	Principal	Interest	Total
2017	\$ 525,000	\$ 491,025	\$ 1,016,025
2018	535,000	475,075	1,010,075
2019	555,000	453,275	1,008,275
2020	580,000	430,575	1,010,575
2021	600,000	403,975	1,003,975
2022-2026	3,370,000	1,682,969	5,052,969
2027-2031	4,080,000	943,438	5,023,438
2032-2033	1,905,000	91,556	1,996,556
	<u>\$ 12,150,000</u>	<u>\$ 4,971,888</u>	<u>\$ 17,121,888</u>

Debt Related Pledge of Revenue

The Successor Agency has pledged a portion of future tax increment revenues to repay the 2013 TARB as the source of repayment of this debt. Tax increment revenues were projected to produce a certain percentage of the debt service requirements over the life of the debt. Due to the dissolution of the former Placentia Redevelopment Agency, the pledged revenue is deposited to the County of Orange Redevelopment Property Tax Trust Fund (RPTTF). The County forwards the City funds to pay these recognized obligations.

City of Placentia
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 17 – Successor Agency to the Former Placentia Redevelopment Agency (Continued)

B. Long-Term Liabilities (Continued)

2003 Certificates of Participation City Reimbursement

On April 17, 2007, the City Council of the City of Placentia and the Board of Directors of the former Placentia Redevelopment Agency approved a reimbursement agreement between the City and the former Placentia Redevelopment Agency. This agreement provides that the former Placentia Redevelopment Agency will reimburse the City for a portion of the lease payment paid by the City to the bond trustee, with respect to the 2003 Certificates of Participation. The portion reimbursed (87.52 percent) is based upon the portion of the capital improvements and improved facilities benefiting from the original proceeds of the related debt issue that were within the confines of the redevelopment project area. The long-term liability balance as of June 30, 2016 of \$3,842,128 represents 87.52 percent of the outstanding principal balance of the 2003 COP at June 30, 2016 of \$4,390,000 reported in the City.

Supplemental Education Revenue Augmentation Fund (SERAF) Obligation

The Successor Agency has accrued a liability in the amount of \$991,314 in regards to its Supplemental Education Revenue Augmentation Fund (SERAF) obligation. This amount includes the unpaid portions from fiscal years 2009-10 and 2010-11. In 2009, the State of California issued a mandate that shifted redevelopment funds to education purposes. This action required each local redevelopment agency to make payment to their respective County Auditor-Controller. The Placentia Redevelopment Agency did not make payment on this obligation for two fiscal years, as it did not have the means to do so. Non-payment of SERAF obligations would usually result in suspension of redevelopment activity. Upon dissolution of redevelopment in 2012, this unpaid obligation was transferred to the Successor Agency. The Successor Agency will continue working to resolve this matter.

C. Insurance

The Successor Agency is covered under the City of Placentia'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.

D. Contingent Liabilities

The Successor Agency is subject to litigation arising in the normal course of business. In the opinion of the City Attorney, there is no pending litigation that is likely to have a material adverse effect on the financial position of the Successor Agency. The Successor Agency has no power to levy and collect taxes and any legislative property tax de-emphasis might reduce the amount of tax revenues that would otherwise be available to pay the principal and interest on the Certificates, Bonds or loans from the City. Broadened property tax exemptions could have a similar effect. Conversely, any increase in the tax rate or assessed valuation, or any reduction or elimination of present exemptions would increase the amount of tax revenues that would be available to pay principal and interest on the Certificates, Bonds, or loans from the City.

City of Placentia
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 18 – Extraordinary Items

During the fiscal year, the City recorded a loss due to misappropriation of assets in the amount of \$5,160,735. The City has recovered \$4,125,494 of the loss. The loss and related recoveries are reflected as Extraordinary Items. In the General Fund, \$3,125,494 of the total revenues is reflected as an Extraordinary Item, and \$1 million is shown as unavailable revenue.

This page intentionally left blank.

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

This page intentionally left blank.

City of Placentia
Required Supplementary Information (Unaudited)
Budgetary Comparison Schedule – General Fund
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues:				
Taxes	\$ 22,238,200	\$ 23,638,750	\$ 24,066,428	\$ 427,678
Intergovernmental	112,211	304,491	466,271	161,780
Licenses and permits	1,535,400	1,567,100	1,733,049	165,949
Fines and forfeitures	435,000	445,000	542,253	97,253
Investment earnings	4,000	4,000	24,157	20,157
Charges for services	1,294,700	1,279,700	1,091,250	(188,450)
Leases and rents	758,000	758,000	670,631	(87,369)
Miscellaneous	273,000	412,500	1,053,220	640,720
Total Revenues	<u>26,650,511</u>	<u>28,409,541</u>	<u>29,647,259</u>	<u>1,237,718</u>
Expenditures:				
Current:				
General government	4,611,861	7,437,521	6,471,152	966,369
Public safety	17,152,485	17,290,815	17,853,856	(563,041)
Public works	3,305,845	3,763,787	3,685,810	77,977
Community development	913,180	925,770	826,470	99,300
Community services	1,190,072	1,216,452	1,142,293	74,159
Capital outlay	70,000	63,248	423,863	(360,615)
Debt service:				
Principal retirement	525,000	835,165	835,165	-
Interest and fiscal charges	863,625	553,460	552,358	1,102
Total Expenditures	<u>28,632,068</u>	<u>32,086,218</u>	<u>31,790,967</u>	<u>295,251</u>
Revenues Over (Under) Expenditures	<u>(1,981,557)</u>	<u>(3,676,677)</u>	<u>(2,143,708)</u>	<u>1,532,969</u>
Other Financing Sources (Uses):				
Transfers in	4,984,574	4,619,074	5,501,431	882,357
Transfers out	(3,073,675)	(694,575)	(402,496)	292,079
Total Other Financing Sources (Uses):	<u>1,910,899</u>	<u>3,924,499</u>	<u>5,098,935</u>	<u>1,174,436</u>
Net Change in Fund Balances Before Extraordinary Item	<u>(70,658)</u>	<u>247,822</u>	<u>2,955,227</u>	<u>2,707,405</u>
Extraordinary Items (Note 18):				
Loss due to misappropriation of assets	-	-	(5,160,735)	(5,160,735)
Restitution and recovery	-	-	3,125,494	3,125,494
Total Extraordinary Items	<u>-</u>	<u>-</u>	<u>(2,035,241)</u>	<u>(2,035,241)</u>
Net Change in Fund Balance	<u>\$ (70,658)</u>	<u>\$ 247,822</u>	<u>919,986</u>	<u>\$ 672,164</u>
Fund Balance, July 1			<u>7,948,631</u>	
Fund Balance, June 30			<u>\$ 8,868,617</u>	

City of Placentia
Required Supplementary Information (Unaudited)
Budgetary Comparison Schedule – Housing Successor Special Revenue Fund
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Lease revenue	\$ 11,700	\$ 11,700	\$ 10,880	\$ (820)
Total Revenues	11,700	11,700	10,880	(820)
Excess (Deficiency) of Revenues Over Expenditures	\$ 11,700	\$ 11,700	10,880	\$ (820)
Fund Balance, July 1			1,629,987	
Fund Balance, June 30			\$ 1,640,867	

City of Placentia
Required Supplementary Information (Unaudited) (Continued)
Notes to the Budgetary Comparison Schedule
For the Year Ended June 30, 2016

Budgetary Control and Accounting Policy

The City prepares its budgets on the basis of estimated revenues and expenditures and, accordingly, the budget amounts included in the accompanying financial statements are presented on a basis substantially consistent with generally accepted accounting principles. Encumbrance accounting is utilized during the fiscal year, whereby purchase orders, contracts and other commitments are recorded in order to control appropriations. However, at fiscal year end, all appropriations lapse. Accordingly, encumbrances are cancelled and generally are re-appropriated as part of the following year's budget. Encumbrances are not included in reported expenditures.

Annual budgets are adopted for the General Fund, Special Revenue Funds, Debt Service Funds, and Capital Projects Funds. The City Council approves total budgeted appropriations and any amendments to appropriations throughout the year.

The budgetary level of control for all governmental fund types is the fund level. The City Administrator has the discretion to transfer appropriations between departments within a fund, but transfers between funds must be approved by the City Council.

City of Placentia
Required Supplementary Information (Unaudited) (Continued)
For the Year Ended June 30, 2016

Schedule of the City's Proportionate Share of the Net Pension Liabilities and Related Ratios

Last Ten Fiscal Years

California Public Employees' Retirement System ("CalPERS") Miscellaneous Plan

Measurement Date	June 30, 2015	June 30, 2014 ¹
City's Proportion of the Net Pension Liability/(Asset)	0.13337%	0.13850%
City's Proportionate Share of the Net Pension Liability/(Asset)	\$ 9,154,245	\$ 8,617,803
City's Covered-Employee Payroll	\$ 3,972,732	\$ 3,857,021
City's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered-Employee Payroll	230.43%	223.43%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Total Pension Liability	81.65%	83.03%

California Public Employees' Retirement System ("CalPERS") Safety Plan

Measurement Date	June 30, 2015	June 30, 2014 ¹
City's Proportion of the Net Pension Liability/(Asset)	0.30267%	0.30596%
City's Proportionate Share of the net Pension Liability/(Asset)	\$ 20,774,757	\$ 19,038,500
City's Covered-Employee Payroll	\$ 4,090,475	\$ 3,971,335
City's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered-Employee Payroll	507.88%	479.40%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Total Pension Liability	74.32%	76.36%

¹ Historical information is required only for measurement periods for which GASB 68 is applicable.

City of Placentia
Required Supplementary Information (Unaudited) (Continued)
For the Year Ended June 30, 2016

Schedule of the City's Contributions

Last Ten Fiscal Years

California Public Employees' Retirement System ("CalPERS") Miscellaneous Plan

	2015-16	2014-15	2013-14 ¹
Actuarially Determined Contribution	\$ 286,489	\$ 383,155	\$ 412,406
Contribution in Relation to the Actuarially Determined Contribution	(667,441)	(383,155)	(412,406)
Contribution Deficiency (Excess)	\$ (380,952)	\$ -	\$ -
Covered-Employee Payroll ^{2,3}	\$ 4,091,914	\$ 3,972,732	\$ 3,857,021
Contributions as a Percentage of Covered-Employee Payroll	7.00%	9.64%	10.69%

California Public Employees' Retirement System ("CalPERS") Safety Plan

	2015-16	2014-15	2013-14 ¹
Actuarially Determined Contribution	\$ 713,301	\$ 2,175,167	\$ 2,157,763
Contribution in Relation to the Actuarially Determined Contribution	(2,568,441)	(2,175,167)	(2,157,763)
Contribution Deficiency (Excess)	\$ (1,855,140)	\$ -	\$ -
Covered-Employee Payroll ^{2,3}	\$ 4,213,189	\$ 4,090,475	\$ 3,971,335
Contributions as a Percentage of Covered-Employee Payroll	16.93%	53.18%	54.33%

¹ Historical information is required only for measurement periods for which GASB 68 is applicable.

² Covered-Employee Payroll represented above is based on pensionable earnings.

³ Payroll from 2014-15 was assumed to increase by the 3.00% payroll growth assumption

Notes to Schedule

Changes of Assumptions: Discount rate was changed from 7.50% to 7.65% for the June 30, 2015 measurement date.

City of Placentia
Required Supplementary Information (Unaudited) (Continued)
Schedule of Funding Progress – Other Postemployment Benefits
For the Year Ended June 30, 2016

The schedule of funding progress for the past three actuarial valuations is presented below:

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (B)	Unfunded Actuarial Accrued Liability ("UAAL") (A - B)	Funded Ratio (A / B)	Covered Payroll (C)	UAAL as a % of Payroll (A - B) / C
7/1/2011	\$ -	\$ 23,732,646	\$ 23,732,646	0.0%	\$ 8,492,592	279.45%
7/1/2013	-	24,588,803	24,588,803	0.0%	8,139,414	302.10%
7/1/2015	-	26,514,838	26,514,838	0.0%	8,033,778	330.04%

SUPPLEMENTARY INFORMATION

This page intentionally left blank.

NONMAJOR GOVERNMENTAL FUNDS

Miscellaneous Grants Special Revenue Fund – to account for Federal, State, County or other grants received which are not otherwise separately accounted for in other funds.

Park Development Special Revenue Fund – to account for in lieu fees charged to developers on a per unit basis for park development and rehabilitation.

Street Lighting Special Revenue Fund - to account for funds received from special assessments on property owners to provide street lighting in areas of the City not covered by the County lighting district.

Measure M Special Revenue Fund – to account for funds received by the City as a result of the voter-approved ballot measure in 1990 and extended by voter approval in 2006 to increase sales tax by ½ percent in Orange County to fund transportation projects.

Storm Drain Construction Special Revenue Fund – to account for funds restricted by State law to be spent on storm drain construction, which are received from acreage fees placed on developers at the time of development. The City is divided into eight storm drain areas and funds can be expended only within the area in which funds are collected.

Thoroughfare Construction Special Revenue Fund – to account for funds restricted by City ordinance to be spent for traffic signal, bridge and culvert construction, which are received from acreage fees placed on developers at the time of development.

Asset Seizure Special Revenue Fund – to account for monies seized from criminal activities. Revenues are restricted for use in law enforcement.

Traffic Offender Special Revenue Fund – to account for revenue generated from driving under the influence (DUI) administrative impound fees that are restricted to be spent on traffic enforcement activities, including but not limited to personnel, training, and equipment costs.

Supplemental Law Enforcement Special Revenue Fund – to account for the receipts and expenditures of funds resulting from the Citizen's Option for Public Safety (COPS) program, a state funded program, which are restricted for front line municipal police services.

Air Quality Special Revenue Fund – to account for the City's portion of motor vehicle registration fees collected pursuant to AB2766 passed during the 1990 State legislative session. This fee was levied to fund programs to reduce air pollution from mobile sources, such as cars, trucks, and buses.

Landscape Maintenance District 92-1 Special Revenue Fund – to account for benefit assessments levied under the Landscaping and Lighting Act of 1972, restricted for maintenance, operation, and administration of landscape improvements in certain areas of the City.

Housing and Community Development Special Revenue Fund – to account for U.S. Housing and Community Development Department grants requiring segregated fund accounting, such as the Community Development Block Grant program.

Utility Users Tax Special Revenue Fund – to account for revenue received from the Utility Users Tax levied within the City on users of electricity, telephone, gas, and cable TV.

Gasoline Tax Special Revenue Fund – to account for receipts and expenditures of money apportioned under Streets and Highways Code Sections 2103, 2105, 2106, 2107, and 2107.5 of the State of California. These funds are earmarked for maintenance, rehabilitation or improvement of public streets.

Sewer Construction Special Revenue Fund – to account for funds restricted by State law to be spent on sewer construction, which are received from acreage fees placed on developers at the time of development.

PEG Special Revenue Fund - to account for a portion of funds received from cable television franchise fees that are restricted for use for Public, Educational and Governmental (PEG) access channels and related programming.

Affordable Housing In Lieu Fund - to account for the receipt and expenditure of developer fees restricted for affordable housing purposes.

2011 Gas Tax COP Debt Service Fund - to account for the receipt and expenditure of gas tax revenues pledged for the payment of debt service on the 2011 Gas Tax Certificates of Participation.

City of Placentia
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2016

	Special Revenue			
	Miscellaneous Grants	Park Development	Street Lighting	Measure M
ASSETS				
Pooled cash and investments	\$ 426,062	\$ 401,656	\$ 29,598	\$ 1,052,922
Receivables:				
Accounts	-	-	-	-
Taxes	-	-	508	100,318
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Total Assets	\$ 426,062	\$ 401,656	\$ 30,106	\$ 1,153,240
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 1,340	\$ -	\$ 29,034	\$ 4,297
Accrued liabilities	-	-	-	-
Total Liabilities	1,340	-	29,034	4,297
Fund Balances:				
Restricted	424,722	401,656	1,072	1,148,943
Total Fund Balances	424,722	401,656	1,072	1,148,943
Total Liabilities and Fund Balances	\$ 426,062	\$ 401,656	\$ 30,106	\$ 1,153,240

City of Placentia
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2016

	Special Revenue			
	Storm Drain Construction	Thoroughfare Construction	Asset Seizure	Traffic Offender
ASSETS				
Pooled cash and investments	\$ 19,665	\$ 74,128	\$ 831,825	\$ 55,797
Receivables:				
Accounts	-	-	110,627	-
Taxes	-	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Total Assets	\$ 19,665	\$ 74,128	\$ 942,452	\$ 55,797
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	-	-	5,805	14,205
Accrued liabilities	-	-	-	-
Total Liabilities	-	-	5,805	14,205
Fund Balances:				
Restricted	19,665	74,128	936,647	41,592
Total Fund Balances	19,665	74,128	936,647	41,592
Total Liabilities and Fund Balances	\$ 19,665	\$ 74,128	\$ 942,452	\$ 55,797

City of Placentia
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2016

	Special Revenue			
	Supplemental Law Enforcement	Air Quality	Landscape Maintenance District 92-1	Housing and Community Development
ASSETS				
Pooled cash and investments	\$ -	\$ 167,354	\$ 217,904	\$ 112,572
Receivables:				
Accounts	-	-	-	-
Taxes	138	36,592	1,615	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Total Assets	\$ 138	\$ 203,946	\$ 219,519	\$ 112,572
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	-	-	22,560	-
Accrued liabilities	-	-	2,957	-
Total Liabilities	-	-	25,517	-
Fund Balances:				
Restricted	138	203,946	194,002	112,572
Total Fund Balances	138	203,946	194,002	112,572
Total Liabilities and Fund Balances	\$ 138	\$ 203,946	\$ 219,519	\$ 112,572

City of Placentia
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2016

	Special Revenue			
	Utility Users Tax	Gasoline Tax	Sewer Construction	PEG
ASSETS				
Pooled cash and investments	\$ 19,697	\$ 139,569	\$ 19,649	\$ 245,176
Receivables:				
Accounts	-	-	-	-
Taxes	203,059	-	-	23,601
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Total Assets	<u>\$ 222,756</u>	<u>\$ 139,569</u>	<u>\$ 19,649</u>	<u>\$ 268,777</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ 5,575
Accrued liabilities	-	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,575</u>
Fund Balances:				
Restricted	222,756	139,569	19,649	263,202
Total Fund Balances	<u>222,756</u>	<u>139,569</u>	<u>19,649</u>	<u>263,202</u>
Total Liabilities and Fund Balances	<u>\$ 222,756</u>	<u>\$ 139,569</u>	<u>\$ 19,649</u>	<u>\$ 268,777</u>

City of Placentia
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2016

	Special Revenue Funds	Debt Service Fund	Total Other Governmental Funds
	Affordable Housing In-Lieu	2011 Gas Tax COP	
ASSETS			
Pooled cash and investments	\$ 320,250	\$ -	\$ 4,133,824
Receivables:			
Accounts	-	-	110,627
Taxes	-	-	365,831
Restricted assets:			
Cash and investments with fiscal agents	-	485,928	485,928
Total Assets	\$ 320,250	\$ 485,928	\$ 5,096,210
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ 82,816
Accrued liabilities	-	-	2,957
Total Liabilities	-	-	85,773
Fund Balances:			
Restricted	320,250	485,928	5,010,437
Total Fund Balances	320,250	485,928	5,010,437
Total Liabilities and Fund Balances	\$ 320,250	\$ 485,928	\$ 5,096,210

City of Placentia
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2016

	Special Revenue Funds			
	Miscellaneous Grants	Park Development	Street Lighting	Measure M
REVENUES:				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	215,328	-	-	830,023
Fines and forfeitures	-	-	-	-
Investment income	-	873	-	2,105
Charges for services	-	138,450	153,805	-
Miscellaneous	-	1,000	-	-
Total Revenues	215,328	140,323	153,805	832,128
EXPENDITURES:				
Current:				
General government	14,340	-	-	-
Public safety	-	-	-	-
Public works	3,010	1,205	381,608	23,771
Community development	-	-	-	-
Community services	-	-	-	48,741
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	234,201
Interest and fiscal charges	-	-	-	26,630
Total Expenditures	17,350	1,205	381,608	333,343
REVENUES OVER (UNDER) EXPENDITURES	197,978	139,118	(227,803)	498,785
OTHER FINANCING SOURCES (USES):				
Proceeds from capital leases	-	-	-	-
Transfers in	-	-	228,875	-
Transfers out	(203,973)	(44,361)	-	(6,297)
Total Other Financing Sources (Uses)	(203,973)	(44,361)	228,875	(6,297)
NET CHANGE IN FUND BALANCES	(5,995)	94,757	1,072	492,488
FUND BALANCES:				
Beginning of Year	430,717	306,899	-	656,455
End of Year	<u>\$ 424,722</u>	<u>\$ 401,656</u>	<u>\$ 1,072</u>	<u>\$ 1,148,943</u>

City of Placentia
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2016

	Special Revenue Funds			
	Storm Drain Construction	Thoroughfare Construction	Asset Seizure	Traffic Offender
REVENUES:				
Taxes	\$ 8,339	\$ 7,220	\$ -	\$ -
Intergovernmental	60,000	-	-	-
Fines and forfeitures	-	-	611,775	-
Investment income	158	229	1,222	130
Charges for services	-	-	94,033	7,179
Miscellaneous	3,075	-	1	-
Total Revenues	71,572	7,449	707,031	7,309
EXPENDITURES:				
Current:				
General government	-	-	-	-
Public safety	-	-	26,435	-
Public works	-	-	-	-
Community development	-	-	-	-
Community services	-	-	-	-
Capital outlay	-	-	94,514	16,971
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	-	-	120,949	16,971
REVENUES OVER (UNDER) EXPENDITURES	71,572	7,449	586,082	(9,662)
OTHER FINANCING SOURCES (USES):				
Proceeds from capital leases	-	-	-	-
Transfers in	-	-	-	-
Transfers out	(94,922)	(22,987)	(100,121)	-
Total Other Financing Sources (Uses)	(94,922)	(22,987)	(100,121)	-
NET CHANGE IN FUND BALANCES	(23,350)	(15,538)	485,961	(9,662)
FUND BALANCES:				
Beginning of Year	43,015	89,666	450,686	51,254
End of Year	<u>\$ 19,665</u>	<u>\$ 74,128</u>	<u>\$ 936,647</u>	<u>\$ 41,592</u>

City of Placentia
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2016

	Special Revenue Funds			
	Supplemental Law Enforcement	Air Quality	Landscape Maintenance District 92-1	Housing and Community Development
REVENUES:				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	114,618	85,317	-	-
Fines and forfeitures	-	-	-	-
Investment income	206	802	386	224
Charges for services	-	-	428,480	-
Miscellaneous	-	100,000	-	-
Total Revenues	114,824	186,119	428,866	224
EXPENDITURES:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	394,460	-
Community development	-	-	-	14,769
Community services	-	-	-	-
Capital outlay	-	302,226	-	-
Debt service:				
Principal retirement	-	38,760	-	-
Interest and fiscal charges	-	429	-	-
Total Expenditures	-	341,415	394,460	14,769
REVENUES OVER (UNDER) EXPENDITURES	114,824	(155,296)	34,406	(14,545)
OTHER FINANCING SOURCES (USES):				
Proceeds from capital leases	-	250,598	-	-
Transfers in	-	-	-	-
Transfers out	(114,694)	(174,460)	-	-
Total Other Financing Sources (Uses)	(114,694)	76,138	-	-
NET CHANGE IN FUND BALANCES	130	(79,158)	34,406	(14,545)
FUND BALANCES:				
Beginning of Year	8	283,104	159,596	127,117
End of Year	<u>\$ 138</u>	<u>\$ 203,946</u>	<u>\$ 194,002</u>	<u>\$ 112,572</u>

City of Placentia
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2016

	Special Revenue Funds			
	Utility Users Tax	Gasoline Tax	Sewer Construction	PEG
REVENUES:				
Taxes	\$ 2,749,838	\$ -	\$ 2,404	\$ -
Intergovernmental	-	1,149,475	-	-
Fines and forfeitures	-	-	-	-
Investment income	950	2,216	46	560
Charges for services	-	-	-	97,553
Miscellaneous	-	-	-	263,774
Total Revenues	<u>2,750,788</u>	<u>1,151,691</u>	<u>2,450</u>	<u>361,887</u>
EXPENDITURES:				
Current:				
General government	-	-	-	85,685
Public safety	-	-	-	-
Public works	-	-	-	-
Community development	-	-	-	-
Community services	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>85,685</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>2,750,788</u>	<u>1,151,691</u>	<u>2,450</u>	<u>276,202</u>
OTHER FINANCING SOURCES (USES):				
Proceeds from capital leases	-	-	-	-
Transfers in	-	-	-	-
Transfers out	(3,820,836)	(1,355,738)	-	(13,000)
Total Other Financing Sources (Uses)	<u>(3,820,836)</u>	<u>(1,355,738)</u>	<u>-</u>	<u>(13,000)</u>
NET CHANGE IN FUND BALANCES	<u>(1,070,048)</u>	<u>(204,047)</u>	<u>2,450</u>	<u>263,202</u>
FUND BALANCES:				
Beginning of Year	1,292,804	343,616	17,199	-
End of Year	<u>\$ 222,756</u>	<u>\$ 139,569</u>	<u>\$ 19,649</u>	<u>\$ 263,202</u>

City of Placentia
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2016

	Special		Total Nonmajor Governmental Funds
	Revenue Funds	Debt Service Fund	
	Affordable Housing In-Lieu	2011 Gas Tax COP	
REVENUES:			
Taxes	\$ -	\$ -	\$ 2,767,801
Intergovernmental	-	-	2,454,761
Fines and forfeitures	-	-	611,775
Investment income	-	2	10,109
Charges for services	204,750	-	1,124,250
Miscellaneous	-	-	367,850
Total Revenues	204,750	2	7,336,546
EXPENDITURES:			
Current:			
General government	-	-	100,025
Public safety	-	-	26,435
Public works	-	-	804,054
Community development	-	-	14,769
Community services	-	-	48,741
Capital outlay	-	-	413,711
Debt service:			
Principal retirement	-	225,000	497,961
Interest and fiscal charges	-	257,722	284,781
Total Expenditures	-	482,722	2,190,477
REVENUES OVER (UNDER) EXPENDITURES	204,750	(482,720)	5,146,069
OTHER FINANCING SOURCES (USES):			
Proceeds from capital leases	-	-	250,598
Transfers in	-	483,366	712,241
Transfers out	-	-	(5,951,389)
Total Other Financing Sources (Uses)	-	483,366	(4,988,550)
NET CHANGE IN FUND BALANCES	204,750	646	157,519
FUND BALANCES:			
Beginning of Year	115,500	485,282	4,852,918
End of Year	<u>\$ 320,250</u>	<u>\$ 485,928</u>	<u>\$ 5,010,437</u>

City of Placentia
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Miscellaneous Grants Special Revenue Fund
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 38,000	\$ 38,000	\$ 215,328	\$ 177,328
Total Revenues	38,000	38,000	215,328	177,328
Expenditures:				
Current:				
General government	24,049	24,049	14,340	9,709
Public works	13,951	13,951	3,010	10,941
Total Expenditures	38,000	38,000	17,350	20,650
REVENUE OVER (UNDER) EXPENDITURES	-	-	197,978	197,978
Other Financing Sources (Uses):				
Transfers out	-	-	(203,973)	(203,973)
Total Other Financing Sources (Uses)	-	-	(203,973)	(203,973)
NET CHANGE IN FUND BALANCE	\$ -	\$ -	(5,995)	\$ (5,995)
FUND BALANCE:				
Beginning of Year			430,717	
End of Year			<u>\$ 424,722</u>	

City of Placentia
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Park Development Special Revenue Fund
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Investment income	\$ 100	\$ 100	\$ 873	\$ 773
Charges for services	280,000	280,000	138,450	(141,550)
Miscellaneous	-	-	1,000	1,000
Total Revenues	280,100	280,100	140,323	(139,777)
Expenditures:				
Current:				
Public works	-	-	1,205	(1,205)
Total Expenditures	-	-	1,205	(1,205)
REVENUE OVER (UNDER) EXPENDITURES	280,100	280,100	139,118	(140,982)
Other Financing Sources (Uses):				
Transfers out	(306,000)	(412,300)	(44,361)	367,939
Total Other Financing Sources (Uses)	(306,000)	(412,300)	(44,361)	367,939
NET CHANGE IN FUND BALANCE	\$ (25,900)	\$ (132,200)	94,757	\$ 226,957
FUND BALANCE:				
Beginning of Year			306,899	
End of Year			\$ 401,656	

City of Placentia
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Street Lighting Special Revenue Fund
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for services	\$ 150,000	\$ 150,000	\$ 153,805	\$ 3,805
Total Revenues	150,000	150,000	153,805	3,805
Expenditures:				
Current:				
Public works	378,875	378,875	381,608	(2,733)
Total Expenditures	378,875	378,875	381,608	(2,733)
REVENUE OVER (UNDER) EXPENDITURES	(228,875)	(228,875)	(227,803)	1,072
Other Financing Sources (Uses):				
Transfers in	228,875	228,875	228,875	-
Total Other Financing Sources (Uses)	228,875	228,875	228,875	-
NET CHANGE IN FUND BALANCE	\$ -	\$ -	1,072	\$ 1,072
FUND BALANCE:				
Beginning of Year			-	
End of Year			<u>\$ 1,072</u>	

City of Placentia
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Measure M Special Revenue Fund
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 934,550	\$ 934,550	\$ 830,023	\$ (104,527)
Investment income	1,500	1,500	2,105	605
Total Revenues	936,050	936,050	832,128	(103,922)
Expenditures:				
Current:				
Public works	-	25,900	23,771	2,129
Community services	52,550	52,550	48,741	3,809
Debt service:				
Principal retirement	230,000	230,000	234,201	(4,201)
Interest and fiscal charges	37,000	37,000	26,630	10,370
Total Expenditures	319,550	345,450	333,343	12,107
REVENUE OVER (UNDER) EXPENDITURES	616,500	590,600	498,785	(91,815)
Other Financing Sources (Uses):				
Transfers out	(1,048,673)	(1,048,673)	(6,297)	1,042,376
Total Other Financing Sources (Uses)	(1,048,673)	(1,048,673)	(6,297)	1,042,376
NET CHANGE IN FUND BALANCE	\$ (432,173)	\$ (458,073)	492,488	\$ 950,561
FUND BALANCE:				
Beginning of Year			656,455	
End of Year			<u>\$ 1,148,943</u>	

City of Placentia
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Storm Drain Construction Special Revenue Fund
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 50,000	\$ 50,000	\$ 8,339	\$ (41,661)
Intergovernmental	-	-	60,000	60,000
Investment income	-	-	158	158
Miscellaneous	-	-	3,075	3,075
Total Revenues	<u>50,000</u>	<u>50,000</u>	<u>71,572</u>	<u>21,572</u>
Other Financing Sources (Uses):				
Transfers out	-	-	(94,922)	(94,922)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(94,922)</u>	<u>(94,922)</u>
NET CHANGE IN FUND BALANCE	<u>\$ 50,000</u>	<u>\$ 50,000</u>	<u>(23,350)</u>	<u>\$ (73,350)</u>
FUND BALANCE:				
Beginning of Year			<u>43,015</u>	
End of Year			<u>\$ 19,665</u>	

City of Placentia
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Thoroughfare Construction Special Revenue Fund
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 70,000	\$ 70,000	\$ 7,220	\$ (62,780)
Investment income	-	-	229	229
Total Revenues	70,000	70,000	7,449	(62,551)
Other Financing Sources (Uses):				
Transfers out	-	(22,987)	(22,987)	-
Total Other Financing Sources (Uses)	-	(22,987)	(22,987)	-
NET CHANGE IN FUND BALANCE	\$ 70,000	\$ 47,013	(15,538)	\$ (62,551)
FUND BALANCE:				
Beginning of Year			89,666	
End of Year			\$ 74,128	

City of Placentia
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Asset Seizure Special Revenue Fund
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Fines and forfeitures	\$ 165,000	\$ 165,000	\$ 611,775	\$ 446,775
Investment income	600	600	1,222	622
Charges for services	-	-	94,033	94,033
Miscellaneous	-	-	1	1
Total Revenues	165,600	165,600	707,031	541,431
Expenditures:				
Current:				
Public safety	62,000	62,000	26,435	35,565
Capital outlay	97,100	161,100	94,514	66,586
Total Expenditures	159,100	223,100	120,949	102,151
REVENUE OVER (UNDER) EXPENDITURES	6,500	(57,500)	586,082	643,582
Other Financing Sources (Uses):				
Transfers out	(373,500)	(353,500)	(100,121)	253,379
Total Other Financing Sources (Uses)	(373,500)	(353,500)	(100,121)	253,379
NET CHANGE IN FUND BALANCE	\$ (367,000)	\$ (411,000)	485,961	\$ 896,961
FUND BALANCE:				
Beginning of Year			450,686	
End of Year			\$ 936,647	

City of Placentia
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Traffic Offender Special Revenue Fund
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Investment income	\$ 50	\$ 50	\$ 130	\$ 80
Charges for services	12,000	12,000	7,179	(4,821)
Total Revenues	<u>12,050</u>	<u>12,050</u>	<u>7,309</u>	<u>(4,741)</u>
Expenditures:				
Capital outlay	-	25,000	16,971	8,029
Total Expenditures	<u>-</u>	<u>25,000</u>	<u>16,971</u>	<u>8,029</u>
NET CHANGE IN FUND BALANCE	<u>\$ 12,050</u>	<u>\$ (12,950)</u>	<u>(9,662)</u>	<u>\$ 3,288</u>
FUND BALANCE:				
Beginning of Year			<u>51,254</u>	
End of Year			<u>\$ 41,592</u>	

City of Placentia
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Supplemental Law Enforcement Special Revenue Fund
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 100,000	\$ 100,000	\$ 114,618	\$ 14,618
Investment income	-	-	206	206
Total Revenues	<u>100,000</u>	<u>100,000</u>	<u>114,824</u>	<u>14,824</u>
Other Financing Sources (Uses):				
Transfers out	(103,000)	(103,000)	(114,694)	(11,694)
Total Other Financing Sources (Uses)	<u>(103,000)</u>	<u>(103,000)</u>	<u>(114,694)</u>	<u>(11,694)</u>
NET CHANGE IN FUND BALANCE	<u>\$ (3,000)</u>	<u>\$ (3,000)</u>	130	<u>\$ 3,130</u>
FUND BALANCE:				
Beginning of Year			<u>8</u>	
End of Year			<u>\$ 138</u>	

City of Placentia
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Air Quality Special Revenue Fund
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 63,000	\$ 100,310	\$ 85,317	\$ (14,993)
Investment income	-	-	802	802
Miscellaneous	-	-	100,000	100,000
Total Revenues	63,000	100,310	186,119	85,809
Expenditures:				
Current:				
Public safety	99,712	107,022	-	107,022
Capital outlay	-	-	302,226	(302,226)
Debt service:				
Principal retirement	-	-	38,760	(38,760)
Interest and fiscal charges	-	-	429	(429)
Total Expenditures	99,712	107,022	341,415	(234,393)
REVENUE OVER (UNDER) EXPENDITURES	(36,712)	(6,712)	(155,296)	(148,584)
Other Financing Sources (Uses):				
Proceeds from capital leases	-	-	250,598	250,598
Transfers out	(106,150)	(106,150)	(174,460)	(68,310)
Total Other Financing Sources (Uses)	(106,150)	(106,150)	76,138	182,288
NET CHANGE IN FUND BALANCE	\$ (142,862)	\$ (112,862)	(79,158)	\$ 33,704
FUND BALANCE:				
Beginning of Year			283,104	
End of Year			<u>\$ 203,946</u>	

City of Placentia
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Landscape Maintenance District 92-1 Special Revenue Fund
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Investment income	\$ -	\$ -	\$ 386	\$ 386
Charges for services	420,000	420,000	428,480	8,480
Total Revenues	420,000	420,000	428,866	8,866
Expenditures:				
Current:				
Public works	453,040	453,040	394,460	58,580
Total Expenditures	453,040	453,040	394,460	58,580
NET CHANGE IN FUND BALANCE	\$ (33,040)	\$ (33,040)	34,406	\$ 67,446
FUND BALANCE:				
Beginning of Year			159,596	
End of Year			<u>\$ 194,002</u>	

City of Placentia
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Housing and Community Development Special Revenue Fund
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 445,618	\$ 445,618	\$ -	\$ (445,618)
Investment income	-	-	224	224
Total Revenues	445,618	445,618	224	(445,394)
Expenditures:				
Current:				
Community development	135,350	135,350	14,769	120,581
Total Expenditures	135,350	135,350	14,769	120,581
REVENUE OVER (UNDER) EXPENDITURES	310,268	310,268	(14,545)	(324,813)
Other Financing Sources (Uses):				
Transfers out	(325,356)	(325,356)	-	325,356
Total Other Financing Sources	(325,356)	(325,356)	-	325,356
NET CHANGE IN FUND BALANCE	\$ (15,088)	\$ (15,088)	(14,545)	\$ 543
FUND BALANCE:				
Beginning of Year			127,117	
End of Year			<u>\$ 112,572</u>	

City of Placentia
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Utility Users Tax Special Revenue Fund
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 2,950,000	\$ 2,950,000	\$ 2,749,838	\$ (200,162)
Investment income	-	-	950	950
Total Revenues	<u>2,950,000</u>	<u>2,950,000</u>	<u>2,750,788</u>	<u>(199,212)</u>
Other Financing Sources (Uses):				
Transfers out	(2,950,000)	(2,950,000)	(3,820,836)	(870,836)
Total Other Financing Sources (Uses)	<u>(2,950,000)</u>	<u>(2,950,000)</u>	<u>(3,820,836)</u>	<u>(870,836)</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>(1,070,048)</u>	<u>\$ (1,070,048)</u>
FUND BALANCE:				
Beginning of Year			<u>1,292,804</u>	
End of Year			<u>\$ 222,756</u>	

City of Placentia
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Gasoline Tax Special Revenue Fund
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 1,110,650	\$ 1,078,350	\$ 1,149,475	\$ 71,125
Investment income	-	-	2,216	2,216
Total Revenues	<u>1,110,650</u>	<u>1,078,350</u>	<u>1,151,691</u>	<u>73,341</u>
Other Financing Sources (Uses):				
Transfers out	(1,381,944)	(1,381,944)	(1,355,738)	26,206
Total Other Financing Sources (Uses)	<u>(1,381,944)</u>	<u>(1,381,944)</u>	<u>(1,355,738)</u>	<u>26,206</u>
NET CHANGE IN FUND BALANCE	<u>\$ (271,294)</u>	<u>\$ (303,594)</u>	<u>(204,047)</u>	<u>\$ 99,547</u>
FUND BALANCE:				
Beginning of Year			<u>343,616</u>	
End of Year			<u>\$ 139,569</u>	

City of Placentia
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Sewer Construction Special Revenue Fund
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 17,000	\$ 17,000	\$ 2,404	\$ (14,596)
Investment income	-	-	46	46
Total Revenues	<u>17,000</u>	<u>17,000</u>	<u>2,450</u>	<u>(14,550)</u>
NET CHANGE IN FUND BALANCE	<u>\$ 17,000</u>	<u>\$ 17,000</u>	2,450	<u>\$ (14,550)</u>
FUND BALANCE:				
Beginning of Year			<u>17,199</u>	
End of Year			<u>\$ 19,649</u>	

City of Placentia
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
PEG Special Revenue Fund
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues:				
Investment income	\$ -	\$ -	\$ 560	\$ 560
Charges for services	96,000	96,000	97,553	1,553
Miscellaneous	-	-	263,774	263,774
Total Revenues	<u>96,000</u>	<u>96,000</u>	<u>361,887</u>	<u>265,887</u>
Expenditures:				
Current:				
General government	86,574	86,574	85,685	889
Total Expenditures	<u>86,574</u>	<u>86,574</u>	<u>85,685</u>	<u>889</u>
REVENUE OVER (UNDER) EXPENDITURES	<u>9,426</u>	<u>9,426</u>	<u>276,202</u>	<u>266,776</u>
Other Financing Sources (Uses):				
Transfers out	(13,000)	(13,000)	(13,000)	-
Total Other Financing Sources (Uses)	<u>(13,000)</u>	<u>(13,000)</u>	<u>(13,000)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>\$ (3,574)</u>	<u>\$ (3,574)</u>	<u>263,202</u>	<u>\$ 266,776</u>
FUND BALANCE:				
Beginning of Year			-	
End of Year			<u>\$ 263,202</u>	

City of Placentia
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Affordable Housing In-Lieu Special Revenue Fund
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for services	\$ -	\$ -	\$ 204,750	\$ 204,750
Total Revenues	<u>-</u>	<u>-</u>	<u>204,750</u>	<u>204,750</u>
REVENUE OVER (UNDER) EXPENDITURES	<u>-</u>	<u>-</u>	<u>204,750</u>	<u>204,750</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>204,750</u>	<u>\$ 204,750</u>
FUND BALANCE:				
Beginning of Year			<u>115,500</u>	
End of Year			<u>\$ 320,250</u>	

City of Placentia
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
2011 Gas Tax COP Debt Service Fund
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Investment income	\$ 500	\$ 500	\$ 2	\$ (498)
Total Revenues	500	500	2	(498)
Expenditures:				
Debt service:				
Principal retirement	225,000	225,000	225,000	-
Interest and fiscal charges	256,944	256,944	257,722	(778)
Total Expenditures	481,944	481,944	482,722	(778)
REVENUE OVER (UNDER) EXPENDITURES	(481,444)	(481,444)	(482,720)	(1,276)
Other Financing Sources:				
Transfers in	481,944	481,944	483,366	1,422
Total Other Financing Sources	481,944	481,944	483,366	1,422
NET CHANGE IN FUND BALANCE	\$ 500	\$ 500	646	\$ 146
FUND BALANCE:				
Beginning of Year			485,282	
End of Year			<u>\$ 485,928</u>	

This page intentionally left blank.

INTERNAL SERVICE FUND FINANCIAL STATEMENTS

City of Placentia
Combining Statement of Net Position
All Internal Service Funds
June 30, 2016

	Risk Management	Health and Welfare	Equipment Replacement
ASSETS			
Current Assets:			
Cash and investments	\$ 1,830,402	\$ 3,117	\$ 14,062
Receivable:			
Accounts	1,659	-	-
Restricted:			
Cash and investments	10,013	15,677	-
Total Current Assets	<u>1,842,074</u>	<u>18,794</u>	<u>14,062</u>
Noncurrent Assets:			
Capital assets, net of accumulated depreciation	-	-	27,250
Total Noncurrent Assets	<u>-</u>	<u>-</u>	<u>27,250</u>
Total Assets	<u>1,842,074</u>	<u>18,794</u>	<u>41,312</u>
LIABILITIES			
Current Liabilities:			
Accounts payable	10,063	3,117	-
Accrued claims and judgments	508,961	-	-
Total Current Liabilities	<u>519,024</u>	<u>3,117</u>	<u>-</u>
Noncurrent Liabilities:			
Accrued claims and judgments	1,526,882	-	-
Total Noncurrent Liabilities	<u>1,526,882</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>2,045,906</u>	<u>3,117</u>	<u>-</u>
NET POSITION			
Investment in capital assets	-	-	27,250
Unrestricted	(203,832)	15,677	14,062
Total Net Position	<u>\$ (203,832)</u>	<u>\$ 15,677</u>	<u>\$ 41,312</u>

City of Placentia
Combining Statement of Net Position (Continued)
All Internal Service Funds
June 30, 2016

ASSETS	Information Technology	Total
Current Assets:		
Cash and investments	\$ -	\$ 1,847,581
Receivable:		
Accounts	-	1,659
Restricted:		
Cash and investments	-	25,690
Total Current Assets	-	1,874,930
Noncurrent Assets:		
Capital assets, net of accumulated depreciation	-	27,250
Total Noncurrent Assets	-	27,250
Total Assets	-	1,902,180
LIABILITIES		
Current Liabilities:		
Accounts payable	-	13,180
Accrued claims and judgments	-	508,961
Total Current Liabilities	-	522,141
Noncurrent Liabilities:		
Accrued claims and judgments	-	1,526,882
Total Noncurrent Liabilities	-	1,526,882
Total Liabilities	-	2,049,023
NET POSITION		
Investment in capital assets	-	27,250
Unrestricted	-	(174,093)
Total Net Position	\$ -	\$ (146,843)

City of Placentia
Combining Statement for All Internal Service Funds of
Revenues, Expenses, and Changes in Net Position
For the Year Ended June 30, 2016

	Risk Management	Health and Welfare	Equipment Replacement
OPERATING REVENUES:			
Service charges	\$ 491,899	\$ 1,194,707	\$ -
Total Operating Revenues	491,899	1,194,707	-
OPERATING EXPENSES:			
Administration	96,094	-	35,938
Reinsurance premiums	-	122,257	-
Claims	(150,288)	-	-
Medical and dental premiums	-	1,045,026	-
Liability insurance premiums	488,296	11,747	-
Depreciation expense	-	-	24,197
Total Operating Expenses	434,102	1,179,030	60,135
OPERATING INCOME (LOSS)	57,797	15,677	(60,135)
NONOPERATING INCOME (LOSS):			
Gain (loss) on disposal of capital assets	-	-	17,500
Total Nonoperating Income (Loss)	-	-	17,500
Net Income (Loss)	57,797	15,677	(42,635)
CHANGES IN NET POSITION	57,797	15,677	(42,635)
NET POSITION:			
Beginning of the Year, as Restated	(261,629)	-	83,947
End of the Year	<u>\$ (203,832)</u>	<u>\$ 15,677</u>	<u>\$ 41,312</u>

City of Placentia
Combining Statement for All Internal Service Funds of
Revenues, Expenses, and Changes in Net Position (Continued)
For the Year Ended June 30, 2016

	Information Technology	Total
OPERATING REVENUES:		
Service charges	\$ -	\$ 1,686,606
Total Operating Revenues	-	1,686,606
OPERATING EXPENSES:		
Administration	-	132,032
Reinsurance premiums	-	122,257
Claims	-	(150,288)
Medical and dental premiums	-	1,045,026
Liability insurance premiums	-	500,043
Depreciation expense	3,183	27,380
Total Operating Expenses	3,183	1,676,450
OPERATING INCOME (LOSS)	(3,183)	10,156
NONOPERATING INCOME (LOSS):		
Gain (loss) on disposal of capital assets	-	17,500
Total Nonoperating Income (Loss)	-	17,500
Net Income (Loss)	(3,183)	27,656
CHANGES IN NET POSITION	(3,183)	27,656
NET POSITION:		
Beginning of the Year, as Restated	3,183	(174,499)
End of the Year	\$ -	\$ (146,843)

City of Placentia
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2016

	Risk Management	Health and Welfare	Equipment Replacement
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers and users	\$ 493,791	\$ 1,196,227	\$ -
Cash paid to suppliers for goods and services	(1,074,265)	(1,199,658)	-
Cash paid to employees for services	(96,094)	-	(35,938)
Cash receipt from insurance recovery	150,288	-	-
Net Cash Provided by (Used in) Operating Activities	<u>(526,280)</u>	<u>(3,431)</u>	<u>(35,938)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Proceeds from sale of capital assets	-	-	17,500
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>-</u>	<u>-</u>	<u>17,500</u>
Net Decrease In Cash and Cash Equivalents	(526,280)	(3,431)	(18,438)
CASH AND CASH EQUIVALENTS:			
Beginning of Year	2,366,695	22,225	32,500
End of Year	<u>\$ 1,840,415</u>	<u>\$ 18,794</u>	<u>\$ 14,062</u>
CASH AND CASH EQUIVALENTS:			
Cash and investments	\$ 1,830,402	\$ 3,117	\$ 14,062
Cash and investments with fiscal agent	10,013	15,677	-
Total Cash and Cash Equivalents	<u>\$ 1,840,415</u>	<u>\$ 18,794</u>	<u>\$ 14,062</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:			
Operating Income (loss)	\$ 57,797	\$ 15,677	\$ (60,135)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	-	-	24,197
Changes in assets and liabilities:			
(Increase)/decrease in accounts receivables	1,892	1,520	-
Increase/(decrease) in accounts payable	(5,528)	(20,628)	-
Increase/(decrease) in claims payable	(580,441)	-	-
Net Cash Provided by (Used in) Operating Activities	<u>\$ (526,280)</u>	<u>\$ (3,431)</u>	<u>\$ (35,938)</u>

City of Placentia
Combining Statement of Cash Flows (Continued)
Internal Service Funds
For the Year Ended June 30, 2016

	Information Technology	Total
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers and users	\$ -	\$ 1,690,018
Cash paid to suppliers for goods and services	(34,563)	(2,308,486)
Cash paid to employees for services	-	(132,032)
Cash receipt from insurance recovery	-	150,288
Net Cash Provided by (Used in) Operating Activities	(34,563)	(600,212)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Proceeds from sale of capital assets	-	17,500
Net Cash Provided by (Used in) Capital and Related Financing Activities	-	17,500
Net Decrease In Cash and Cash Equivalents	(34,563)	(582,712)
CASH AND CASH EQUIVALENTS:		
Beginning of Year	34,563	2,455,983
End of Year	<u>\$ -</u>	<u>\$ 1,873,271</u>
CASH AND CASH EQUIVALENTS:		
Cash and investments	\$ -	\$ 1,847,581
Cash and investments with fiscal agent	-	25,690
Total Cash and Cash Equivalents	<u>\$ -</u>	<u>\$ 1,873,271</u>
Reconciliation of Operating Income (Loss) to to Net Cash Provided by (Used in) Operating Activities:		
Operating Income (loss)	\$ (3,183)	\$ 10,156
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation	3,183	27,380
Changes in assets and liabilities:		
(Increase)/decrease in accounts receivables	-	3,412
Increase/(decrease) in accounts payable	(34,563)	(60,719)
Increase/(decrease) in claims payable	-	(580,441)
Net Cash Provided by (Used in) Operating Activities	<u>\$ (34,563)</u>	<u>\$ (600,212)</u>

This page intentionally left blank.

AGENCY FUNDS FINANCIAL STATEMENTS

City of Placentia
Combining Statement of Assets and Liabilities
Agency Fund
For the Year Ended June 30, 2016

	Special Deposits	Community Facilities District	Public Safety CFD 2014-01	Total
Assets:				
Cash and investments	\$ 450,934	\$ 31,984	\$ -	\$ 482,918
Taxes receivable	-	615	-	615
Miscellaneous receivables	-	-	472	472
Total Assets	<u>\$ 450,934</u>	<u>\$ 32,599</u>	<u>\$ 472</u>	<u>\$ 484,005</u>
Liabilities:				
Deposits payable	\$ 450,934	\$ 32,599	\$ 472	\$ 484,005
Total Liabilities	<u>\$ 450,934</u>	<u>\$ 32,599</u>	<u>\$ 472</u>	<u>\$ 484,005</u>

City of Placentia
Combining Statement of Changes in Assets and Liabilities
Agency Fund
For the Year Ended June 30, 2016

	Balance June 30, 2015	Additions	Deletions	Balance June 30, 2016
<u>Special Deposits</u>				
Assets:				
Cash and investments	\$ 946,866	\$ 512,574	\$ (1,008,506)	\$ 450,934
Total Assets	\$ 946,866	\$ 512,574	\$ (1,008,506)	\$ 450,934
Liabilities:				
Deposits payable	\$ 946,866	\$ 512,574	\$ (1,008,506)	\$ 450,934
Total Liabilities	\$ 946,866	\$ 512,574	\$ (1,008,506)	\$ 450,934
	Balance June 30, 2015	Additions	Deletions	Balance June 30, 2016
<u>Community Facilities District</u>				
Assets:				
Cash and investments	\$ 2,335,791	\$ 269,227	\$ (2,573,034)	\$ 31,984
Taxes receivable	73,719	615	(73,719)	615
Miscellaneous receivables	1,694,025	2,500,342	(4,194,367)	-
Total Assets	\$ 4,103,535	\$ 2,770,184	\$ (6,841,120)	\$ 32,599
Liabilities:				
Deposits payable	\$ 4,103,535	\$ 2,770,184	\$ (6,841,120)	\$ 32,599
Total Liabilities	\$ 4,103,535	\$ 2,770,184	\$ (6,841,120)	\$ 32,599
	Balance June 30, 2015	Additions	Deletions	Balance June 30, 2016
<u>Public Safety CFD 2014-01</u>				
Assets:				
Cash and investments	\$ 3,494	\$ 17,211	\$ (20,705)	\$ -
Miscellaneous receivables	-	472	-	472
Total Assets	\$ 3,494	\$ 17,683	\$ (20,705)	\$ 472
Liabilities:				
Deposits payable	3,494	17,683	(20,705)	472
Total Liabilities	\$ 3,494	\$ 17,683	\$ (20,705)	\$ 472

City of Placentia
Combining Statement of Changes in Assets and Liabilities (Continued)
Agency Fund
For the Year Ended June 30, 2016

	Balance June 30, 2015	Additions	Deletions	Balance June 30, 2016
<u>Total</u>				
Assets:				
Cash and investments	\$ 3,286,151	\$ 799,012	\$ (3,602,245)	\$ 482,918
Taxes receivable	73,719	615	(73,719)	615
Miscellaneous receivables	1,694,025	2,500,814	(4,194,367)	472
Total Assets	\$ 5,053,895	\$ 3,300,441	\$ (7,870,331)	\$ 484,005
Liabilities:				
Deposits payable	5,053,895	3,300,441	(7,870,331)	484,005
Total Liabilities	\$ 5,053,895	\$ 3,300,441	\$ (7,870,331)	\$ 484,005

STATISTICAL SECTION

This page intentionally left blank.

City of Placentia

Description of Statistical Section Contents

This part of the City of Placentia'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 say about the government's overall financial health.

Contents:	Pages
Financial Trends - These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	148 - 157
Revenue Capacity - These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	158 - 163
Debt Capacity - These schedules present information to help the reader assess the affordability of the City's current level of outstanding debt and the City's ability to issue additional debt in the	164 - 166
Demographic and Economic Information - These schedules offer demographics and economic indicators to help the reader understand the environment within which the City's financial	168 - 170
Operating Information - These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report related to the services the City provides and activities it performs.	172 - 175

City of Placentia
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)

	Fiscal Year				
	2007	2008	2009	2010	2011
Governmental activities					
Net Investment in capital assets	\$ 82,805	\$ 69,881	\$ 78,071	\$ 58,119	\$ 60,198
Restricted	6,104	5,316	7,785	-	8,717
Unrestricted	(20,936)	(20,681)	(38,860)	(9,756)	(12,267)
Total governmental activities net position	<u>\$ 67,973</u>	<u>\$ 54,516</u>	<u>\$ 46,996</u>	<u>\$ 48,363</u>	<u>\$ 56,648</u>
Business-type activities					
Net Investment in capital assets	\$ 474	\$ 13,725	\$ 13,134	\$ 12,543	\$ 13,277
Unrestricted	2,603	3,578	2,921	5,076	(1,041)
Total business-type activities net position	<u>\$ 3,077</u>	<u>\$ 17,303</u>	<u>\$ 16,055</u>	<u>\$ 17,619</u>	<u>\$ 12,236</u>
Primary government					
Net Investment in capital assets	\$ 83,279	\$ 83,606	\$ 91,205	\$ 70,662	\$ 73,475
Restricted	6,104	5,316	7,785	-	8,717
Unrestricted	(18,333)	(17,103)	(35,939)	(4,680)	(13,308)
Total primary government net position	<u>\$ 71,050</u>	<u>\$ 71,819</u>	<u>\$ 63,051</u>	<u>\$ 65,982</u>	<u>\$ 68,884</u>

City of Placentia
Net Position by Component (Continued)
Last Ten Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)

	Fiscal Year				
	2012	2013	2014	2015	2016
Governmental activities					
Net Investment in capital assets	\$ 70,726	\$ 78,273	\$ 74,238	\$ 66,333	\$ 66,799
Restricted	2,981	3,630	2,901	7,027	7,681
Unrestricted	(7,936)	(14,229)	(9,273)	(34,145)	(30,490)
Total governmental activities net position	<u>\$ 65,771</u>	<u>\$ 67,674</u>	<u>\$ 67,866</u>	<u>\$ 39,215</u>	<u>\$ 43,990</u>
Business-type activities					
Net Investment in capital assets	\$ 12,686	\$ 12,275	\$ 11,760	\$ 11,280	\$ 10,765
Unrestricted	(874)	(1,115)	(680)	1,289	845
Total business-type activities net position	<u>\$ 11,812</u>	<u>\$ 11,160</u>	<u>\$ 11,080</u>	<u>\$ 12,569</u>	<u>\$ 11,610</u>
Primary government					
Net Investment in capital assets	\$ 83,412	\$ 90,548	\$ 85,998	\$ 77,613	\$ 77,564
Restricted	2,981	3,630	2,901	7,027	7,681
Unrestricted	(8,810)	(15,344)	(9,953)	(32,856)	(29,645)
Total primary government net position	<u>\$ 77,583</u>	<u>\$ 78,834</u>	<u>\$ 78,946</u>	<u>\$ 51,784</u>	<u>\$ 55,600</u>

City of Placentia
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)

	Fiscal Year				
	2007	2008	2009	2010	2011
Expenses					
Governmental activities:					
General government	\$ 1,984	\$ 2,693	\$ 3,801	\$ 8,664	\$ 4,974
Public safety	16,342	17,481	17,568	15,770	18,342
Public works	8,812	8,435	8,019	4,222	6,466
Community development	2,964	3,608	2,820	1,850	1,145
Community services	-	-	-	-	-
Redevelopment	674	682	1,305	1,755	2,077
SERAF	-	-	-	843	174
Interest on long-term debt	1,357	1,361	1,197	1,718	1,892
Total governmental activities	<u>32,133</u>	<u>34,260</u>	<u>34,710</u>	<u>34,822</u>	<u>35,070</u>
Business-type activities:					
Refuse	2,430	2,599	3,163	2,579	2,779
Compressed natural gas	363	410	143	425	464
Sewer maintenance	682	808	928	1,029	1,404
Total business-type activities	<u>3,475</u>	<u>3,817</u>	<u>4,234</u>	<u>4,033</u>	<u>4,647</u>
Total primary government expenses	<u>\$ 35,608</u>	<u>\$ 38,077</u>	<u>\$ 38,944</u>	<u>\$ 38,855</u>	<u>\$ 39,717</u>
Program Revenues					
Governmental activities:					
Charges for services					
General government	\$ 761	\$ 745	\$ 1,302	\$ 1,556	\$ 3,003
Public safety	1,085	876	1,116	947	1,740
Public works	925	1,162	1,280	1,131	1,204
Community development	545	660	511	505	427
Community services	-	-	-	-	-
Operating grants	3,149	3,124	2,425	3,883	2,608
Capital grants and contributions	4,234	4,238	3,372	3,377	2,128
Total governmental activities program revenues	<u>10,699</u>	<u>10,805</u>	<u>10,006</u>	<u>11,399</u>	<u>11,110</u>
Business-type activities:					
Charges for services					
Refuse	2,923	3,032	2,898	3,015	2,432
Compressed natural gas	430	419	372	417	541
Sewer maintenance	1,126	1,069	830	898	778
Total business-type activities program revenues	<u>4,479</u>	<u>4,520</u>	<u>4,100</u>	<u>4,831</u>	<u>3,751</u>
Total primary government program revenues	<u>\$ 15,178</u>	<u>\$ 15,325</u>	<u>\$ 14,106</u>	<u>\$ 16,230</u>	<u>\$ 14,861</u>
Net (expense)/revenue					
Governmental activities	\$ (21,434)	\$ (23,455)	\$ (24,704)	\$ (23,423)	\$ (23,960)
Business-type activities	1,004	703	(134)	798	(896)
Total primary government net expenses	<u>\$ (20,430)</u>	<u>\$ (22,752)</u>	<u>\$ (24,838)</u>	<u>\$ (22,625)</u>	<u>\$ (24,856)</u>

City of Placentia
Changes in Net Position (Continued)
Last Ten Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)

	Fiscal Year				
	2012	2013	2014	2015	2016
Expenses					
Governmental activities:					
General government	\$ 10,833	\$ 10,516	\$ 9,673	\$ 9,248	\$ 5,343
Public safety	16,104	16,965	16,915	15,689	18,556
Public works	6,525	6,506	5,720	6,644	7,445
Community development	1,034	1,011	1,142	1,845	1,373
Community services	-	-	-	-	1,263
Redevelopment	658	-	-	-	-
SERAF	-	-	-	-	-
Interest on long-term debt	1,414	603	667	861	837
Total governmental activities	<u>36,568</u>	<u>35,601</u>	<u>34,117</u>	<u>34,287</u>	<u>34,817</u>
Business-type activities:					
Refuse	2,880	2,933	2,950	2,795	2,555
Compressed natural gas	100	137	-	-	-
Sewer maintenance	1,114	1,143	1,071	1,069	1,418
Total business-type activities	<u>4,094</u>	<u>4,213</u>	<u>4,021</u>	<u>3,864</u>	<u>3,973</u>
Total primary government expenses	<u>\$ 40,662</u>	<u>\$ 39,814</u>	<u>\$ 38,138</u>	<u>\$ 38,151</u>	<u>\$ 38,790</u>
Program Revenues					
Governmental activities:					
Charges for services					
General government	\$ 2,091	\$ 2,268	\$ 2,408	\$ 2,053	\$ 1,956
Public safety	1,556	1,570	1,282	1,469	1,340
Public works	1,548	1,539	3,238	854	679
Community development	776	317	590	277	1,211
Community services	-	-	-	-	221
Operating grants	2,137	1,656	700	1,407	4,744
Capital grants and contributions	1,605	1,256	1,634	3,216	145
Total governmental activities program revenues	<u>9,713</u>	<u>8,606</u>	<u>9,852</u>	<u>9,276</u>	<u>10,296</u>
Business-type activities:					
Charges for services					
Refuse	2,730	2,749	2,865	2,874	2,890
Compressed natural gas	76	335	119	25	-
Sewer maintenance	858	876	884	819	688
Total business-type activities program revenues	<u>3,664</u>	<u>3,960</u>	<u>3,868</u>	<u>3,718</u>	<u>3,578</u>
Total primary government program revenues	<u>\$ 13,377</u>	<u>\$ 12,566</u>	<u>\$ 13,720</u>	<u>\$ 12,994</u>	<u>\$ 13,874</u>
Net (expense)/revenue					
Governmental activities	\$ (26,855)	\$ (26,995)	\$ (24,265)	\$ (25,011)	\$ (24,521)
Business-type activities	(430)	(253)	(153)	(146)	(395)
Total primary government net expenses	<u>\$ (27,285)</u>	<u>\$ (27,248)</u>	<u>\$ (24,418)</u>	<u>\$ (25,157)</u>	<u>\$ (24,916)</u>

City of Placentia
Changes in Net Position (Continued)
Last Ten Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)

	Fiscal Year				
	2007	2008	2009	2010	2011
General Revenues and					
Other Changes in Net Position					
Governmental activities:					
Taxes					
Property	\$ 12,918	\$ 13,791	\$ 13,827	\$ 12,553	\$ 13,416
Sales and use	5,820	5,452	4,686	3,930	5,063
Utility users	2,756	2,603	2,822	2,694	2,767
Franchise	1,077	1,226	1,150	1,203	2,453
Other	1,001	891	803	1,762	771
Miscellaneous	259	216	188	153	126
Investment income	261	46	43	39	595
Other	214	350	972	715	2,339
Special item	-	-	(4,047)	2,500	-
Extraordinary item	-	-	(5,562)	-	-
Transfers	71	249	1,145	566	831
Total governmental activities	<u>24,377</u>	<u>24,824</u>	<u>16,027</u>	<u>26,115</u>	<u>28,361</u>
Business-type activities					
Investment income	66	86	31	6	8
Special item	-	-	-	-	-
Gain on disposal of assets	2	-	-	-	-
Other	-	15	-	-	-
Transfers	(71)	(249)	(1,145)	(566)	(831)
Total business-type activities	<u>(3)</u>	<u>(148)</u>	<u>(1,114)</u>	<u>(560)</u>	<u>(823)</u>
Total primary government	<u>\$ 24,374</u>	<u>\$ 24,676</u>	<u>\$ 14,913</u>	<u>\$ 25,555</u>	<u>\$ 27,538</u>
Change in Net Position					
Governmental activities	\$ 2,943	\$ 1,369	\$ (8,677)	\$ 2,692	\$ 4,401
Business-type activities	1,001	555	(1,248)	238	(1,719)
Total primary government	<u>\$ 3,944</u>	<u>\$ 1,924</u>	<u>\$ (9,925)</u>	<u>\$ 2,930</u>	<u>\$ 2,682</u>

City of Placentia
Changes in Net Position (Continued)
Last Ten Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)

	Fiscal Year				
	2012	2013	2014	2015	2016
General Revenues and Other Changes in Net Position					
Governmental activities:					
Taxes					
Property	\$ 12,452	\$ 11,389	\$ 11,804	\$ 12,449	\$ 13,259
Sales and use	4,225	4,160	4,512	6,284	6,848
Utility users	2,851	2,863	2,800	2,874	2,750
Franchise	2,056	2,186	2,228	2,338	2,332
Other	805	998	1,029	1,177	1,258
Miscellaneous	1,386	1,359	1,336	1,451	35
Investment income	199	197	24	576	34
Other	1,047	2,918	708	-	-
Special item	-	-	-	(2,764)	-
Extraordinary item	10,880	-	-	-	(1,035)
Transfers	76	248	4	165	646
Total governmental activities	<u>35,977</u>	<u>26,318</u>	<u>24,445</u>	<u>24,550</u>	<u>26,127</u>
Business-type activities					
Investment income	8	5	2	5	7
Special item	-	-	-	2,764	-
Gain on disposal of assets	-	-	-	-	-
Other	75	75	75	75	75
Transfers	(76)	(478)	(4)	(165)	(646)
Total business-type activities	<u>7</u>	<u>(398)</u>	<u>73</u>	<u>2,679</u>	<u>(564)</u>
Total primary government	<u>\$ 35,984</u>	<u>\$ 25,920</u>	<u>\$ 24,518</u>	<u>\$ 27,229</u>	<u>\$ 25,563</u>
Change in Net Position					
Governmental activities	\$ 9,122	\$ (677)	\$ 180	\$ (461)	\$ 1,606
Business-type activities	(423)	(651)	(80)	2,533	(959)
Total primary government	<u>\$ 8,699</u>	<u>\$ (1,328)</u>	<u>\$ 100</u>	<u>\$ 2,072</u>	<u>\$ 647</u>

This page intentionally left blank.

City of Placentia
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(amounts expressed in thousands)

	Fiscal Year					
	2011	2012	2013	2014	2015	2016
General Fund						
Nonspendable	\$ 5,823	\$ 4,774	\$ 4,368	\$ 3,450	\$ 4,104	\$ 3,881
Restricted	-	-	-	439	1,030	1,030
Committed	-	-	-	-	119	3,600
Assigned	500	-	-	-	185	286
Unassigned	(294)	1,997	1,385	1,001	2,510	72
Total General Fund	\$ 6,029	\$ 6,771	\$ 5,753	\$ 4,890	\$ 7,948	\$ 8,869
All Other Governmental Funds						
Nonspendable	\$ 1,754	\$ 96	\$ 88	\$ 84	\$ -	\$ -
Restricted	9,122	8,118	3,630	2,930	5,999	6,651
Assigned	505	-	-	-	485	-
Unassigned	(1,636)	(2,441)	(2,196)	(761)	-	-
Total All Other Governmental Funds	9,745	5,773	1,522	2,253	6,484	6,651
Total All Governmental Funds	\$ 15,774	\$ 12,544	\$ 7,275	\$ 7,143	\$ 14,432	\$ 15,520

The City of Placentia implemented GASB 54 for the fiscal year ended June 30, 2011.
Information prior to the implementation of GASB 54 is not available

	Fiscal Year			
	2007	2008	2009	2010
General Fund				
Reserved	\$ 101	\$ 139	\$ 3,894	\$ 6,736
Unreserved	(3,108)	(4,698)	(5,234)	(4,521)
Total General Fund	\$ (3,007)	\$ (4,559)	\$ (1,340)	\$ 2,215
All Other Governmental Funds				
Reserved	\$ 6,106	\$ 3,039	\$ 4,548	\$ 7,541
Unreserved, reported in:				
Special Revenue Funds	1,992	4,569	1,850	1,145
Debt Service Funds	-	840	1,692	(4,651)
Capital Project Funds	(1,994)	(3,133)	(2,814)	(4,783)
Total All Other Governmental Funds	6,104	5,315	5,276	(748)
Total All Governmental Funds	\$ 3,097	\$ 756	\$ 3,936	\$ 1,467

City of Placentia
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(amounts expressed in thousands)

	Fiscal Year				
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Revenues					
Property Tax	12,918	13,791	13,816	13,559	13,415
Sales Tax	5,820	5,300	4,686	3,930	5,063
Other Tax	4,923	4,732	4,955	4,654	6,116
Intergovernmental	4,451	5,855	5,165	5,295	5,036
Licenses and permits	1,328	1,441	2,126	2,448	1,397
Fines and forfeitures	904	845	878	819	604
Investment income	1,637	1,332	1,141	83	595
Charges for services	1,472	1,465	1,595	1,464	2,343
Other	1,009	1,286	919	342	4,138
Total Revenues	<u>34,462</u>	<u>36,047</u>	<u>35,281</u>	<u>32,594</u>	<u>38,707</u>
Expenditures					
Current:					
General Government	3,256	3,437	3,544	3,584	3,958
Public Safety	16,070	17,167	17,217	15,602	15,322
Public Works	8,826	10,427	6,573	2,850	5,864
Community development	2,950	3,568	2,846	1,826	983
Community services	-	-	-	-	-
Redevelopment	2,692	1,550	2,177	1,755	1,775
SERAF	-	-	-	843	174
Capital Outlay	-	-	8,251	3,940	392
Debt Service					
Principal	8,210	1,260	1,345	1,430	1,420
Interest	1,332	1,097	933	1,749	1,759
Other debt service	-	-	339	-	-
Total Expenditures	<u>43,336</u>	<u>38,506</u>	<u>43,225</u>	<u>33,579</u>	<u>31,647</u>
Excess of Revenues Over/(Under) Expenditures	<u>(8,874)</u>	<u>(2,459)</u>	<u>(7,944)</u>	<u>(985)</u>	<u>7,060</u>
Other Financing Sources/(Uses)					
Transfers In	6,581	6,545	15,946	14,707	12,063
Transfers Out	(6,581)	(6,440)	(15,898)	(18,693)	(14,263)
Proceeds from long-term debt	-	-	11,240	1	5,784
Other	12	13	(164)	2,500	-
Total Other Financing Sources	<u>12</u>	<u>118</u>	<u>11,124</u>	<u>(1,485)</u>	<u>3,584</u>
Extraordinary Items	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	<u>\$ (8,862)</u>	<u>\$ (2,341)</u>	<u>\$ 3,180</u>	<u>\$ (2,470)</u>	<u>\$ 10,644</u>
Ratio of Total Debt Service Expenditures to Total Noncapital Expenditures	28.24%	6.52%	8.09%	12.01%	11.32%

City of Placentia
Changes in Fund Balances of Governmental Funds (Continued)
Last Ten Fiscal Years
(modified accrual basis of accounting)
(amounts expressed in thousands)

	Fiscal Year				
	2012	2013	2014	2015	2016
Revenues					
Property Tax	\$ 12,451	\$ 11,389	\$ 11,804	\$ 12,449	\$ 13,259
Sales Tax	5,611	5,519	5,848	6,284	7,257
Other Tax	5,712	6,047	6,138	6,316	6,318
Intergovernmental	3,742	3,143	3,531	4,033	2,998
Licenses and permits	1,730	1,211	1,618	1,690	1,733
Fines and forfeitures	753	842	575	733	1,154
Investment income	423	161	210	177	34
Charges for services	2,370	1,800	1,912	2,228	2,216
Other	1,786	4,598	2,087	2,424	2,108
Total Revenues	<u>34,578</u>	<u>34,710</u>	<u>33,723</u>	<u>36,334</u>	<u>37,077</u>
Expenditures					
Current:					
General Government	4,690	4,275	4,409	6,432	6,571
Public Safety	15,978	16,845	16,853	16,500	17,880
Public Works	6,617	10,826	5,760	4,246	4,824
Community development	1,033	1,011	1,142	1,824	952
Community services	-	-	-	-	1,191
Redevelopment	659	-	-	-	-
SERAF	-	-	-	-	-
Capital Outlay	441	347	79	2,042	1,262
Debt Service					
Principal	1,186	355	723	1,070	1,333
Interest	1,617	594	577	813	837
Other debt service	-	-	-	-	-
Total Expenditures	<u>32,221</u>	<u>34,253</u>	<u>29,543</u>	<u>32,927</u>	<u>34,850</u>
Excess of Revenues Over/(Under) Expenditures	<u>2,357</u>	<u>457</u>	<u>4,180</u>	<u>3,407</u>	<u>2,227</u>
Other Financing Sources/(Uses)					
Transfers In	10,869	12,072	6,998	4,939	7,000
Transfers Out	(17,020)	(17,827)	(11,310)	(4,552)	(6,354)
Proceeds from long-term debt	399	-	-	-	251
Other	193	-	-	(2,764)	-
Total Other Financing Sources	<u>(5,559)</u>	<u>(5,755)</u>	<u>(4,312)</u>	<u>(2,377)</u>	<u>897</u>
Extraordinary Items	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,035)</u>
Net Change in Fund Balances	<u>\$ (3,202)</u>	<u>\$ (5,298)</u>	<u>\$ (132)</u>	<u>\$ 1,030</u>	<u>\$ 1,089</u>
Ratio of Total Debt Service Expenditures to Total Noncapital Expenditures	9.67%	2.88%	4.62%	6.49%	6.91%

City of Placentia
Revenues by Source - General Fund
Last Ten Fiscal Years
(modified accrual basis of accounting)

Fiscal Year	Property Taxes	Sales and Use Taxes	Other Taxes	Licenses and Permits	Fines Forfeitures & Penalties	Use of Money and Property
2006-07	\$ 10,699,537	\$ 5,820,037	\$ 2,078,677	\$ 1,309,238	\$ 801,584	\$ 195,105
2007-08	11,371,081	5,300,514	2,116,009	1,441,263	765,264	4,352
2008-09	11,464,895	4,685,797	1,912,555	2,062,294	713,172	29,157
2009-10	11,185,541	3,930,224	1,960,357	2,445,469	788,012	34,236
2010-11	11,143,701	5,063,285	3,261,866	1,397,396	542,172	514,827
2011-12	11,160,051	5,611,105	2,860,703	1,730,070	595,239	391,869
2012-13	11,388,950	5,518,907	3,183,996	1,210,722	468,229	160,212
2013-14	11,804,238	5,847,742	3,338,556	1,618,068	459,123	206,104
2014-15	12,448,958	6,207,771	3,394,915	1,690,191	484,676	170,892
2015-16	13,259,241	7,257,004	3,550,183	1,733,049	542,253	-

* Investment Earnings and Rents previously reported as Use of Money and Property Leases previously reported as Other Revenues.

City of Placentia
Revenues by Source - General Fund (Continued)
Last Ten Fiscal Years
(modified accrual basis of accounting)

Fiscal Year	Investment Earnings*	Leases and Rents*	Inter- governmental Revenue	Charges for Current Services	Other Revenues	Totals
2006-07	\$ -	\$ -	\$ 929,088	\$ 1,003,834	\$ 953,884	\$ 23,790,984
2007-08	-	-	1,527,873	995,223	1,199,926	24,721,505
2008-09	-	-	630,639	1,121,933	914,860	23,535,302
2009-10	-	-	460,128	935,521	109,395	21,848,883
2010-11	-	-	537,577	1,648,767	2,492,821	26,602,412
2011-12	-	-	54,850	1,350,666	1,239,397	24,993,950
2012-13	-	-	127,867	1,256,723	4,597,034	27,912,640
2013-14	-	-	58,058	1,189,249	1,571,109	26,092,247
2014-15	-	-	224,246	1,383,803	1,778,619	27,784,071
2015-16	24,157	670,631	466,271	1,091,250	1,053,220	29,647,259

* Investment Earnings and Rents previously reported as Use of Money and Property Leases previously reported as Other Revenues.

City of Placentia
Assessed Value of Taxable Property
Last Ten Fiscal Years
(amounts expressed in thousands)

Fiscal Year Ended June 30	City			Taxable Assessed Value	Direct Rate
	Secured	Public Utility	Unsecured		
2007	\$ 4,475,589	\$ 2,838	\$ 150,559	\$ 4,628,986	0.1642
2008	4,820,355	381	170,439	4,991,175	0.1640
2009	4,693,057	465	140,530	4,834,052	0.1644
2010	4,794,903	390	172,357	4,967,650	0.1644
2011	4,795,545	390	173,088	4,969,023	0.1644
2012	4,849,370	390	157,793	5,007,553	0.1644
2013	4,934,183	292	145,927	5,080,402	0.1644
2014	5,065,170	292	141,308	5,206,770	0.1644
2015	5,359,402	292	155,890	5,515,584	0.1644
2016	5,706,871	292	169,843	5,877,006	0.1644

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 re-assessed at the time that it is sold to a new owner. At that point, the new assessed value is reassessed at the purchase price of the property sold. The assessed valuation data shown above represents the only data currently available with respect to the actual market value of taxable property and is subject to the limitations described above.

City of Placentia
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Placentia City	0.1340	0.1340	0.1340	0.1340	0.1340	0.1340	0.1340	0.1340	0.1340	0.1340
Placentia City Lighting Reorganization	0.0302	0.0300	0.0304	0.0304	0.0304	0.0304	0.0304	0.0304	0.0304	0.0304
Direct City Rate	0.1642	0.1640	0.1644	0.1644	0.1644	0.1644	0.1644	0.1644	0.1644	0.1644
Overlapping Rates:										
O.C. Water District Water Reserve	0.0001	0.0001	0.0001	0.0001	0.0001	0.0001	0.0001	0.0001	0.0001	0.0001
O.C. Vector Control	0.0011	0.0010	0.0011	0.0011	0.0011	0.0011	0.0011	0.0011	0.0011	0.0011
O.C. Transportation Authority	0.0026	0.0026	0.0026	0.0026	0.0026	0.0026	0.0026	0.0026	0.0026	0.0026
O.C. Water District	0.0080	0.0080	0.0080	0.0080	0.0080	0.0080	0.0080	0.0080	0.0080	0.0080
O.C. Harbors, Beaches, Parks	0.0144	0.0133	0.0144	0.0144	0.0144	0.0144	0.0144	0.0144	0.0144	0.0144
O.C. Department of Education	0.0171	0.0170	0.0170	0.0171	0.0171	0.0171	0.0171	0.0171	0.0171	0.0171
O.C. Flood Control Dist General	0.0186	0.0190	0.0186	0.0186	0.0186	0.0186	0.0186	0.0186	0.0186	0.0186
O.C. Sanitation District 2 Operating	0.0309	0.0310	0.0309	0.0309	0.0309	0.0309	0.0309	0.0309	0.0309	0.0309
Placentia Library District	0.0376	0.0380	0.0376	0.0376	0.0376	0.0376	0.0376	0.0376	0.0376	0.0376
O.C. General Fund	0.0579	0.0580	0.0579	0.0579	0.0579	0.0579	0.0579	0.0579	0.0579	0.0579
North O.C. Community College General	0.0656	0.0660	0.0655	0.0655	0.0655	0.0655	0.0655	0.0655	0.0655	0.0655
Education Revenue Augmentation Fund	0.1876	0.1880	0.1876	0.1876	0.1876	0.1876	0.1876	0.1876	0.1876	0.1876
Placentia Unified General Fund	0.3943	0.3940	0.3943	0.3943	0.3943	0.3943	0.3943	0.3943	0.3943	0.3943
Total Direct City and Overlapping Rate	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
Metro Water District	0.0047	0.0045	0.0043	0.0043	0.0037	0.0037	0.0035	0.0035	0.0035	0.0035
Placentia Schools	0.0265	0.0295	0.0476	0.0616	0.058	0.0585	0.0620	0.0653	0.0582	0.0567
North O.C. Community College Bonds	0.0144	0.0150	0.0149	0.0166	0.0176	0.0174	0.0190	0.0170	0.0170	0.0304
Total Rate	<u>1.0456</u>	<u>1.0490</u>	<u>1.0668</u>	<u>1.0825</u>	<u>1.0793</u>	<u>1.0796</u>	<u>1.0845</u>	<u>1.0858</u>	<u>1.0787</u>	<u>1.0906</u>

Note:

In 1978, the voters of the State of California passed Proposition 13 which set the property tax rate at a 1.00% fixed amount. This 1.00% is shared by all taxing agencies for which the subject property resides within.

City of Placentia
Principal Property Tax Payers
Current and Nine Years Ago
(amounts expressed in thousands)

	2016				2007		
	Taxable Assessed Value	Estimated Total Tax	Percent of Total City Taxable Assessed Value		Taxpayer	Taxable Assessed Value	Estimated Total Tax
Placentia Place Apartments LLC	\$ 82,759	\$ 828	1.41%	ASN Placentia Place LLC	\$ 77,292	\$ 773	1.67%
Placentia 422	54,590	546	0.93%	Placentia 422	58,106	581	1.26%
Villa Angelina Apartment Fund LTD	52,229	522	0.89%	Donahue Schriber Realty Group	29,837	298	0.64%
Villa Tierra Apartments LLC	35,839	358	0.61%	Inland Western Placentia LLC	25,398	254	0.55%
Placentia-Linda Hospital Inc.	35,650	357	0.61%	Sandcastle Partners	20,701	207	0.45%
Arlon Graphics LLC	34,769	348	0.59%	Placentia-Linda Hospital Inc.	18,022	180	0.39%
ORA Bradford Court 127 LLC	27,429	274	0.47%	Greka Oil And Gas Inc	15,697	157	0.34%
Reef Imperial Rose Inc.	27,232	272	0.46%	Western Oak Tree Court Partners LP	13,751	138	0.30%
Donahue Schriber Realty Group	26,522	265	0.45%	Michael T Bridges Trust	13,700	137	0.30%
Ronald And Martha Beltran	26,213	262	0.45%	1545 Wilshire Placentia LLC	13,541	135	0.29%
	\$ 403,232	\$ 4,032	6.86%		\$ 286,045	\$ 2,860	6.18%

City of Placentia
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	Total Collections to Date	
		Amount	Percent of Levy		Amount	Percent of Levy
2007	\$ 12,096,749	\$ 12,038,615	99.52%	N/A	N/A	N/A
2008	13,053,161	12,753,432	97.70%	N/A	N/A	N/A
2009	14,171,276	14,099,708	99.49%	N/A	N/A	N/A
2010	13,659,309	12,718,318	93.11%	N/A	N/A	N/A
2011	13,612,265	13,551,901	99.56%	N/A	N/A	N/A
2012	14,121,383	13,695,151	96.98%	N/A	N/A	N/A
2013	12,064,669	11,889,799	98.55%	N/A	N/A	N/A
2014	12,294,236	12,266,287	99.77%	N/A	N/A	N/A
2015	13,012,736	12,973,298	99.70%	N/A	N/A	N/A
2016	12,742,715	13,529,800	106.18%	N/A	N/A	N/A

Note:

The amounts presented include City property taxes, In-Lieu Vehicle License Fees, and "triple flip" property tax revenue in lieu of sales tax. 2016 includes final payment of "triple flip" property tax revenue.

City of Placentia
Ratio of Outstanding Debt by Type
Last Ten Fiscal Years
(amounts expressed in thousands, except per capita)

Fiscal Year	Governmental Activities			Business-type Activities		Total Primary Government	Percent of Assessed Valuation	Per Capita	Percent of Personal Income
	Tax Allocation Bonds and Notes	Capital Leases	Certificates of Participation	Capital Leases					
2007	\$ 7,170	\$ 208	\$11,038	\$ -		\$ 18,416	0.398%	361.34	1.20%
2008	7,040	111	9,950	-		17,101	0.343%	334.85	1.06%
2009	17,946	15	8,782	-		26,743	0.553%	520.75	1.63%
2010	17,839	-	7,534	-		25,373	0.511%	489.17	1.59%
2011	17,790	-	12,336	-		30,126	0.606%	575.97	1.97%
2012	4,202	299	11,341	-		15,842	0.316%	310.12	1.04%
2013	4,062	189	10,471	-		14,722	0.290%	284.34	0.97%
2014	3,870	75	9,572	-		13,517	0.260%	259.47	0.89%
2015	3,579	41	9,147	-		12,767	0.231%	245.12	0.83%
2016	3,063	218	8,697	-		11,978	0.204%	229.19	0.76%

City of Placentia
Direct and Overlapping Governmental Activity Debt
As of June 30, 2016

2015-16 Assessed Valuation:	\$ 5,877,006
Successor Agency Incremental Valuation:	<u>300,620</u>
Adjusted Assessed Valuation:	\$ 5,576,386

DIRECT DEBT:	Total Debt 06/30/16	% Applicable (1)	City's Share of Debt 6/30/16
Capital Leases	\$ 217,814	100.00%	\$ 217,814
Certificates of Participation	8,697,318	100.00%	8,697,318
Tax Allocation Bonds & Notes	3,063,256	100.00%	<u>3,063,256</u>
			\$ 11,978,388
 <u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>			
North Orange County Community College 2003 & 2005 Bonds	\$ 265,173,927	5.326%	\$ 14,121,926
Placentia -Yorba Linda Unified 2002, 2008, and 2012 Bond	258,739,619	22.327%	57,768,933
Metropolitan Water District	18,880,261	1.248%	<u>235,651</u>
TOTAL OVERLAPPING DEBT			\$ 72,126,510
 TOTAL DIRECT AND OVERLAPPING DEBT			 \$ 84,104,898

(1) Percentage of overlapping agency's assessed valuation located within boundaries of the city.

Ratios of Direct vs. Overlapping Debt

Direct Debt	14.24%
Overlapping Debt	85.76%
Total Debt	100.00%

Ratios of Debt to Assessed Valuation

Direct Debt	0.21%
Overlapping Debt	1.29%
Total Debt	1.51%

City of Placentia
Legal Debt Margin Information
Last Ten Fiscal Years

Legal Debt Margin Calculation for the Current Year

Assessed value	\$ 5,877,006,457
Debt limit (3.75% of assessed value)	220,387,742
Debt applicable to limit	-
Legal debt margin - Current Year	\$ 220,387,742

Fiscal Year	Debt Limit	Debt Applicable to Limit	Legal Debt Margin	Debt as Percentage of Limit
2007	\$ 173,586,979	\$ -	\$ 173,586,979	0%
2008	187,169,052	-	187,169,052	0%
2009	181,276,941	-	181,276,941	0%
2010	186,295,449	-	186,295,449	0%
2011	191,977,149	-	191,977,149	0%
2012	187,783,433	-	187,783,433	0%
2013	181,800,203	-	181,800,203	0%
2014	186,635,310	-	186,635,310	0%
2015	213,385,760	-	213,385,760	0%
2016	220,387,742	-	220,387,742	0%

Note:

The City charter includes a debt limit of 15%; however, at the time the charter was established, only 25% of the market value was used. For the purpose of determining the debt limit, the City is following the intent of the charter and reducing the debt limit to 3.75% of assessed valuation.

Source: City of Placentia, Finance Department

City of Placentia
Demographic and Economic Statistics
Last Ten Calendar Years
(personal income in thousands, except per capita)

Calendar Year	City Population	Personal Income	Per Capita Personal Income	Unemployment Rate
2006	50,966	\$ 1,535,208	\$ 30,122	3.0%
2007	51,070	1,611,871	31,562	3.4%
2008	51,354	1,637,926	31,895	4.7%
2009	51,869	1,600,275	30,852	8.0%
2010	52,305	1,530,078	29,253	8.5%
2011	51,084	1,526,645	29,885	7.7%
2012	51,776	1,525,217	29,458	5.0%
2013	52,094	1,511,507	29,015	4.4%
2014	52,084	1,540,384	29,575	6.2%
2015	52,263	1,567,115	29,985	5.1%

Sources: City Population - State Department of Finance
Unemployment Date - California Employment Development Department
HDL, Coren Cone

City of Placentia
Taxable Sales by Category
Last Ten Calendar Years
(amounts expressed in thousands)

	Fiscal Year				
	2006	2007	2008	2009	2010
General Merchandise	\$ 6,276	\$ 6,135	\$ 5,982	\$ 6,247	\$ 6,554
Food Stores	16,678	15,719	15,805	15,229	15,107
Eating and Drinking Places	64,241	64,073	63,978	61,515	60,571
Building Materials	65,663	46,069	38,951	23,746	28,216
Auto Dealers and Supplies	84,878	76,748	56,345	50,272	63,210
Service Stations	74,512	71,986	73,611	49,182	51,876
Other Retail Stores	68,321	64,574	58,656	59,203	55,636
All Other Outlets	217,500	195,778	200,533	172,339	174,333
Total	\$ 598,069	\$ 541,082	\$ 513,861	\$ 437,733	\$ 455,503

Note: Due to confidentiality issues, the names of the ten largest revenue payers are not available. The categories presented are intended to provide alternative information regarding the sources of the City's sales tax revenue.

City of Placentia
Taxable Sales by Category (Continued)
Last Ten Calendar Years
(amounts expressed in thousands)

	Fiscal Year				
	2011	2012	2013	2014	2015
General Merchandise	\$ 6,339	\$ 6,227	\$ 6,482	\$ 6,459	\$ 6,635
Food Stores	16,462	17,718	17,541	17,898	18,529
Eating and Drinking Places	61,511	61,816	62,479	66,582	79,730
Building Materials	36,868	39,460	37,884	48,092	38,156
Auto Dealers and Supplies	66,736	69,200	78,924	85,659	105,341
Service Stations	68,726	83,112	80,210	78,562	70,961
Other Retail Stores	56,075	55,311	63,164	64,434	60,419
All Other Outlets	182,705	192,626	197,944	213,510	255,719
Total	\$ 495,422	\$ 525,470	\$ 544,628	\$ 581,196	\$ 635,490

Note: Due to confidentiality issues, the names of the ten largest revenue payers are not available. The categories presented are intended to provide alternative information regarding the sources of the City's sales tax revenue.

This page intentionally left blank.

City of Placentia
Budgeted Full-Time Employees by Department
Last Ten Fiscal Years

Department	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
City Clerk	1.50	1.50	1.00	1.00	2.00	2.00	2.00	1.00	2.00	2.00
Administration	6.50	6.50	7.00	7.00	7.00	7.00	7.00	6.00	8.00	7.00
Finance	9.00	9.00	9.00	7.00	7.00	7.00	7.00	7.00	6.00	7.00
Community Development	8.00	7.00	5.50	3.00	3.00	3.00	3.00	-	-	4.00
Police	73.00	73.00	68.00	62.00	62.00	67.00	68.00	62.00	67.00	69.50
Public Works	36.00	37.00	29.00	24.00	22.00	22.00	22.00	19.00	18.00	19.00
Community Services	9.00	9.00	5.00	5.00	4.00	4.00	4.00	4.00	4.00	6.00
Total	143.00	143.00	124.50	109.00	107.00	112.00	113.00	99.00	105.00	114.50

City of Placentia
Operating Indicators by Function
Last Ten Fiscal Years

Function/Program	Fiscal Year				
	2007	2008	2009	2010	2011
Police					
Physical arrests	1,233	963	1,360	1,517	2,170
Parking citations	15,088	13,718	11,688	11,138	7,971
Traffic citations	7,058	5,206	6,362	5,496	5,628
Community Development					
Building Permits	793	1,071	866	536	646
Building and Zoning Inspections	131	152	184	140	112
Public Works					
Feet of Sewer Main Cleaned	106,946	401,280	401,280	401,280	401,280
Streetsweeping Miles	11,200	21,684	21,684	21,684	21,684
Traffic Signals Maintained	50	56	56	56	57
Culture and Recreation					
Recreation Classes	1,197	817	616	616	585

City of Placentia
Operating Indicators by Function (Continued)
Last Ten Fiscal Years

Function/Program	Fiscal Year				
	2012	2013	2014	2015	2016
Police					
Physical arrests	2,067	1,289	1,600	1,732	1,373
Parking citations	8,211	6,970	7,147	11,141	12,729
Traffic citations	4,819	3,366	3,330	2,498	2,060
Community Development					
Building Permits	657	776	808	1,411	1,472
Building and Zoning Inspections	133	145	97	178	133
Public Works					
Feet of Sewer Main Cleaned	401,280	401,280	401,280	401,280	401,280
Streetsweeping Miles	21,684	21,684	21,684	21,684	21,684
Traffic Signals Maintained	57	57	57	57	57
Culture and Recreation					
Recreation Classes	659	704	710	787	747

City of Placentia
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

Function/Program	Fiscal Year				
	2007	2008	2009	2010	2011
Public Safety					
Police Stations	1	1	1	1	1
Sworn Officers	55	55	50	50	50
Patrol Vehicles	26	24	26	26	26
Fire Stations	2	2	2	2	2
Highways and Streets					
Miles of Streets	107	107	107	107	107
Street Trees	9264	9264	9214	9214	9214
Traffic Signals	224	224	229	229	229
Street Lights	3656	3656	3656	3656	3656
Sewer					
Miles of Sanitary Sewers	76	76	76	76	76
Storm Drains	506	506	506	506	506
Recreation and Culture					
Parks	16	16	16	16	16
Area of Parks (Acres)	74.23	74.23	72.9	72.9	72.9
Community Buildings	2	2	2	2	2
Community Centers	4	4	4	4	4
Senior Center	1	1	1	1	1
Baseball Diamonds	6	6	7	7	7
Basketball Courts	4	4	7.5	7.5	7.5
Soccer Fields	5	5	1	1	1
Pools	2	2	2	2	2
Gymnasiums	1	1	1	1	1

City of Placentia
Capital Asset Statistics by Function/Program (Continued)
Last Ten Fiscal Years

Function/Program	Fiscal Year				
	2012	2013	2014	2015	2016
Public Safety					
Police Stations	1	1	1	1	1
Sworn Officers	46	47	46	46	46
Patrol Vehicles	26	26	26	26	26
Fire Stations	2	2	2	2	2
Highways and Streets					
Miles of Streets	107	107	107	107	107
Street Trees	9214	9214	9214	9214	9214
Traffic Signals	229	229	229	229	229
Street Lights	3656	3656	3656	3656	3656
Sewer					
Miles of Sanitary Sewers	76	76	76	76	76
Storm Drains	506	506	506	506	506
Recreation and Culture					
Parks	16	16	16	16	16
Area of Parks (Acres)	72.9	72.9	72.9	72.9	72.9
Community Buildings	2	2	2	2	2
Community Centers	4	4	4	4	4
Senior Center	1	1	1	1	1
Baseball Diamonds	7	7	7	7	7
Basketball Courts	7.5	7.5	7.5	7.5	7.5
Soccer Fields	1	1	1	1	1
Pools	2	2	2	2	2
Gymnasiums	1	1	1	1	1