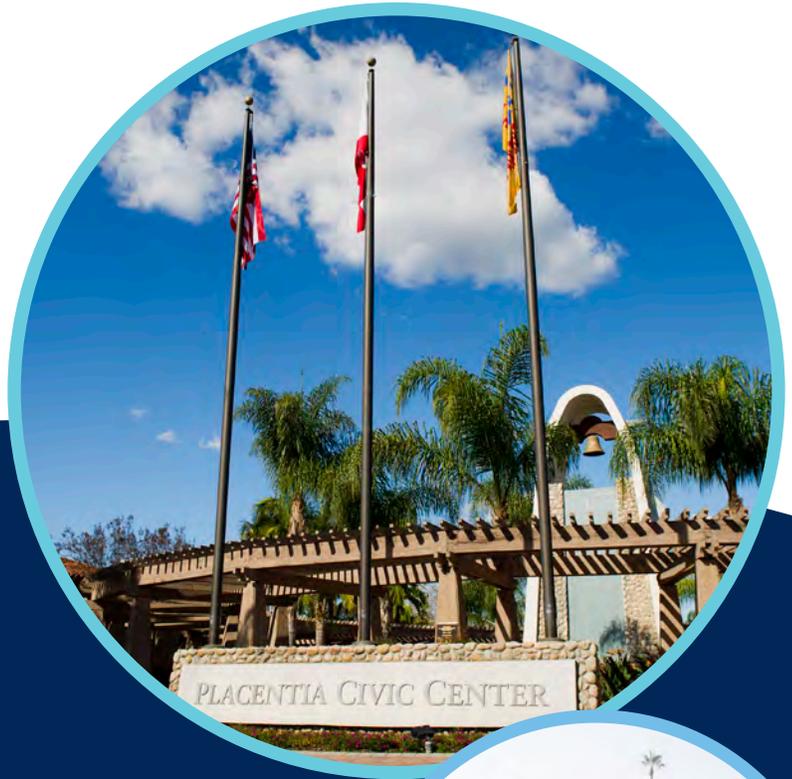


City of Placentia
Placentia, CA

PLACENTIA
Rich Heritage, Bright Future



Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2018



City of Placentia
Comprehensive Annual Financial Report
For the Year Ended June 30, 2018

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Mayor
RHONDA SHADER

Mayor Pro Tem
WARD L. SMITH

Councilmembers:
CRAIG S. GREEN
CHAD P. WANKE
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

February 25, 2019

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, 2018. Responsibility for the accuracy of the data presented 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 and 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, 2018, 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, 2018, 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 requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City of 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. Orange County is the third largest county in California, trailing only Los Angeles and San Diego counties, and represents 8% of the state's population. There are currently 34 cities within the County. 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. In 2018, the City was divided into five districts with two of the districts electing a Councilmember in November. In November 2020, the three remaining districts will elect their Councilmembers. 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 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 additional 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 former financial services manager had misappropriated a total of about \$5.16 million of City funds. In March 2017, the individual pleaded 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. On Tuesday, November 20, 2018 the Orange County District Attorney's Office notified the City regarding the conviction and sentencing of Michael McDonald. Mr. McDonald was the second co-conspirator in the embezzlement scheme who worked with Michael Nguyen. As part of the conviction, the Court imposed a restitution order of \$1,000,000 and a \$4,600,000 fine. While it's unlikely the City will receive any of those funds any time soon, if the City is able to recover Mr. Nguyen's restitution (\$2,600,000) and Mr. McDonald's (\$1,000,000) the City will have recovered a total of \$8,300,000. The third co-conspirator is currently on trial. The Orange County District Attorney's Office has indicated that they will also seek restitution and fines in that case as well.

To date, \$4.66 million has been returned to the City and additional recovery is still being pursued. The City continues to work with its insurance carrier, AIG, in an effort to recover additional funds from third parties, who may have some responsibility for the original loss.

In response to this event, the City's internal financial controls have been strengthened and many of the new controls exceed governmental standards. The Finance Department is now being re-organized add an internal auditing component and further separate duties. A vacant position was reclassified to senior financial analyst and that position will be responsible for auditing the other functions within the finance department. In addition, the responsibility for banking will be separated from the staff who create financial transactions in the form of issuing checks or recording receipts.

Local Economy: The Orange County economy is expected to continue to improve in calendar 2019, however at a slower rate than in 2018, according to the December 2018 economic forecast by Chapman University. Orange County's job growth in 2019 will increase to 1.7%, on top of the 35,000 jobs added in 2018.

The City's general fund revenues provide certain indicators of the strength of the local Placentia economy. Total general fund revenues have grown an average of 5.8% per year from their Great

Recession low point in FY 2009-10 through FY 2017-18. Assessed valuations have grown an average of 3.3% 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.

To date, there has been significant developer interest in opportunities presented by the new TOD District. Thus far, the City has approved a 215-unit TOD development, which will generate \$2.4 million in development impact fee revenue and additional property tax revenue. This project is slated to start construction in 2019 with an opening date of 2021. On May 8, 2018 the Planning Commission approved the development and construction of a five-story, mixed-use development by Blackwood Real Estate. The development features 418-units with associated amenities for residents, 10,553 square feet of retail space, 3,572 square feet of leasing office space, and a seven-level parking structure on property located at 505, 515, 523, 531, 535 W. Crowther Avenue, 407 Goetz Place, 409 Evelyn Place. This is the second development entitled in the newly designated Transit Oriented Development (TOD) zone near Old Town Placentia.

The City has issued an RFP for its available TOD property which is directly adjacent to the Metrolink station and is valued at several million dollars. The City is has entered into an Exclusive Negotiating Agreement with a private developer for this TOD property that is comprised of approximately 131-units within a mixed-use development. The City and the private developer are working with the Orange County Transportation Authority to create a schedule for development of the Metrolink station and the adjacent development.

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 2019, the Old Town Placentia Revitalization Plan was adopted by the City Council

in July 2017. The Plan's 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 incorporates well-designed private and public physical improvements and amenities.

Based on the Plan's 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 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 was expected to generate between \$225,000 and \$375,000 in additional annual general fund revenue; however, sales have been lower than anticipated so those estimates have been reduced to approximately \$125,000 annually. Additionally, multi-year leases of other City properties on which advertising billboards are situated promise to bring in significant amounts of lease revenue annually. For FY 2018-19, \$750,000 is estimated from this revenue source.

In addition, on November 13, 2018, the Planning Commission approved the development of an approximately 69,663-square foot, five-story, 116-room hotel building on an approximately 2.1-gross acre, city-owned site at 380 S. Placentia Avenue. The hotel development, Springhill Suites by Marriott, will feature a 116-space parking lot, decorative hardscape and landscape improvements, outdoor pool area, and associated hotel guest amenities, including the onsite sale and consumption of sealed beer and wine associated with a proposed hotel convenience market. The Disposition and Development Agreement (DDA) will outline the sale and terms for the transfer of ownership of a City-owned site to Placentia Hospitality, LLC in the amount of \$1,552,000. On December 18, 2018, the City Council adopted the DDA for this development. Construction is scheduled to begin in the Summer of 2019 and will take approximately 14-15 months to build. The annual Transit Occupancy Tax (TOT) from the hotel site is expected to generate approximately \$400,000 in new ongoing revenue to the City.

On June 12, 2018 the Planning Commission approved the renovation of an approximately 100,500 square foot commercial shopping center, known as the Sierra Vista Shopping Center. The renovations include architectural upgrades to the building façade, parking lot and trash enclosure renovation, replacement and upgrades to the onsite freestanding and building signage, and replacement and addition of decorative landscaping on property located within the C-1 (Neighborhood Commercial) Zoning District. The existing shopping center is located at the southeast corner of N. Placentia Avenue and W. Bastanchury Road. The shopping center was built in June of 1965, when two commercial buildings were approved totaling approximately 69,500 square feet. In July 1975, three additional buildings were built adding approximately 31,000

square feet for a total of approximately 100,500 square feet of commercial retail space. Some of the various retail uses at this shopping center today include: a gym, a soccer store, a karate studio, a fast food restaurant, a laser tag business, and a physical therapy center. This shopping center has lacked “anchor” tenants for several years, and, as part of this request, will allow for a grocery store, Grocery Outlet, and other retail uses to take up business and revitalize the shopping center. The upgrade of the shopping center will assist in facilitating and maintaining a wide array of commercial uses to help facilitate greater patronage and shopping activity for the shopping center, thereby helping to maintain a steady revenue stream. Increased patronage will assist and stimulate further investment in the community and strengthen the City’s economic vitality.

On July 10, 2018, the Planning Commission approved the demolition of an existing 8,400-square foot restaurant building (formerly occupied by El Torito) and development of an approximately 7,000-square foot multi-tenant retail commercial building at the northwest corner of the Village Plaza shopping center located at 1474 N. Kraemer Boulevard. The proposed building is intended to accommodate three fast-casual restaurants with one tenant space dedicated for a coffee shop with a drive-through. The building is designed employing Spanish style architecture and will feature a strong pedestrian connection between the public right-of-way, the building’s storefronts, and outdoor seating areas. Decorative landscape and hardscape will be provided around the proposed building. The proposed development project is intended to serve as the first phase of a two-phase plan to revitalize the existing shopping center to complement the new development. The second phase will begin within twelve (12) months of completion of the first phase.

The City advocates for the continuation of existing uses and diversity of retail and service commercial uses that are oriented to the needs of local residents. Replacing an underutilized restaurant building with a multi-tenant retail commercial building that can accommodate high demand fast-casual restaurant chains within a new architecturally enhanced building will promote compatibility with newer developments in the surrounding area. Additionally, the modernization of the existing shopping center will stimulate reinvestment and strengthen the economic vitality of both the shopping center and City.

Long-Term Financial Planning, Policies and Initiatives:

On March 3, 2015 the Placentia City Council created a Citizens Fiscal Sustainability Task Force (“Task Force”) and appointed seven members of the Placentia community. The main goal of the Task Force was to develop a methodology to assess the City’s fiscal sustainability status, identify areas of concern, solicit and evaluate expenditure reduction and revenue enhancement options from the community, Council and Staff and report their findings to the City Council. The Task Force conducted over 30 public meetings over a 2 ½ year period. Each public meeting lasted between two and three hours. They received reports on the City’s financial situation, including the revenues the City receives and the various cuts and adjustments the City Council has made

in the recent past; departmental presentations on department budgets, staffing, responsibilities, and previous steps taken to reduce costs; information on citywide costs and infrastructure projects; and a presentation on what local revenue options are available to the City.

On September 19, 2017, the Task Force presented a final comprehensive report to the City Council. In summary, the final Task Force report included the following recommendations:

- Implement cost-cutting and emergency reserve measures (the majority of which have now been implemented)
- Identify options for revenue generation (several have been implemented)
- Continue to engage citizens on our fiscal sustainability efforts

The City Council requested that the Task Force along with Staff host three (3) community meetings in October and November 2017 to engage the City's residents on the City's fiscal challenges, discuss community priorities and revenue solutions. In those meetings an informal survey was conducted to determine interest in examining a variety of potential locally controlled revenue solutions designed to make the City more fiscally sustainable. In addition to the community meetings, the City posted an online version of the community meeting presentation and solicited additional input. The results indicated that residents would like the City to further analyze the one-cent local sales tax option.

In April 2018, the City retained the services of The Lew Edwards Group (LEG) to assist the City in its communications and outreach efforts regarding resident service priorities. That agreement included conducting a survey to ascertain public perceptions of the City, priorities for City services, and constituent views towards a potential locally enacted and controlled revenue measure.

City Staff provided numerous presentations to resident and service organizations about the City's fiscal condition and to obtain input on service priorities. The City has received hundreds of responses to the community surveys which are designed to obtain feedback on what City services are important to our residents. In addition, community updates have been circulated to the residents, service groups and businesses through various informational mailers. Based on feedback received from hundreds of community members, the top priorities for Placentia include in priority order:

- Paving potholes and streets
- Ensuring quick responses to 911 emergencies
- Keeping public areas clean and graffiti-free
- Providing fire protection and emergency medical services
- Repairing broken sidewalks, curbs and gutters
- Addressing gangs, drugs and crime prevention

In addition, the City in conjunction with LEG, commissioned Dr. Timothy McLarney from True North Research to conduct a scientifically valid quality of life survey of likely registered voters.

The survey was conducted in May 2018 and a wide range of information was assessed to ensure a comprehensive, balanced and unbiased study.

While there are a number of local revenue measure options available to the City, and all of those options were presented to the Task Force and to the City Council at the September 19, 2017 City Council Meeting, based upon feedback received from the community meetings and online survey, the True North survey tested ballot language for a one-cent local sales tax. The results indicated that Placentia voters were willing to support a sales tax (at 61%-65% for a simple majority requirement measure) in order to provide adequate funding for, among other things, core City services.

As a result of the aforementioned community outreach efforts and surveys, on July 24, 2018 the Placentia City Council unanimously (5-0) placed Measure U, a local one-cent sales tax measure, on the November 6, 2018 ballot. A local, one percent (1 cent) Transactions and Use ("Sales" Tax) would allow the City to fund services at levels consistent with the community's priorities and the public's desired quality of life and would prevent the need for further significant cuts to vital City services and programs.

The official results from the November 6, 2018 election indicates that Measure U has successfully passed by 62.8%. The one-cent local sales tax would generate approximately \$5,000,000 annually in new ongoing sustainable revenue to the City.

Reserve Policy

Prudent financial management includes maintaining adequate funding to provide for known and unknown contingencies through reserve funds. On September 12, 2017, City Council adopted Resolution No. R-2017-53 increasing the minimum unassigned fund balance in the General Fund to 17%. This amount is equivalent to approximately two (2) months of General Fund operating expenditures and the unassigned fund balance is restricted to being used only as a temporary funding source, with City Council approval, while an organized financial plan is prepared to increase revenues or decrease costs. The 17% amount set as the minimum fund balance is consistent with the Government Finance Officers Association recommended best practice for a minimum fund balance.

On June 5, 2018 the Placentia City Council voted unanimously (5-0) to update the Reserve Policy to include guidelines for appropriating new ongoing or one-time unrestricted revenues to various reserves to be used for specific purposes, as shown in the table below.

Revenue Definitions

"New Ongoing Revenues" are defined as a new general tax, an increase in the rate of an existing general tax, a new lease of City property or other new, clearly identifiable unrestricted revenue source not previously included in the City's budget at the time of adoption of this policy, which generates at least \$100,000 per year in revenue and is expected to continue for at least a period of 20 years. Reporting this revenue cannot violate the requirements to maintain the confidentiality of certain sales taxes (such as auto dealerships).

New One-time Revenues are defined as either: (1) unrestricted revenue from new one-time events, excluding reimbursements of previous expenditures (for example, property sales, etc.) of at least \$100,000 (excluding recapturing of lost funds); (2) a new, clearly identifiable unrestricted revenue source of at least \$100,000 per year and not previously included in the City's budget at the time of adoption of this policy, which is expected to continue for a period of less than 20 years; or (3) unanticipated positive General Fund budget variances of any amount (i.e., positive changes in General Fund financial position greater than final budgeted amounts).

Any new revenue that meets the minimum threshold requirements will be allocated according to the established definitions and table below. Expected revenue included in the adopted or amended budget shall be appropriated per the allocation plan. Revenue received in excess of the estimated budget or not included in the adopted/amended budget shall be allocated to each reserve according to the established guidelines.

Infrastructure, Vehicles, and Equipment Reserve: This reserve will be utilized to fund capital improvement projects that improve public roads and adjacent rights-of-way infrastructure, parks and public facilities, and vehicle and major equipment replacement.

Post-Employment Benefits Sustainability Reserve: This reserve is for the purpose of making post-employment benefits (e.g., pension and retiree health benefits) sustainable, by setting aside funds to address unfunded liabilities, to reduce the impact of cost increases on the operating budget and to fund these programs based on sound actuarial methods.

Employee Recruitment and Retention Reserve: This reserve is for the purpose of ensuring that City employees are compensated at levels comparable to employees in similar positions in cities similar to Placentia, to encourage employee retention and to stay competitive with other cities for hiring talented individuals. Part of employee retention is ensuring that the City is adequately staffed so this reserve may also be used to increase staffing levels based on the future growth of the City or to improve efficiency. This reserve may also be used to ensure restoration of service levels for all City programs cut during the preparation of the 2018-19 budget, using the 2017-18 budget as a baseline.

The next page contains a table that outlines how either New Ongoing Revenue or New One-Time Revenues will be appropriated.

Reserve Account	New Ongoing Revenues		New One-time Revenues	
	Before GF Reserve Target Met	After GF Reserve Target Met	Before GF Reserve Target Met	After GF Reserve Target Met
Infrastructure, Vehicles, and Equipment Reserve	50%	60%	40%	80%
Post-Employment Benefits Sustainability Reserve	10%	10%	10%	20%
Employee Recruitment and Retention Reserve (including additional staff)	20%	30%	0%	0%
General Fund Unassigned Fund Balance	20%	0%	50%	0%

The purpose of these distributions is to ensure that the new reserve areas are addressed on a long-term basis and to ultimately improve the City's fiscal health. To ensure that the policy is applied consistently by future City administrations and Councils, any modification to this policy requires a supermajority or 4/5ths vote of the City Council. Attached is a copy of Policy No. 460 which outlines all of the requirements to ensure long term fiscal sustainability and planning.

In addition to the Citywide Development Impact and Residential Affordable Housing Impact Fees adopted on October 3, 2017 by the City Council, the City Council also amended its Comprehensive Fee Schedule on May 1, 2018. In 2017, the City Council selected Revenue and Cost Specialists, LLC (RCS) to prepare an updated comprehensive cost of services/user fee study (the "Study"). The Study reviewed the cost of services in five areas and included the review of 126 fee-supported services. The Study identified that many services have fees that are not recovering the full cost of service; however, in some cases, fees are proposed to be reduced. In most cases, Staff recommended that fees be set to recover 100% of related costs for services that benefit private beneficiaries (developers, private enterprise, etc.) and a reduced recovery model for services that benefit non-private beneficiaries (residents, non-profits, etc.). Staff estimates conservatively that the net effect of the fee adjustments will generate approximately \$400,000 in additional annual revenue.

The passage of Measure U and the adoption of the Reserve Policy provide a funding source and structure for the City to begin addressing its unfunded OPEB liability. The Reserve Policy includes provisions to set-aside 10% of ongoing new revenue and 10% of one-time revenue for unfunded OPEB liability. In addition, when the General Fund reaches its minimum fund balance of 17%, an additional 10% of one-time new revenue will be allocated toward funding this liability for a total of 20% annually.

While the unrestricted fund balance of the general fund was 6.0% at June 30, 2018, the unassigned fund balance was a deficit of \$1.346 million at June 30, 2018 due to the classification

of a loan receivable as non-spendable. The actual unassigned fund balance available for appropriation is \$253,703. A large portion of the current unrestricted fund balance is committed for the City's contribution toward the parking structure to be constructed in conjunction with the proposed Metrolink Station. The purpose of this public investment is to further economic growth and prosperity in the downtown area in concert with the aforementioned TOD and Old Town Master Plans. It is important to note that while the City has a large contribution toward this public infrastructure investment project, it has always been anticipated that the sale and or lease of the aforementioned City TOD property will generate an initial general fund contribution of \$4.4 million.

In conjunction with the requirements associated with Governmental Accounting Standards Board Statements No. 68 and 75, in December 2017, the City awarded a contract for actuarial consulting services to help identify alternative approaches for addressing the unfunded liabilities associated with pensions and other post-employment benefits. Pension and retiree health liabilities are significant and are continuing to grow. At June 30, 2017, pension liabilities totaled approximately \$39 million and the actuarial accrued liability for retiree health benefits was approximately \$29 million. The City makes the full and complete payments against the unfunded pension liabilities each year. The General Fund share of the unfunded liability payments will increase from \$1.9 million to \$2.4 million in Fiscal Year 2019-20. During the next six 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 (CalPERS) from 7.5% to 7%. CalPERS is evaluating a variety of options to reduce the unfunded liability for cities and is working with the Governor's Office, a City Management Task Force, the League of California Cities and other stakeholders to select one or more recommendations in 2018. Preliminary data on some of the options suggest a significant reduction in the actuarial valuation of the unfunded pension liability. Like many municipalities, the City's retiree health benefits are funded strictly on a pay-as-you-go method.

The Orange County Transportation Authority has identified Placentia as one of two cities in Orange County with the worst condition of its local streets. The passage of the local transactions and use tax and the voter-approved continuation of Senate Bill 1 allows the City to devote significantly more resources to streets over the next few years. The City will continue to seek grants and other outside funding sources to address its infrastructure maintenance needs.

In response to the elimination of redevelopment agencies the California Senate Bill 628, effective January 1, 2015, and California Assembly Bill 313, effective January 1, 2016, authorized the formation of an Enhanced Infrastructure Financing District ("EIFD"), which is intended to succeed the former Redevelopment financing mechanism and provide more flexibility than Infrastructure Financing Districts ("IFDs"). An EIFD is a governmental entity, separate and distinct from the city or county that establishes it and is governed by a Public Financing Authority ("PFA"). EIFDs can aid local government entities in funding public capital facilities, or other specified projects of communitywide significance, primarily by capturing tax increment revenue ("TI") generated within the district. EIFDs provide an opportunity for agencies to issue bonds for an array of public infrastructure projects as well as supporting economic development efforts in specific areas. Those areas of particular interest to Placentia are in the newly established Old Town Placentia

Revitalization Plan and Transit Oriented Development (TOD) Packing House District areas. This action, in accordance with EIFD law, is to adopt a Resolution of Intention (“ROI”) proposing the establishment of the Placentia Enhanced Infrastructure Financing District (“Placentia EIFD”) and to initiate proceedings to form an EIFD within City boundaries.

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, 2017 CAFR. We believe this year’s comprehensive annual financial report meets the required criteria, and we will be submitting it for award consideration this year.

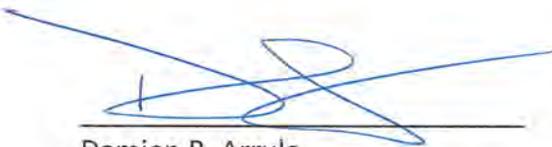
The City Administrator (CA) of the City of Placentia was recently acknowledged by the Orange County Register as one of Orange County’s 100 most influential people. This is largely attributed to the City’s aggressive economic development, creative financial solutions, and involvement in developing solutions to County-wide issues such as homelessness.

Acknowledgments: The preparation of this report could not have been accomplished without the efficient and dedicated service of the entire Finance Department Henry Chao, the City’s Acting Accounting Manager. Special recognition is also given to the audit firm of the Pun Group, LLP. 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,



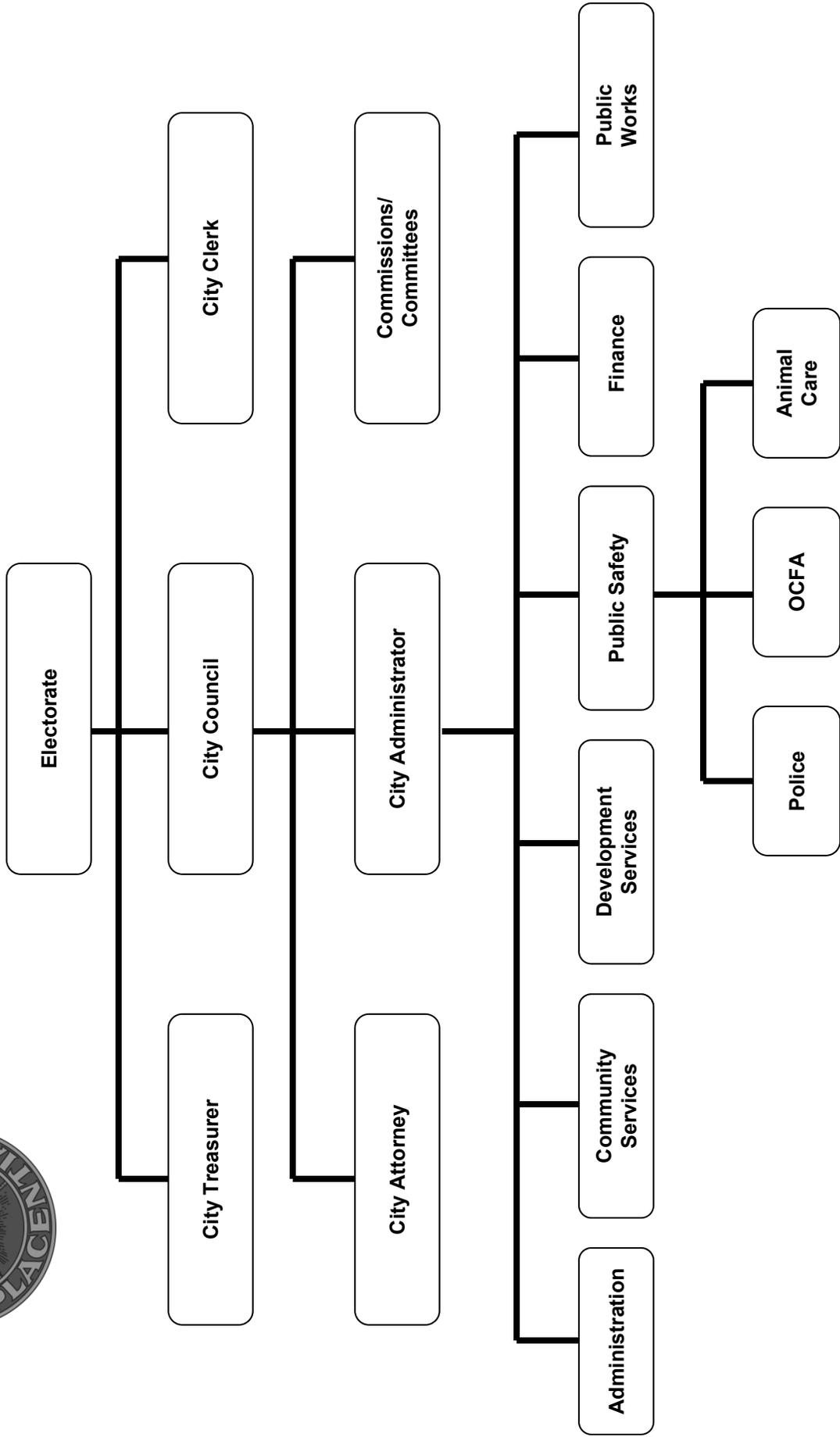
Kim Krause
Director of Finance



Damien R. Arrula
City Administrator



Placentia Municipal Organization



**CITY OF PLACENTIA
PRINCIPAL OFFICIALS
June 30, 2018**

CITY COUNCIL

Chad P. Wanke	Mayor
Rhonda Shader	Mayor Pro Tempore
Craig S. Green	Councilmember
Ward L. Smith	Councilmember
Jeremy B. Yamaguchi	Councilmember

CITY OFFICIALS

Patrick J. Melia	City Clerk
Kevin A. Larson	City Treasurer
Damien R. Arrula	City Administrator
Christian L. Bettenhausen	City Attorney
Kim Krause	Director of Finance
Rosanna Ramirez	Director of Administrative Services
Sandra J. Gonzalez	Director of Community Services
Joseph M. Lambert	Director of Development Services
Luis Estevez	Director of Public Works
Darin Lenyi	Chief of Police



Government Finance Officers Association

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California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

Christopher P. Morrill

Executive Director/CEO

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FINANCIAL SECTION

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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, 2018, 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.

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2018, 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

Implementation of GASB Statement No. 75

As discussed in Note 1 to the Basic Financial Statements, the City implemented Governmental Accounting Standards Board (“GASB”) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The adoption of this standard required retrospective application of previously reported net position as of July 1, as described in Note 11 to the financial statements. In addition, the net other postemployment benefit (OPEB) liability is reported in the Statement of Net Position in the amount of \$28,835,000 as of the measurement date. The Net OPEB Liability is calculated by actuaries using estimates and actuarial techniques from an actuarial valuation as of June 30, 2017, the measurement date. 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, Schedules of Proportionate Share of the Net Pension Liability and Related Ratios, Schedules of Contributions-Pensions, and Schedule of Changes in Net OPEB Liability on pages 5 to 18 and 97 to 104, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City’s basic financial statements. The Introductory Section, Combining and Individual Nonmajor Fund Financial Statements and the Schedules of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual, and Statistical Sections, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

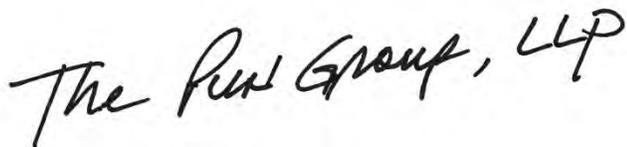
To the Honorable Mayor and Members of the City Council
of the City of Placentia
Placentia, California
Page 3

The Combining and Individual Nonmajor Fund Financial Statements and the Schedules of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual on pages 108 through 151 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 Schedules of Revenues, Expenditures, and Changes in Fund Balances – 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 February 25, 2019, 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 solely 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 effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "The PwC Group, LLP". The signature is written in a cursive, flowing style.

Santa Ana, California
February 25, 2019

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City of Placentia
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2018

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, 2018. 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 \$29.9 million at June 30, 2018. 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, 2018 was \$21.6 million, and from business-type activities, \$8.3 million.
- There were three restatements to the City's beginning net position. The first restatement is due to the implementation of Governmental Accounting Standards Board (GASB) Statement No. 75, which requires the City to recognize and record its other pension and post-employment benefit (OPEB) liabilities. The net effect of this restatement is a reduction of \$28.2 million in beginning net position. The second and third restatements reflect the recording of radio equipment purchased via a capital lease. These two restatements of \$1.3 million offset so the net effect on beginning net position is zero.
- The City's overall net position decreased by approximately \$22.8 million during the fiscal year, compared to the net position at June 30, 2017. The net position from governmental activities decreased by \$19.7 million while the net position from business-type activities decreased by \$3.1 million. This reduction is the result of implementing GASB Statement No. 75 which decreased governmental activities net position by \$28.7 million and business-type activities by \$1.7 million for a total reduction of \$30.4 million. Pension liabilities also reduced net position by \$1 million, of which \$0.4 million is reported in governmental activities and \$0.6 million is attributed to business-type activities. These reductions are offset by an increase in assets of \$2.5 million. Of this amount, \$3.2 million is attributed to governmental activities, which is offset by a reduction of \$0.7 million in business-type activities, primarily due to the recording of depreciation. Also contributing to the change in net position is a \$6.1 million reduction in liabilities unrelated to pension and other post-employment benefits. Accounting for this decrease is \$6.2 million in governmental activities that is primarily the result of regularly scheduled debt payments and a reduction in current liabilities. This is offset by a small increase in liabilities for business-type activities.

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's Discussion and Analysis (Unaudited) (Continued)
For the Fiscal Year Ended June 30, 2018

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 and sewer maintenance. 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.

City of Placentia
Management's Discussion and Analysis (Unaudited) (Continued)
For the Fiscal Year Ended June 30, 2018

- **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.

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 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 and sewer services. Internal service funds are used to accumulate and allocate costs internally among the City's various functions. The internal service funds primarily benefit 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 two business-type activities individually, but combined information for the City's three internal service funds. In the Supplementary Information section of this report, information for each of the three 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.

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.

City of Placentia
Management's Discussion and Analysis (Unaudited) (Continued)
For the Fiscal Year Ended June 30, 2018

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Position

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
ASSETS						
Cash and Investments	\$ 9,135,276	\$ 10,089,948	\$ 1,586,381	\$ 554,005	\$ 10,721,657	\$ 10,643,953
Other Assets	9,613,671	6,364,191	430,171	1,673,498	10,043,842	8,037,689
Capital Assets	81,020,699	80,118,817	9,778,290	10,303,153	90,798,989	90,421,970
Total Assets	99,769,646	96,572,956	11,794,842	12,530,656	111,564,488	109,103,612
DEFERRED OUTFLOW OF RESOURCES						
	12,969,209	9,929,109	484,496	138,345	\$ 13,453,705	\$ 10,067,454
LIABILITIES						
Current Liabilities	5,174,631	2,650,014	292,222	237,081	5,466,853	2,887,095
Long-Term Liabilities	81,096,233	59,172,058	3,335,901	895,675	84,432,134	60,067,733
Total Liabilities	86,270,864	61,822,072	3,628,123	1,132,756	89,898,987	62,954,828
DEFERRED INFLOW OF RESOURCES						
	4,780,893	3,300,802	387,275	166,841	\$ 5,168,168.00	\$ 3,467,643.00
NET POSITION						
Net Investment						
in Capital Assets	67,914,471	67,960,062	9,778,290	10,303,153	77,692,761	78,263,215
Restricted	5,819,244	6,199,131	-		5,819,244	6,199,131
Unrestricted	(52,088,917)	(32,780,002)	(1,514,350)	1,066,251	(53,603,267)	(31,713,751)
Total Net Position	\$ 21,644,798	\$ 41,379,191	\$ 8,263,940	\$ 11,369,404	\$ 29,908,738	\$ 52,748,595

The City's net position can serve as a useful indicator of the City's financial position. As of June 30, 2018, the City's combined net position (governmental and business-type activities) totaled \$29.9 million, down \$22.8 million for the year.

City of Placentia
Management's Discussion and Analysis (Unaudited) (Continued)
For the Fiscal Year Ended June 30, 2018

Net Position consists of three categories: net investment in capital assets, restricted, and unrestricted. The largest portion of the City's net position, approximately \$77.7 million at June 30, 2018, is the City's investment in capital assets (i.e., land, buildings, machinery, equipment, and infrastructure). Because 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 \$5.8 million at June 30, 2018. These are resources subject to external restrictions on how they can be used. The remaining unrestricted net position was a negative \$53.6 million. The primary reason for this negative unrestricted net position is the City's pension and other post-employment benefit (OPEB) liabilities. In compliance with the Governmental Accounting Standards Board (GASB) Statement No. 75, the City began recognizing and recording its OPEB as deferred inflows, deferred outflows, and liabilities on the Statement of Net Position during the fiscal year. At June 30, 2018, the net effect of these pension-related entries totaled \$62.2 million.

Change in Net Position

The following is a summary of activities for the years ending June 30, 2018 and 2017:

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
REVENUES						
Program Revenues:						
Charges for Services	\$ 5,518,635	\$ 5,092,955	\$ 3,799,040	\$ 3,679,708	\$ 9,317,675	\$ 8,772,663
Operating Contributions and Grants	8,595,276	4,636,945	-	-	8,595,276	4,636,945
Capital Contributions and Grants	508,114	464,751	-	-	508,114	464,751
General Revenues:						
Taxes	27,638,272	27,237,463	-	-	27,638,272	27,237,463
Investment income	72,475	31,249	24,686	7,644	97,161	38,893
Miscellaneous	124,793	40,760	-	-	124,793	40,760
Total revenues	42,457,565	37,504,123	3,823,726	3,687,352	46,281,291	41,191,475
EXPENSES						
General Government	10,046,041	10,578,441	-	-	10,046,041	10,578,441
Public Safety	18,114,348	19,188,290	-	-	18,114,348	19,188,290
Public Works	5,044,978	8,028,430	-	-	5,044,978	8,028,430
Community Development	1,067,749	1,904,332	-	-	1,067,749	1,904,332
Community Services	1,690,070	1,317,841	-	-	1,690,070	1,317,841
Refuse	-	-	3,034,050	2,571,315	3,034,050	2,571,315
Sewer Maintenance	-	-	1,942,605	954,077	1,942,605	954,077
Total expenses	35,963,186	41,017,334	4,976,655	3,525,392	40,939,841	44,542,726
Increase (decrease) in net position before transfers & special items	6,494,379	(3,513,211)	(1,152,929)		5,341,450	(3,351,251)
Transfers	251,338	402,454	(251,338)	(402,454)	-	-
Special Item						
Restitution and recovery		500,000			-	500,000
Change in net position	6,745,717	(2,610,757)	(1,404,267)	(402,454)	5,341,450	(2,851,251)
Net position, beginning of year (as restated)	14,899,081	42,383,707	9,668,207	12,569,128	24,567,288	55,599,846
Net position, end of year	\$ 21,644,798	\$ 39,772,950	\$ 8,263,940	\$ 12,166,674	\$ 29,908,738	\$ 52,748,595

City of Placentia
Management's Discussion and Analysis (Unaudited) (Continued)
For the Fiscal Year Ended June 30, 2018

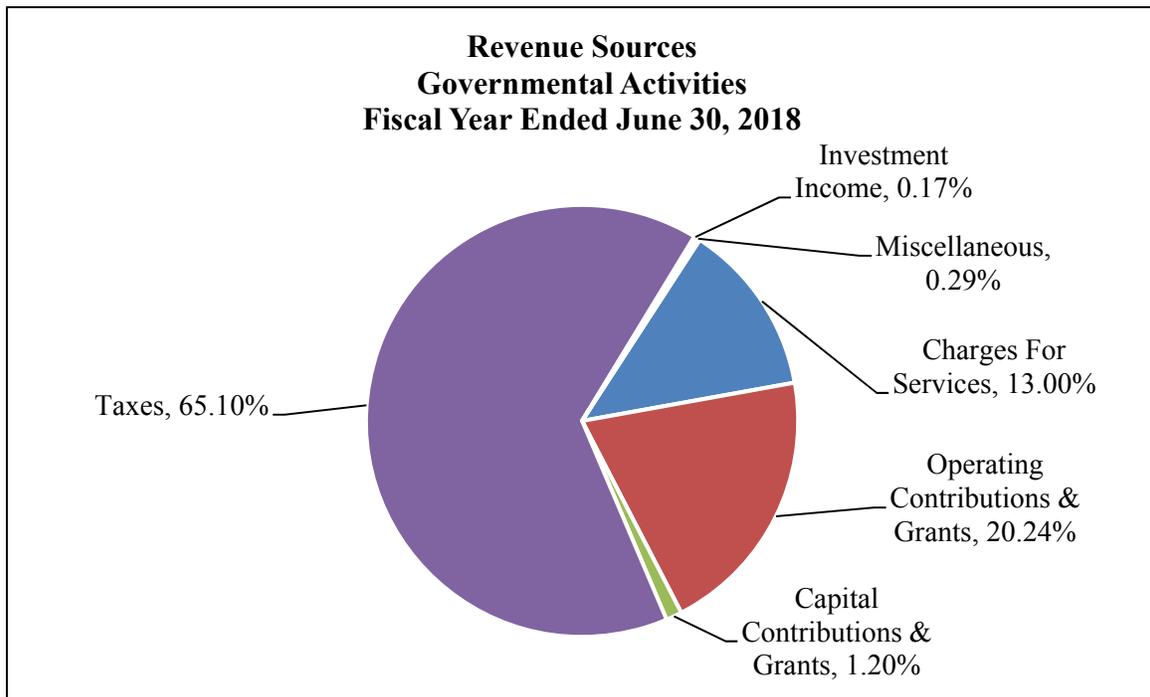
Governmental Activities:

Overall, governmental activities increased the City's net position by \$6.7 million. There were several factors that contributed to this change.

Revenues

Total revenue from governmental activities equaled \$42.4 million for the year. While there are differences in all revenue categories, the overall increase was \$4.9 million, or 13.2%.

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



As shown in the chart, revenue received from taxes makes up the largest portion of the City's revenue derived from governmental activities. This fiscal year, tax revenue increased by \$0.4 million, or 1.5%, due primarily to an improving economy. Property values continued to increase, resulting in an increase in property tax revenue of \$0.6 million from last year, an increase of 4.2%. Real property transfer tax revenue was down \$0.1 million, or -30.6% over the prior year. Franchise tax revenue showed an increase of 26,433 from last year. However, sales tax revenue and utility user tax revenue each declined by \$0.1 million.

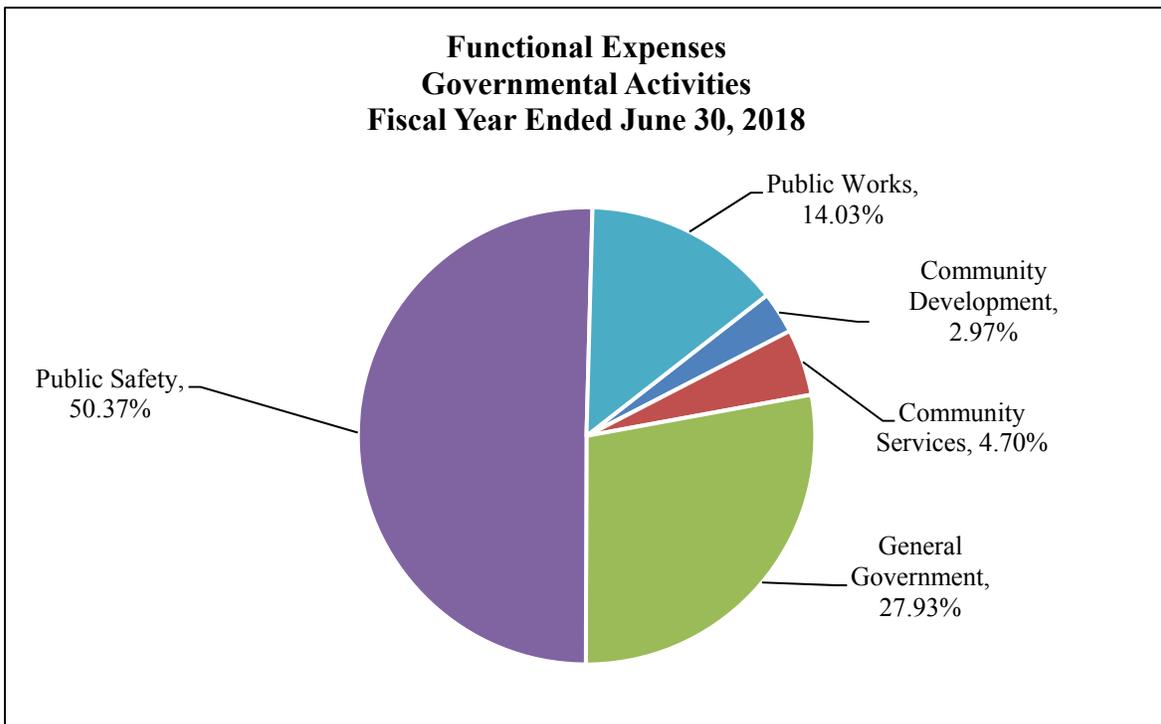
Revenue from Operating Contributions and Grants increased in FY 2017-18 by \$3.9 million, or 85.4%. Most of the variance can be explained by the City receiving new revenue sources such as the Community Based Transitional Housing Grant for \$2.0 million and reimbursement of a \$1.9 million loan receivable due to the General Fund from the Successor Agency to the former Placentia Redevelopment Agency. The General government-related charges for services revenue increased by nearly \$0.4 million, while capital contributions increase by nearly \$43,363.

City of Placentia
Management's Discussion and Analysis (Unaudited) (Continued)
For the Fiscal Year Ended June 30, 2018

Expenses

Total expenses from governmental activities equaled \$35.9 million. This represents a decrease of \$5.0 million, or 12.3%, from last year. Most of this variance can be explained by just three factors: (1) a one-time prior fiscal year \$2.1 million payment to the Orange County Transportation Authority related to the closeout of the Placentia Avenue Grade Separation Project, (2) (\$1.8) million in net OPEB and pension expenses and (3) a decrease in general government expenses associated with internal service fund operations of \$0.9 million.

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



City of Placentia
Management's Discussion and Analysis (Unaudited) (Continued)
For the Fiscal Year Ended June 30, 2018

Business-type Activities:

Operating Revenues	\$	3,799,040
Operating Expenses		<u>(4,976,655)</u>
Operating Income		(1,177,615)
Non-operating Income		<u>24,686</u>
Income before Transfers & Special Items		(1,152,929)
Transfers		<u>(251,338)</u>
Change in Net Position	\$	<u><u>(1,404,267)</u></u>

The business-type activities include the City's refuse and sewer system activities. Total operating revenues for the business-type activities equaled \$3.8 million and the operating expenses equaled \$5.0 million, for a net operating loss of approximately \$1.2 million. The refuse operation had operating income of \$5,204 and the sewer system operation generated a loss of \$1.2 million. This is the result of an increase in personnel costs and repair and maintenance expenses on City sewer lines, as well as the recording of depreciation. In addition to the operating income, non-operating income and transfers to governmental funds resulted in a net negative change in financial position for the business-type activities of \$1.4 million.

FINANCIAL ANALYSIS OF THE CITY'S MAJOR FUNDS

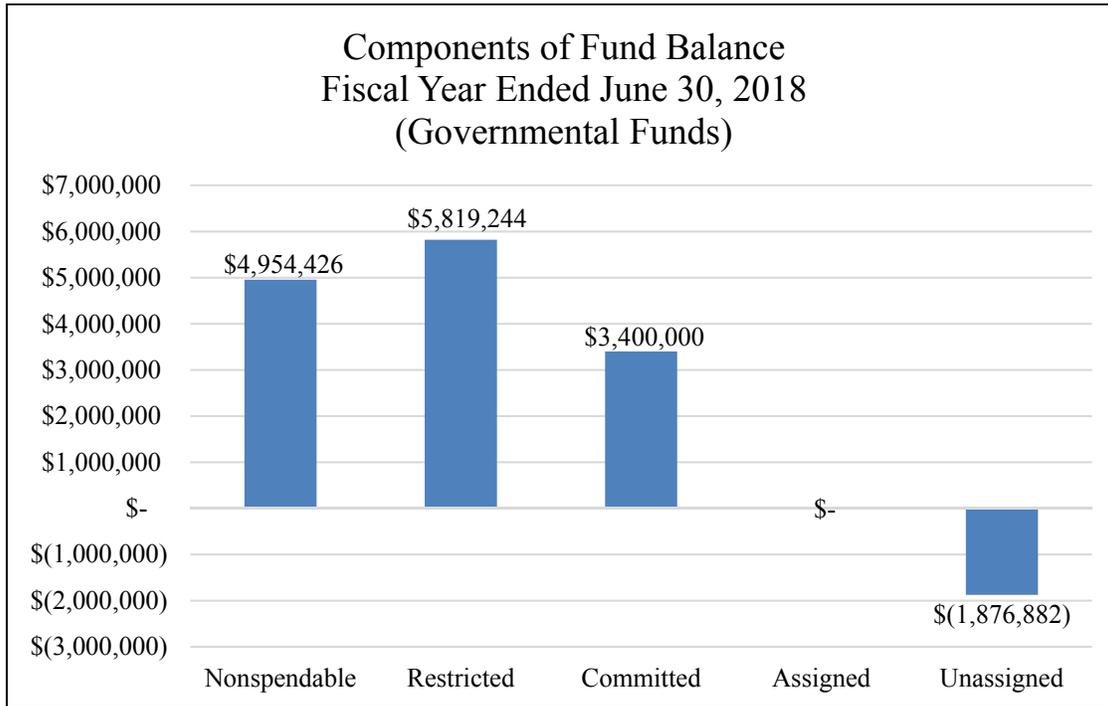
The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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 \$12.3 million, a decrease of \$0.6 million from the prior year.

City of Placentia
Management's Discussion and Analysis (Unaudited) (Continued)
For the Fiscal Year Ended June 30, 2018



Of the total \$12.3 million of fund balances, \$4.9 million constitutes nonspendable fund balance; specifically, long-term loans receivable and inventories of supplies, which cannot be used to finance operating expenditures.

The restricted fund balance of \$5.8 million reflects resources that can only be spent for particular purposes, due to constraints either (1) externally imposed by creditors (stated in the debt covenants), grantors, laws, or regulations of other governments; or (2) imposed by law through constitutional provisions or enabling legislation.

The City Council, 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 \$3.4 million in committed fund balance as of June 30, 2018 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. The City had no assigned fund balance as of June 30, 2018.

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 at June 30, 2018 for all governmental funds combined was a negative \$1.8 million, consisting of a deficit \$1.3 million in unassigned fund balance in the General Fund and unassigned deficits of \$0.5 million for the City Projects Capital Projects Fund, Housing and Community Development Fund, PEG Fund and the TOD Sewer Fund. The General Fund unassigned deficit was due to recognizing a real property loan obligation receivable of \$1.6 million due to the General Fund from the Successor Agency to the former Placentia Redevelopment Agency and reclassifying the loan receivable balance from unassigned to nonspendable fund balance in compliance with GASB 54. The remainder governmental fund deficits were the result of expenditures incurred in advance of reimbursements that were unavailable or otherwise not received by fiscal year-end.

City of Placentia
Management's Discussion and Analysis (Unaudited) (Continued)
For the Fiscal Year Ended June 30, 2018

The General Fund is the main operating fund of the City. As of June 30, 2018, total fund balance of the General Fund was \$8.02 million, compared to \$8.07 million at June 30, 2017, representing a decrease of \$46,480. Restricted, committed and assigned portions of the fund balance declined from the prior year, but the nonspendable fund balance remained about the same.

The general fund had revenues of \$33.3 million, compared to \$29.7 million in the prior year, an increase of \$3.6 million, or 12.2%. The majority of this increase is due to reporting \$2.5 million in Utility User Tax revenue in the General Fund rather than Other Governmental Funds. This accounts for 8.6% of the increase. The remaining largest increases occurred in tax revenue, up \$0.5 million or 1.7%, and charges for services, up \$0.4 million or 1.4%. Other revenue categories such as licenses and permits, investment earnings, and miscellaneous show minor increases that are partially offset by decreases in fines and forfeitures and intergovernmental. Property tax revenues, including transfer taxes, reflect the improving housing market; however, this is offset by a slight decline in sales tax.

General Fund expenditures for FY 2017-18 were \$34.0 million, compared to \$36.2 million last year, which represents a decrease of \$2.1 million or 5.9%. The most significant decrease was in general government expenditures, with a reduction of \$2.4 million from the prior year. The majority of this reduction reflects a prior year one-time payment of \$2.1 million to the Orange County Transportation Authority to complete the Placentia Avenue Grade Separation Project.

The City's Capital Projects fund, a major fund, had total revenues and transfers in of approximately \$4.0 million and expenditures of approximately \$4.1 million. Capital Projects Fund expenditures were comprised of \$2.2 million for capital outlay, \$1.7 million for public works and \$0.2 million for community development. Most of the City's capital improvement program is reliant on outside funding sources, a large portion of which is received as reimbursement after funds have been expended.

Proprietary Funds

The City maintains proprietary funds for sewer maintenance and refuse operations. The combined net position of these two funds at the end of the fiscal year amounted to \$8.3 million. The sewer maintenance fund had a net position of \$8.8 million (of which \$9.8 million represents investment in capital assets). The refuse fund had a negative net position of \$0.5 million. Both of these funds have a deficit unrestricted net position as a result of pension and other post-employment benefit (OPEB) liabilities that were recorded in compliance with the Governmental Accounting Standards Board (GASB) Statement No. 75, as explained above.

The combined internal service funds have a positive net position of \$0.2 million at June 30, 2018.

City of Placentia
Management's Discussion and Analysis (Unaudited) (Continued)
For the Fiscal Year Ended June 30, 2018

GENERAL FUND BUDGETARY HIGHLIGHTS

During the year there were adjustments made to both the estimated revenues and appropriations in the general fund to more closely reflect actual amounts received and expended. It is also customary for the City to conduct a thorough analysis of estimated revenues and appropriations at the end of the first six (6) months of the fiscal year. Per City policy, increases to total general fund appropriations for the year were approved by the City Council.

The adopted general fund budget for FY 2017-18 included estimated revenues of nearly \$35.9 million but was reduced by budget amendments totaling \$2.4 million, for a final budget of \$33.5 million. Actual revenues were \$33.3 million, with the largest positive budget variances occurring in tax revenue totaling \$146,653 and licenses and permit revenue totaling \$176,800. The variance in actual taxes was due to an accrual of delayed sales tax payments from the State, while license and permit revenue variance was due to a one time increase of building permit collections from developers. The largest negative variances occurred in leases and rents revenue totaling \$111,680 and miscellaneous revenue for \$316,034. The variance in lease and rents revenue was due to the actual revenue from the electronic billboards along the SR-57 Freeway, the Galaxy Oil gas station on Placentia Avenue and cell tower lease revenue being less originally expected. The miscellaneous revenue variance was an overbudgeted cash flow loan payment from the Successor Agency to the former Placentia Redevelopment Agency that was paid in full as of June 30, 2018. The adopted general fund expenditure budget for this fiscal year was \$34.8 million; however, Council approved amendments reducing appropriations by \$400,000 for a final amended budget of \$34.4 million. Actual expenditures totaled \$34.0 million.

Transfers in from other funds were originally budgeted at \$1.6 million but were amended to \$1.4 million. The adjustment decrease was primarily the result of transfers from the Utility Users Tax Fund and Gas Tax funds being less than anticipated. Actual transfers in from other funds were \$1.2 million.

Transfers out to other funds were originally budgeted at \$2.6 million and amended to \$0.5 million due to offset reduction in anticipated revenues. Most of the reduction was due to a \$2.1 million decrease in transfers to the Capital Projects Fund. This was a result of moving budgeted grants and reimbursements of City capital improvement programs from the General Fund to the Capital Projects Fund and to defer capital improvement projects funded from the General Fund to future fiscal years. Some of the General Fund funded deferred projects included the Veterans Monument, Parque de Arroyo Verde Playground, and the Boom Truck Replacement. Actual transfers out to other funds were \$0.5 million.

City of Placentia
Management's Discussion and Analysis (Unaudited) (Continued)
For the Fiscal Year Ended June 30, 2018

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, 2018, totaled \$90.8 million, an increase of approximately \$2.1 million, or 2.3%, from the prior year. Capital assets include land, buildings, infrastructure, and equipment. Governmental activities grew by \$2.6 million, net of accumulated depreciation, which includes \$1.1 million of construction work and completion of the Placentia Avenue Rehabilitation project, purchase of \$0.2 million for six police vehicles and a \$1.3 million prior period adjustment to record the purchase of the 800 MHz CCCS public safety radios. Total business-type capital assets, net of accumulated depreciation, declined \$0.5 million during the year due to depreciation expense.

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land	\$ 23,489,750	\$ 23,381,937	\$ -	\$ -	\$ 23,489,750	\$ 23,381,937
Land - Right of Way	258,822	258,822	-	-	258,822	258,822
Construction in Progress	3,347,245	3,168,305	-	-	3,347,245	3,168,305
Structures & Improvements	9,222,772	8,331,780	9,699,319	10,214,418	18,922,091	18,546,198
Equipment	2,198,644	1,035,006	78,971	88,735	2,277,615	1,123,741
Land Improvements	72,156	41,982	-	-	72,156	41,982
Infrastructure						
Trees	3,114,540	3,114,540	-	-	3,114,540	3,114,540
Streets Network	26,698,697	26,060,021	-	-	26,698,697	26,060,021
Streets Appurtenances	9,938,295	10,376,886	-	-	9,938,295	10,376,886
Storm Drains	2,679,778	2,652,319	-	-	2,679,778	2,652,319
	<u>\$ 81,020,699</u>	<u>\$ 78,421,598</u>	<u>\$ 9,778,290</u>	<u>\$ 10,303,153</u>	<u>\$ 90,798,989</u>	<u>\$ 88,724,751</u>

For further detailed information see Note 5, Capital Assets.

Debt Administration

As of June 30, 2018, the City's long-term debt totaled \$87.3 million, representing an increase of \$27.2 million from the prior year. Much of the increase is due to recording the other pension and post-employment benefits (OPEB) liability under GASB 75, which represents approximately \$24.5 million or 90% of the increase. Pension liabilities also grew by \$4.3 million, and a \$1.3 million prior period adjustment to record the 800 MHz CCCS Capital Lease of public safety radios. However, this is offset by a decline in all other liabilities, mostly due to regularly scheduled payments.

City of Placentia
Management's Discussion and Analysis (Unaudited) (Continued)
For the Fiscal Year Ended June 30, 2018

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
2003 Refunding Cert. of Participation	\$ 3,810,000	\$ 4,105,000	\$ -	\$ -	\$ 3,810,000	\$ 4,105,000
2011 Gas Tax Cert. of Participation	4,435,000	4,680,000	-	-	4,435,000	4,680,000
2009 Lease Revenue Bonds	1,235,000	2,260,000	-	-	1,235,000	2,260,000
2009 Lease Revenue Bond Discount	(8,916)	(17,830)	-	-	(8,916)	(17,830)
Capital Leases	1,325,517	162,018	-	-	1,325,517	162,018
OCTA Advance	2,816,593	3,056,413	-	-	2,816,593	3,056,413
Claims Payable	1,996,168	2,618,962	-	-	1,996,168	2,618,962
Compensated Absences	1,709,405	1,928,686	26,589	46,214	1,735,994	1,974,900
Other Postemployment Benefit	27,217,068	4,369,693	1,617,932	-	28,835,000	4,369,693
Pension Liabilities	39,420,495	36,009,116	1,691,380	849,461	41,111,875	36,858,577
	<u>\$ 83,956,330</u>	<u>\$ 59,172,058</u>	<u>\$ 3,335,901</u>	<u>\$ 895,675</u>	<u>\$ 87,292,231</u>	<u>\$ 60,067,733</u>

For further detailed information see Note 6, Long-Term Liabilities.

NEXT YEAR'S BUDGET, TAX RATES AND FEE LEVELS

The Fiscal Year 2018-19 adopted General Fund budget was balanced, with a small deficit of revenues and transfers from other funds over expenditures and transfers to other funds of (\$65,089).

General Fund revenues and transfers from other funds are currently estimated at \$34.5 million for FY 2018-19, which represents a \$2.4 million or 6.5% decrease from actual FY 2017-18 revenues and transfers from other funds. Property tax revenue, the City's largest revenue source, is currently estimated at \$15.3 million for FY 2018-19, which is an increase of \$0.76 million, or 5.2%, over actual FY 2017-18 receipts, due to continuing improvements in property values and property sales. The current projection for FY 2018-19 sales tax revenue, \$6.6 million, is \$0.4 or 6% less than the FY 2017-18 actual results. This reflects the recent closure of one of the City's two car dealerships. Additionally, the fast growth of internet sales compared to the growth rate of traditional "brick and mortar" retail sales continues to hamper 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 roughly 1/10 of one cent for every online sales dollar.

The amended FY 2018-19 General Fund budget includes \$34.6 million of appropriations for expenditures and transfers to other funds. This represents a reduction of \$2.4 million or 6.5% over FY 2017-18 actual expenditures and transfers to other funds.

The City conducted a wide-ranging user fee study during FY 2017-18 and adopted a new fee schedule expected to bring in over \$400,000 in revenue to cover costs for the studied services. In addition, the City examined develop impact fees and increased those to reflect the cost of services. Those fees are dedicated to capital improvement program costs. On the expenditure side, the City implemented cost-cutting measures to balance the FY 2018-19 budget. In total, seven full-time vacant positions were cut and others were funded by grants, in addition to reducing part-time staffing by 6,444 hours or the equivalent of 3.1 full-time staff. Departmental maintenance and operations budget were also cut by 15%. Approved staffing for FY 2018-19 is 129 full-time positions. As in prior years, contracts for services in all departments were reviewed during budget development, 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.

City of Placentia
Management's Discussion and Analysis (Unaudited) (Continued)
For the Fiscal Year Ended June 30, 2018

City voters approved a 1 cent transactions and use tax on the November 2017 ballot that is estimated to bring in over \$5 million in annual revenue. This tax will take effect on April 1, 2019 and the impact on the 2018-19 budget is expected to be approximately \$1 million. The City Council adopted a reserve policy in June 2018 that sets guidelines for the appropriation of this and any other new ongoing revenue source, including building the General Fund undesignated fund balance or contingency reserve up to a minimum of 17%. In addition, the City is aggressively pursuing various economic development opportunities, including three new multi-housing developments including one that will be located adjacent to a new Metro-link station, a new hotel, and possibly a new car dealership.

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, please 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

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

City of Placentia
Statement of Net Position
June 30, 2018

ASSETS	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Current assets:			
Cash and investments	\$ 7,355,903	\$ 1,586,381	\$ 8,942,284
Receivables, net of allowance			
Accounts	-	78,222	78,222
Taxes	2,330,118	32,417	2,362,535
Grants	415,582	-	415,582
Interest	29,246	1,095	30,341
Loans	5,397,753	-	5,397,753
Prepaid items	41,868	-	41,868
Internal balances	(318,437)	318,437	-
Inventory	20,322	-	20,322
Total current assets	15,272,355	2,016,552	17,288,907
Noncurrent assets:			
Land held for resale	1,697,219	-	1,697,219
Restricted assets:			
Cash and investments with fiscal agent	1,779,373	-	1,779,373
Capital assets - nondepreciable	30,210,357	-	30,210,357
Capital assets - depreciable, net	50,810,342	9,778,290	60,588,632
Total noncurrent assets	84,497,291	9,778,290	94,275,581
Total assets	99,769,646	11,794,842	111,564,488
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charges on refunding	506,966	-	506,966
Deferred outflows of resources related to pensions	11,375,057	422,382	11,797,439
Deferred outflows of resources related to OPEB	1,044,886	62,114	1,107,000
Total deferred outflows of resources	12,926,909	484,496	13,411,405

City of Placentia
Statement of Net Position (Continued)
June 30, 2018

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
LIABILITIES			
Current liabilities:			
Accounts payable	1,723,287	241,399	1,964,686
Accrued payroll and benefits	475,370	22,877	498,247
Accrued interest payable	115,877	-	115,877
Long-term debt due within one year	1,972,292	-	1,972,292
Claims payable due within one year	499,042	-	499,042
Compensated absences due within one year	379,847	27,946	407,793
Total current liabilities	<u>5,165,715</u>	<u>292,222</u>	<u>5,457,937</u>
Noncurrent liabilities:			
Long-term debt due in more than one year	11,640,902	-	11,640,902
Claims payable due in more than one year	1,497,126	-	1,497,126
Compensated absences due in more than one year	1,329,558	26,589	1,356,147
Aggregate net OPEB liabilities	27,217,068	1,617,932	28,835,000
Aggregate net pension liabilities	39,420,495	1,691,380	41,111,875
Total noncurrent liabilities	<u>81,105,149</u>	<u>3,335,901</u>	<u>84,441,050</u>
Total liabilities	<u>86,270,864</u>	<u>3,628,123</u>	<u>89,898,987</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred pension-related items	2,301,294	239,874	2,541,168
Deferred OPEB-related items	2,479,599	147,401	2,627,000
Total deferred inflows of resources	<u>4,780,893</u>	<u>387,275</u>	<u>5,168,168</u>
NET POSITION			
Net investment in capital assets	<u>67,914,471</u>	<u>9,778,290</u>	<u>77,692,761</u>
Restricted for:			
Public safety	592,420	-	592,420
Public works	124,834	-	124,834
Community development	1,595,843	-	1,595,843
Debt service	1,505,691	-	1,505,691
Grant programs	92,143	-	92,143
Transportation	1,415,464	-	1,415,464
Park development	21,062	-	21,062
Street maintenance	231,616	-	231,616
Air quality	183,696	-	183,696
Affordable housing	56,475	-	56,475
Total restricted	<u>5,819,244</u>	<u>-</u>	<u>5,819,244</u>
Unrestricted (deficit)	<u>(52,088,917)</u>	<u>(1,514,350)</u>	<u>(53,603,267)</u>
Total net position	<u>\$ 21,644,798</u>	<u>\$ 8,263,940</u>	<u>\$ 29,908,738</u>

City of Placentia
Statement of Activities
For the Year Ended June 30, 2018

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
General government	\$ 10,046,041	\$ 2,206,064	\$ 2,220,106	\$ -
Public safety	18,114,348	1,077,440	704,581	-
Public works	5,044,978	669,699	3,253,278	508,114
Community development	1,067,749	1,251,194	417,311	-
Community services	1,690,070	314,238	2,000,000	-
Total Governmental Activities	35,963,186	5,518,635	8,595,276	508,114
Business-Type Activities:				
Refuse	3,034,050	3,039,254	-	-
Sewer maintenance	1,942,605	759,786	-	-
Total Business-Type Activities	4,976,655	3,799,040	-	-
Total Primary Government	\$ 40,939,841	\$ 9,317,675	\$ 8,595,276	\$ 508,114

City of Placentia
Statement of Activities (Continued)
For the Year Ended June 30, 2018

	Net (Expense) Revenue and Changes in Net Positions		
	Governmental Activities	Business-Type Activities	Total
Functions/Programs			
Governmental Activities:			
General government	\$ (5,619,871)	\$ -	\$ (5,619,871)
Public safety	(16,332,327)	-	(16,332,327)
Public works	(613,887)	-	(613,887)
Community development	600,756	-	600,756
Community services	624,168	-	624,168
Total Governmental Activities	(21,341,161)	-	(21,341,161)
Business-Type Activities:			
Refuse	-	5,204	5,204
Sewer maintenance	-	(1,182,819)	(1,182,819)
Total Business-Type Activities	-	(1,177,615)	(1,177,615)
Total Primary Government	(21,341,161)	(1,177,615)	(22,518,776)
General Revenues and Transfers:			
Taxes:			
Property taxes	14,560,063	-	14,560,063
Transient occupancy taxes	968,396	-	968,396
Sales taxes	6,948,279	-	6,948,279
Franchise taxes	2,270,265	-	2,270,265
Utility users tax	2,544,637	-	2,544,637
Real property transfer taxes	224,818	-	224,818
Other taxes	121,814	-	121,814
Investment earnings	72,475	24,686	97,161
Miscellaneous	124,793	-	124,793
Transfers	251,338	(251,338)	-
Total General Revenues and Transfers	28,086,878	(226,652)	27,860,226
Changes in Net Position	6,745,717	(1,404,267)	5,341,450
Net Position - Beginning of Year (as restated, Note 15)	14,899,081	9,668,207	24,567,288
Net Position - End of Year	\$ 21,644,798	\$ 8,263,940	\$ 29,908,738

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FUND FINANCIAL STATEMENTS

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GOVERNMENTAL FUND FINANCIAL STATEMENTS

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**City of Placentia
Balance Sheet
Governmental Funds
June 30, 2018**

	Major Funds				Total
	General Fund	Housing Successor Special Revenue Fund	City Projects Capital Projects Fund	Other Governmental Funds	
ASSETS					
Cash and investments	\$ 2,264,185	\$ -	\$ -	\$ 2,905,987	\$ 5,170,172
Receivables:					
Accounts	222,950	-	-	-	222,950
Taxes	1,880,509	-	-	226,659	2,107,168
Grants	116,458	-	122,586	176,538	415,582
Accrued interest	29,246	-	-	-	29,246
Loans	4,934,104	463,649	-	-	5,397,753
Prepaid items	-	-	-	41,868	41,868
Due from other funds	409,780	-	-	-	409,780
Inventories	20,322	-	-	-	20,322
Land held for resale	-	1,697,219	-	-	1,697,219
Restricted assets:					
Cash and investments with fiscal agents	1,019,010	-	-	486,681	1,505,691
Total assets	<u>\$ 10,896,564</u>	<u>\$ 2,160,868</u>	<u>\$ 122,586</u>	<u>\$ 3,837,733</u>	<u>\$ 17,017,751</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 765,337	\$ 106,030	\$ 485,087	\$ 128,494	\$ 1,484,948
Accrued liabilities	469,772	-	-	5,412	475,184
Due to other governments	186	-	-	-	186
Due to other funds	34,130	59,095	95,115	532,561	720,901
Total liabilities	<u>1,269,425</u>	<u>165,125</u>	<u>580,202</u>	<u>666,467</u>	<u>2,681,219</u>
Deferred inflows of resources:					
Unavailable revenues	1,599,592	399,900	40,252	-	2,039,744
Total deferred inflows of resources	<u>1,599,592</u>	<u>399,900</u>	<u>40,252</u>	<u>-</u>	<u>2,039,744</u>
Fund balances:					
Nonspendable	4,954,426	-	-	-	4,954,426
Restricted	1,019,010	1,595,843	-	3,204,391	5,819,244
Committed	3,400,000	-	-	-	3,400,000
Unassigned (deficit)	(1,345,889)	-	(497,868)	(33,125)	(1,876,882)
Total fund balances	<u>8,027,547</u>	<u>1,595,843</u>	<u>(497,868)</u>	<u>3,171,266</u>	<u>12,296,788</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 10,896,564</u>	<u>\$ 2,160,868</u>	<u>\$ 122,586</u>	<u>\$ 3,837,733</u>	<u>\$ 17,017,751</u>

City of Placentia
Reconciliation of the Governmental Funds Balance Sheet to the
Government-Wide Statement of Net Position
June 30, 2018

Total Fund Balances - Total Governmental Funds	\$	12,296,788
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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	\$	30,210,357	
Depreciable, net of \$11,958 reported in Internal Service Fund		50,798,384	81,008,741

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.		506,966
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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.		2,039,744
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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.		(115,877)
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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	\$	(9,471,084)	
Capital leases		(1,325,517)	
OCTA advance		(2,816,593)	
Compensated absences		(1,709,405)	(15,322,599)

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		11,375,057
Aggregate net pension liability		(39,420,495)
Pension related deferred inflows of resources		(2,301,294)

Net OPEB 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:

OPEB related deferred outflows of resources		1,044,886
Aggregate net OPEB liability		(27,217,068)
OPEB related deferred inflows of resources		(2,479,599)

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.

		229,548
Net Position of Governmental Activities	\$	21,644,798

City of Placentia
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2018

	Major Funds				Total
	General Fund	Housing Successor Special Revenue Fund	City Projects Capital Projects Fund	Other Governmental Funds	
Revenues:					
Taxes	\$ 27,542,353	\$ -	\$ -	\$ -	\$ 27,542,353
Intergovernmental	252,963	-	1,084,671	5,149,294	6,486,928
Licenses and permits	1,701,878	-	-	-	1,701,878
Fines & forfeitures	562,390	-	-	29,714	592,104
Investment earnings	31,161	-	-	37,716	68,877
Charges for services	1,284,507	-	-	912,673	2,197,180
Leases and rents	1,255,240	21,270	-	-	1,276,510
Miscellaneous	708,662	122,202	5,830	37,922	874,616
Total revenues	33,339,154	143,472	1,090,501	6,167,319	40,740,446
Expenditures:					
Current:					
General government	7,977,778	-	-	131,814	8,109,592
Public safety	18,493,951	-	-	661,893	19,155,844
Public works	3,272,875	-	1,762,493	915,489	5,950,857
Community development	823,895	-	168,319	298,855	1,291,069
Community services	1,398,588	-	-	127,318	1,525,906
Capital outlay	334,139	-	2,216,035	420,695	2,970,869
Debt service:					
Principal retirement	1,320,000	-	-	534,822	1,854,822
Interest and fiscal charges	427,530	-	-	289,916	717,446
Total expenditures	34,048,756	-	4,146,847	3,380,802	41,576,405
Revenues over (under) expenditures	(709,602)	143,472	(3,056,346)	2,786,517	(835,959)
Other financing sources (uses):					
Transfers in	1,217,225	-	2,888,351	672,311	4,777,887
Transfers out	(554,103)	-	-	(3,972,446)	(4,526,549)
Total other financing sources (uses):	663,122	-	2,888,351	(3,300,135)	251,338
Net change in fund balances	(46,480)	143,472	(167,995)	(513,618)	(584,621)
Fund balances:					
Beginning of year	8,074,027	1,452,371	(329,873)	3,684,884	12,881,409
End of year	<u>\$ 8,027,547</u>	<u>\$ 1,595,843</u>	<u>\$ (497,868)</u>	<u>\$ 3,171,266</u>	<u>\$ 12,296,788</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, 2018

Net Change in Fund Balances - Total Governmental Funds	\$		(584,621)
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	\$	4,147,038	
Depreciation, net of \$7,646 reported in Internal Service Funds		(2,866,899)	
Net effect on disposal of capital assets		7,249	1,287,388
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.			
			1,709,871
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	\$	1,556,086	
Capital leases		155,861	
OCTA advance		239,820	1,951,767
Interest accrued on long-term debt is reported in the Statement of Activities, but does not require the use of current financial resources. Therefore, accrued interest is not reported as an expenditure in governmental funds. This amount represents the change in accrued interest from the prior year.			
			13,491
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.			
			219,281
Certain OPEB 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.			
			2,198,022
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.			
			(408,599)
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.			
			409,475
Change in Net Position of Governmental Activities	\$		6,745,717

PROPRIETARY FUND FINANCIAL STATEMENTS

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City of Placentia
Statement of Net Position
Proprietary Funds
June 30, 2018

	Major Enterprise Funds		Business-Type Activities	Governmental Activities
	Refuse	Sewer Maintenance	Total	Internal Service Funds
ASSETS				
Current assets:				
Cash and investments	\$ 290,397	\$ 1,295,984	\$ 1,586,381	\$ 2,185,731
Receivable:				
Accounts	-	78,222	78,222	-
Taxes	32,417	-	32,417	-
Interest	-	1,095	1,095	-
Due from other funds	-	318,437	318,437	-
Restricted:				
Cash and investments with fiscal agent	-	-	-	273,682
Total current assets	<u>322,814</u>	<u>1,693,738</u>	<u>2,016,552</u>	<u>2,459,413</u>
Noncurrent assets:				
Capital assets, net of accumulated depreciation	-	9,778,290	9,778,290	11,958
Total noncurrent assets	<u>-</u>	<u>9,778,290</u>	<u>9,778,290</u>	<u>11,958</u>
Total assets	<u>322,814</u>	<u>11,472,028</u>	<u>11,794,842</u>	<u>2,471,371</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows of resources related to pensions	70,397	351,985	422,382	-
Deferred outflows of resources related to OPEB	14,112	48,002	62,114	-
Total deferred outflows of resources	<u>84,509</u>	<u>399,987</u>	<u>484,496</u>	<u>-</u>

City of Placentia
Statement of Net Position
Proprietary Funds (Continued)
June 30, 2018

	Major Enterprise Funds		Business-Type Activities	Governmental Activities
	Refuse	Sewer Maintenance	Total	Internal Service Funds
LIABILITIES				
Current liabilities:				
Accounts payable	238,651	2,748	241,399	238,339
Accrued liabilities	4,606	18,271	22,877	-
Due to other funds	-	-	-	7,316
Accrued compensated absences - due within one year	3,723	24,223	27,946	-
Accrued claims and judgments - due within one year	-	-	-	499,042
Total current liabilities	246,980	45,242	292,222	744,697
Noncurrent liabilities:				
Accrued compensated absences - due in more than one year	4,126	22,463	26,589	-
Accrued claims and judgments - due in more than one year	-	-	-	1,497,126
Net OPEB liability	367,589	1,250,343	1,617,932	-
Aggregate net pension liability	281,897	1,409,483	1,691,380	-
Total noncurrent liabilities	653,612	2,682,289	3,335,901	1,497,126
Total liabilities	900,592	2,727,531	3,628,123	2,241,823
DEFERRED INFLOW OF RESOURCES				
Deferred inflows of resources related to pensions	39,979	199,895	239,874	-
Deferred outflows of resources related to OPEB	33,489	113,912	147,401	-
Total deferred inflows of resources	73,468	313,807	387,275	-
NET POSITION				
Investment in capital assets	-	9,778,290	9,778,290	11,958
Unrestricted (deficit)	(566,737)	(947,613)	(1,514,350)	217,590
Total net position	\$ (566,737)	\$ 8,830,677	\$ 8,263,940	\$ 229,548

City of Placentia
Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended June 30, 2018

	Business-Type Activities			Governmental Activities
	Refuse	Sewer Maintenance	Total	Internal Service
OPERATING REVENUES:				
Reimbursements	\$ -	\$ -	\$ -	\$ 4,776
Sales and service charges	3,039,254	759,786	3,799,040	2,266,400
Total operating revenues	3,039,254	759,786	3,799,040	2,271,176
OPERATING EXPENSES:				
Administration	380,995	885,470	1,266,465	93,388
Reinsurance premiums	-	-	-	144,325
Claims	-	-	-	75,339
Medical and dental premiums	-	-	-	949,195
Liability insurance premiums	-	-	-	591,808
Maintenance	-	532,272	532,272	-
Landfill and contractor charges	2,653,055	-	2,653,055	-
Depreciation expense	-	524,863	524,863	7,646
Total operating expenses	3,034,050	1,942,605	4,976,655	1,861,701
OPERATING INCOME (LOSS)	5,204	(1,182,819)	(1,177,615)	409,475
NONOPERATING INCOME (LOSS):				
Investment income	3,598	21,088	24,686	-
Total Nonoperating Income (Loss)	3,598	21,088	24,686	-
NET INCOME (LOSS) BEFORE TRANSFERS	8,802	(1,161,731)	(1,152,929)	409,475
TRANSFERS:				
Transfers out	(24,000)	(227,338)	(251,338)	-
Total Transfers	(24,000)	(227,338)	(251,338)	-
CHANGES IN NET POSITION	(15,198)	(1,389,069)	(1,404,267)	409,475
NET POSITION:				
Beginning of the year (as restated, Note 15)	(551,539)	10,219,746	9,668,207	(179,927)
End of the year	<u>\$ (566,737)</u>	<u>\$ 8,830,677</u>	<u>\$ 8,263,940</u>	<u>\$ 229,548</u>

City of Placentia
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2018

	Business-Type Activities			Governmental Activities
	Refuse	Sewer Maintenance	Total	Internal Service
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers and users	\$ 3,045,498	\$ 764,401	\$ 3,809,899	\$ 2,271,176
Cash paid to suppliers for goods and services	(2,633,217)	(529,584)	(3,162,801)	(2,106,142)
Cash paid to employees for services	(374,991)	(245,547)	(620,538)	(93,388)
Cash paid for insurance claims	-	-	-	(75,339)
Net Cash Provided by (Used in) Operating Activities	<u>37,290</u>	<u>(10,730)</u>	<u>26,560</u>	<u>(3,693)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Cash transfers in (out)	(24,000)	(227,338)	(251,338)	7,316
Repayment received from other funds	-	1,552,000	1,552,000	-
Advances to other funds	-	(318,437)	(318,437)	-
Net Cash (Used in) Noncapital Financing Activities	<u>(24,000)</u>	<u>1,006,225</u>	<u>982,225</u>	<u>7,316</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest received	3,598	19,993	23,591	-
Net Cash Provided by Investing Activities	<u>3,598</u>	<u>19,993</u>	<u>23,591</u>	<u>-</u>
Net Increase (Decrease) In Cash and Cash Equivalents	16,888	1,015,488	1,032,376	3,623
CASH AND CASH EQUIVALENTS:				
Beginning of year	273,509	280,496	554,005	2,455,790
End of year	<u>\$ 290,397</u>	<u>\$ 1,295,984</u>	<u>\$ 1,586,381</u>	<u>\$ 2,459,413</u>
CASH AND CASH EQUIVALENTS:				
Cash and investments	\$ 290,397	\$ 1,295,984	\$ 1,586,381	\$ 2,185,731
Cash and investments with fiscal agent	-	-	-	273,682
Total cash and cash equivalents	<u>\$ 290,397</u>	<u>\$ 1,295,984</u>	<u>\$ 1,586,381</u>	<u>\$ 2,459,413</u>
Reconciliation of Operating Income (Loss) to to Net Cash Provided by (Used in) Operating Activities:				
Operating income (loss)	\$ 5,204	\$ (1,182,819)	\$ (1,177,615)	\$ 409,475
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	-	524,863	524,863	7,646
Changes in assets and liabilities:				
(Increase)/decrease in accounts receivables	-	4,615	4,615	-
(Increase)/decrease in taxes receivables	6,244	-	6,244	-
(Increase)/decrease in deferred outflows of resources related to pension	25,415	50,816	76,231	-
(Increase)/decrease in deferred outflows of resources related to OPEB	(70,397)	(351,985)	(422,382)	-
Increase/(decrease) in accounts payable	19,838	2,688	22,526	201,980
Increase/(decrease) in accrued liabilities	2,995	1,674	4,669	-
Increase/(decrease) in compensated absences	1,914	6,407	8,321	-
Increase/(decrease) in claims payable	-	-	-	(622,794)
Increase/(decrease) in net pension liabilities	39,194	802,725	841,919	-
Increase/(decrease) in net OPEB liabilities	(18,916)	(64,349)	(83,265)	-
Increase/(decrease) in deferred inflows of resources related to pension	(7,690)	80,723	73,033	-
Increase/(decrease) in deferred inflows of resources related to OPEB	33,489	113,912	147,401	-
Net Cash Provided by (Used in) Operating Activities	<u>\$ 37,290</u>	<u>\$ (10,730)</u>	<u>\$ 26,560</u>	<u>\$ (3,693)</u>

FIDUCIARY FUND FINANCIAL STATEMENTS

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City of Placentia
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2018

	RDA Successor Agency	Agency Funds
ASSETS		
Pooled cash and investments	\$ 729,915	\$ 663,201
Receivables:		
Accounts	106,029	-
Taxes	-	52
Prepaid items	180,000	-
Restricted assets:		
Cash and investments with fiscal agents	557,534	-
Total assets	1,573,478	\$ 663,253
LIABILITIES		
Accounts payable	107,816	-
Accrued liability	4,235	-
Accrued interest	193,490	-
Deposits payables	-	663,253
Unearned revenues	923,963	-
Long-term liabilities:		
Due in one year	874,420	-
Due in more than one year	16,591,040	-
Total liabilities	18,694,964	\$ 663,253
NET POSITION		
Held in trust	(17,121,486)	
Total net position	\$ (17,121,486)	

City of Placentia
Statement of Change in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2018

	RDA Successor Agency
ADDITIONS:	
Property taxes	\$ 2,700,747
Investment income	2,267
Gain on disposal of capital assets	212,059
Total additions	2,915,073
DEDUCTIONS:	
Program costs	376,539
Administrative expenses	261,115
Interest expense	462,598
Total deductions	1,100,252
Change in net position	1,814,821
NET POSITION:	
Beginning of year (as restated, Note 15)	(18,936,307)
End of year	\$ (17,121,486)

NOTES TO THE BASIC FINANCIAL STATEMENTS

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City of Placentia
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For the Year Ended June 30, 2018

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City of Placentia
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City of Placentia
Notes to the Basic Financial Statements
For the Year Ended June 30, 2018

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.

In evaluating how to define the City for financial reporting purposes, management has considered all potential component units. The primary criteria for including a potential component unit within the reporting entity are the governing body’s financial accountability and a financial benefit or burden relationship and whether it is misleading to exclude. A primary government is financially accountable and shares a financial benefit or burden relationship, if it appoints a voting majority of an organization’s governing body and it is able to impose its will on the organization, or if there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the primary government. A primary government may also be financially accountable if an organization is fiscally dependent on the primary government regardless of whether the organization has a separately elected governing board, a governing board appointed by a higher level of government, or a jointly appointed board, and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the primary government.

Blended Component Units:

Management determined that the following entities should be reported as blended component units based on the criteria above. Although the following is legally separate from the City, it has been “blended” as though it is part of the City because the component unit’s governing body is substantially the same as the City’s and there is a financial benefit or burden relationship between the City and the component unit; management of the City has operational responsibilities for the component unit; and/or the component unit provides services entirely, or almost entirely, to the City or otherwise exclusively, or almost exclusively, benefits the City, even though it does not provide services directly to it.

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, deferred outflows of resources, liabilities, deferred inflows of resources, fund balance or net position, 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, 2018

Note 1 – Summary of Significant Accounting Policies (Continued)

B. Basis of Accounting and Measurement Focus (Continued)

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.

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, deferred outflows of resources, liabilities, and deferred inflows of resources, 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, current liabilities, and deferred inflows of resources 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, 2018

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 risk management, health and welfare, and equipment replacement.

City of Placentia
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

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, deferred outflows of resources, liabilities (whether current or noncurrent), and deferred inflows of resources 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 of 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, 2018

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

U.S. GAAP 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.

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.

City of Placentia
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 1 – Summary of Significant Accounting Policies (Continued)

E. Property Taxes Receivable (Continued)

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 acquisition 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, 2018

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 estimated useful 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 and unavailable 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, and unavailable revenue when funds are not available to meet current financial obligations in accordance with GASB Statement No. 65. Typical transactions for which unearned or unavailable 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, 2018

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, 2016
Measurement Date	June 30, 2017
Measurement Period	July 1, 2016 to June 30, 2017

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. Other Postemployment Benefits ("OPEB")

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the plans and additions to/deductions from OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by the plan (Note 10). For this purpose, the OPEB Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value.

The following timeframes are used for OPEB reporting:

<u>OPEB</u>	
Valuation Date	June 30, 2017
Measurement Date	June 30, 2017
Measurement Period	July 1, 2016 to June 30, 2017

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

City of Placentia
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 1 – Summary of Significant Accounting Policies (Continued)

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.

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, related debt, and deferred inflows of resources.

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, 2018

Note 1 – Summary of Significant Accounting Policies (Continued)

Q. Spending Policy

Government-Wide Financial Statements and the Proprietary Fund Financial Statements

When expenses are incurred for purposes for which both restricted and unrestricted components of net position are available, the City's policy is to apply the restricted component of net position first, then the unrestricted component of net position as needed.

Governmental Fund Financial Statements

When expenditures are incurred for purposes for which both restricted and unrestricted fund balances are available, the City's policy is to apply restricted fund balances first, then unrestricted fund balances as needed.

When expenditures are incurred for purposes where only unrestricted fund balances are available, the City uses the unrestricted resources in the following order, except for instances wherein an ordinance specifies the fund balance:

- Committed
- Assigned
- Unassigned

R. 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.

S. Accounting Changes

GASB has issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (GASB 75). This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans. This statement had a major impact on the City's financial statements for the year ended June 30, 2018.

GASB has issued Statement No. 81, *Irrevocable Split-Interest Agreement* (GASB 81). This Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, this Statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. This Statement requires that a government recognize revenue when the resources become applicable to the reporting period. This statement did not have a significant impact on the City's financial statements for the year ended June 30, 2018.

City of Placentia
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 1 – Summary of Significant Accounting Policies (Continued)

S. Accounting Changes (Continued)

GASB Statement No. 85, *Omnibus 2017* (GASB 85). This Statement addresses practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits). This statement did not have a significant impact on the City’s financial statements for the year ended June 30, 2018.

GASB Statement No. 86, *Certain Debt Extinguishment Issues* (GASB 86). Statement No. 7, *Advance Refundings Resulting in Defeasance of Debt*, requires that debt be considered defeased in substance when the debtor irrevocably places cash or other monetary assets acquired with refunding debt proceeds in a trust to be used solely for satisfying scheduled payments of both principal and interest of the defeased debt. The trust also is required to meet certain conditions for the transaction to qualify as an in-substance defeasance. This Statement establishes essentially the same requirements for when a government places cash and other monetary assets acquired with only existing resources in an irrevocable trust to extinguish the debt. However, in financial statements using the economic resources measurement focus, governments should recognize any difference between the reacquisition price (the amount required to be placed in the trust) and the net carrying amount of the debt defeased in substance using only existing resources as a separately identified gain or loss in the period of the defeasance. This statement did not have a significant impact on the City’s financial statements for the year ended June 30, 2018.

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, 2018:

	Government-Wide Statement of Net Position		Statement of Fiduciary Net Position	Total
	Governmental Activities	Business-type Activities		
Cash and investments	\$ 7,355,903	\$ 1,586,381	\$ 729,915	\$ 9,672,199
Cash and investment with fiscal agent	1,779,373	-	557,534	2,336,907
Total cash and investments	<u>\$ 9,135,276</u>	<u>\$ 1,586,381</u>	<u>\$ 1,287,449</u>	<u>\$ 12,009,106</u>

City of Placentia
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 2 – Cash and Investments (Continued)

The City’s cash and investments at June 30, 2018 in more detail:

Cash and cash equivalents:	
Demand deposits	\$ 3,231,943
Petty cash	17,965
Total cash and cash equivalents	3,249,908
Investments:	
Local Agency Investment Fund	6,022,420
Negotiable Certificates of Deposit	967,166
Money Market Mutual Fund	1,769,612
Total investments	8,759,198
Total cash and investments	\$ 12,009,106
Cash on hand	\$ 17,965
Demand deposits	3,231,943
Investments	6,989,586
Investment with fiscal agent	1,769,612
	\$ 12,009,106

A. Demand Deposits

The carrying amounts of the City’s demand deposits were \$3,231,943 at June 30, 2018. Bank balances at that date were \$5,445,672, the total amount of which was insured or collateralized with accounts 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, 2018

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
Commercial 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
Commercial 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, 2018

Note 2 – Cash and Investments (Continued)

D. Fair Value Measurement

At June 30, 2018, investments are reported at fair value. The following table presents the fair value measurement of investments on a recurring basis and the levels within the fair value hierarchy in which the fair value measurements fall at June 30, 2018:

Investment Type	Significant other Observable Input (Level 2)	Uncategorized	Total
Local Agency Investment Fund	\$ -	\$ 6,022,420	\$ 6,022,420
Negotiable Certificates of Deposit Held by Fiscal Agent:	967,166	-	967,166
Money Market Mutual Funds	-	1,769,612	1,769,612
Total	\$ 967,166	\$ 7,792,032	\$ 8,759,198

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	\$ 6,022,420	\$ 6,022,420	\$ -	\$ -	\$ -	\$ -
Negotiable Certificates of Deposit Held by Fiscal Agent:	967,166	241,792	241,792	241,791	241,791	-
Money Market Mutual Funds	1,769,612	1,769,612	-	-	-	-
Total	\$ 8,759,198	\$ 8,033,824	\$ 241,792	\$ 241,791	\$ 241,791	\$ -

City of Placentia
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

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	Not Rated
Local Agency Investment Fund	\$ 6,022,420	N/A	\$ -	\$ 6,022,420
Negotiable Certificates of Deposit Held by Fiscal Agent:	967,166	N/A	-	967,166
Money Market Mutual Funds	<u>1,769,612</u>	AAA	<u>1,769,612</u>	<u>-</u>
Total	<u><u>\$ 8,759,198</u></u>		<u><u>\$ 1,769,612</u></u>	<u><u>\$ 6,989,586</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, 2018, the City deposits (bank balances were insured by the Federal Depository Insurance Corporation up to \$250,000 and the remaining 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, 2018

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, 2018 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, 2018, the City had \$6,022,420 invested in LAIF, which had invested 2.67% of the pool investment funds in structured notes and asset-backed securities.

Note 3 – Interfund Transactions

A. Due From/To Other Funds

At June 30, 2018, the City had the following due from/to other funds:

Due To Other Funds	Due From Other Funds		Total
	General Fund	Sewer Maintenance Enterprise Fund	
General Fund	\$ 34,130	\$ -	\$ 34,130
Housing Successor Special Revenue Fund	59,095	-	59,095
City Projects Capital Projects Fund	95,115	-	95,115
Nonmajor Special Revenue Funds:			
Housing and Community Development	184,307	-	184,307
SB1 Gas Tax	29,817	-	29,817
TOD Sewer Impact Fee	-	318,437	318,437
Health & Welfare Internal Service Fund	7,316	-	7,316
Total	\$ 409,780	\$ 318,437	\$ 728,217

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

City of Placentia
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 3 – Interfund Transactions (Continued)

B. Transfers

During the year ended June 30, 2018, the City had the following transfers:

Transfers In	Transfers Out				Total
	General Fund	Nonmajor Governmental Funds	Refuse Enterprise Fund	Sewer Maintenance Enterprise Fund	
General Fund	\$ -	\$ 1,025,227	\$ -	\$ 191,998	\$ 1,217,225
City Projects Capital Projects Fund	365,687	2,463,324	24,000	35,340	2,888,351
Nonmajor Governmental Funds	188,416	483,895	-	-	672,311
Total	\$ 554,103	\$ 3,972,446	\$ 24,000	\$ 227,338	\$ 4,777,887

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 of \$1,025,227 were to fund police, street maintenance, and other operating costs.

Sewer Maintenance Enterprise Fund transferred \$191,998 to the General Fund for operating costs.

Transfers from General Fund for \$365,687, non-major governmental funds for \$2,463,324, Refuse Enterprise Fund for \$24,000, and Sewer Maintenance Enterprise Fund for \$35,340 were transferred to City Projects Capital Projects fund to fund city projects.

General Fund transferred \$188,416 to Street Lighting Special Revenue Fund to subsidize street lighting district.

Gas Tax Fund transferred \$483,895 to Debt Service Fund to fund the 2011 Gas Tax Certificate of Participation debt service.

Note 4 - Receivables

At June 30, 2018, the City had following loans receivable:

2003 Certificates of Participation Reimbursement	\$ 3,334,512
Owner's Participation Agreement	63,749
Real Property Loan Obligation Receivable	1,999,492
Total	\$ 5,397,753

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).

City of Placentia
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 4 – Receivables (Continued)

A. 2003 Certificates of Participation Reimbursement (Continued)

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 \$3,334,512 notes receivable balance as of June 30, 2018 represents 87.52 percent of the \$3,810,000 outstanding principal balance of the 2003 COP at June 30, 2018.

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 2017-18 fiscal year, the City received \$4,998 in principal payments. The ending loan receivable balance at June 30, 2018 is \$63,749.

C. Real Property Loan Obligation Receivable

On January 20, 2009, the City Council of the City of Placentia and the Board of Directors of the former Placentia Redevelopment Agency approved a Purchase and Sale agreement between the City and the former Placentia Redevelopment Agency. This agreement provides that the Placentia Redevelopment Agency will finance and purchase 2 real properties from the City; 312 South Melrose Street and 110 South Bradford Avenue for \$2,270,000 based on appraised property values at an interest rate of 7%.

Due to the dissolution of the former Placentia Redevelopment Agency at February 1, 2012, the interest rate was decreased to 3% and the recalculated loan shall be applied first to principal and second to interest in compliance with Health and Safety Code 34191.4 (b) (3). In addition, 20% of the outstanding loan receivable balance was transferred from the City's General Fund to the Housing Successor Agency fund in compliance with Health and Safety Code 34191.4 (b) (3) (C). The total principal and interest loan obligation receivable balance as of June 30, 2018 is \$1,599,594 to the City's General Fund and \$399,998 to the Housing Successor Agency Fund for a total of \$1,999,492.

City of Placentia
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 5 – Capital Assets

The following is a summary of changes in capital assets for the governmental activities for the year ended June 30, 2018:

	Balance June 30, 2017	Prior Period Adjustment	Additions	Deletions	Balance June 30, 2018
<i>Capital assets not being depreciated:</i>					
Land	\$ 23,381,937	\$ -	\$ 107,813	\$ -	\$ 23,489,750
Land-Right of Way	258,822	-	-	-	258,822
Infrastructure - Trees	3,114,540	-	-	-	3,114,540
Construction in progress	3,168,305	-	3,684,244	(3,505,304)	3,347,245
Total capital assets not being depreciated	<u>29,923,604</u>	<u>-</u>	<u>3,792,057</u>	<u>(3,505,304)</u>	<u>30,210,357</u>
<i>Capital assets being depreciated:</i>					
Structures and improvements	13,381,364	-	1,232,998	-	14,614,362
Equipment	5,664,633	1,319,360	374,189	-	7,358,182
Land improvements	138,806	-	33,722	-	172,528
Infrastructure:					
Streets network	45,827,235	-	1,853,629	-	47,680,864
Street appurtenances	22,896,790	-	165,747	-	23,062,537
Storm drain	8,627,054	-	200,000	-	8,827,054
Total capital assets being depreciated	<u>96,535,882</u>	<u>1,319,360</u>	<u>3,860,285</u>	<u>-</u>	<u>101,715,527</u>
Less accumulated depreciation for:					
Structures and improvements	(5,049,584)	-	(342,006)	-	(5,391,590)
Equipment	(4,629,627)	-	(537,160)	7,249	(5,159,538)
Land improvements	(96,824)	-	(3,548)	-	(100,372)
Infrastructure:					
Streets network	(19,767,214)	-	(1,214,953)	-	(20,982,167)
Street appurtenances	(12,519,904)	-	(604,338)	-	(13,124,242)
Storm drain	(5,974,735)	-	(172,541)	-	(6,147,276)
Total accumulated depreciation	<u>(48,037,888)</u>	<u>-</u>	<u>(2,874,546)</u>	<u>7,249</u>	<u>(50,905,185)</u>
Total capital assets being depreciated, net	<u>48,497,994</u>	<u>1,319,360</u>	<u>985,739</u>	<u>7,249</u>	<u>50,810,342</u>
Total governmental activities	<u>\$ 78,421,598</u>	<u>\$ 1,319,360</u>	<u>\$ 4,777,796</u>	<u>\$ (3,498,055)</u>	<u>\$ 81,020,699</u>

City of Placentia
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 5 – Capital Assets (Continued)

Depreciation expense was charged to functions/programs of governmental activities for the year ended June 30, 2018 as follows:

General government	\$	167,215
Public safety		327,110
Public works		2,220,573
Community services		152,002
Internal service fund		7,646
Total depreciation expense	\$	<u>2,874,546</u>

The following is a summary of changes in capital assets for the business-type activities for the year ended June 30, 2018:

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018
<i>Capital assets being depreciated:</i>				
Structures and improvements	\$ 28,155,969	\$ -	\$ -	\$ 28,155,969
Equipment	97,646	-	-	97,646
Total capital assets being depreciated	<u>28,253,615</u>	<u>-</u>	<u>-</u>	<u>28,253,615</u>
<i>Less accumulated depreciation for:</i>				
Structures and improvements	(17,941,551)	(515,099)	-	(18,456,650)
Equipment	(8,911)	(9,764)	-	(18,675)
Total accumulated depreciation	<u>(17,950,462)</u>	<u>(524,863)</u>	<u>-</u>	<u>(18,475,325)</u>
Total capital assets being depreciated, net	<u>10,303,153</u>	<u>(524,863)</u>	<u>-</u>	<u>9,778,290</u>
Total business-type activities	<u>\$ 10,303,153</u>	<u>\$ (524,863)</u>	<u>\$ -</u>	<u>\$ 9,778,290</u>

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

City of Placentia
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 6 – Long-Term Liabilities

A. Governmental Activities

Summary of changes in long-term liabilities for governmental activities for the year ended June 30, 2018 is as follows:

	Balance July 1, 2017	Prior Period Adjustment	Additions	Deletions	Balance June 30, 2018	Classification	
						Due within One Year	Due in more than One Year
Long-Term Debt:							
Certificates of Participation:							
2003 Refunding and Improvement							
Project Certificates of Participation	\$ 4,105,000	\$ -	\$ -	\$ (295,000)	\$ 3,810,000	\$ 310,000	\$ 3,500,000
2011 Gas Tax Certificates of Participation	4,680,000	-	-	(245,000)	4,435,000	255,000	4,180,000
Bonds Payable:							
2009 Lease Revenue Bonds	2,260,000	-	-	(1,025,000)	1,235,000	1,235,000	-
Bond Discount:							
2009 Lease Revenue Bonds	(17,830)	-	-	8,914	(8,916)	(8,916)	-
Other Liabilities:							
Capital Lease - electric vehicles	162,018	-	-	(50,002)	112,016	50,192	61,824
Capital Lease - radio	-	1,319,360	-	(105,859)	1,213,501	131,016	1,082,485
OCTA Advance	3,056,413	-	-	(239,820)	2,816,593	-	2,816,593
Total long-term debt	<u>14,245,601</u>	<u>1,319,360</u>	<u>-</u>	<u>(1,951,767)</u>	<u>13,613,194</u>	<u>1,972,292</u>	<u>11,640,902</u>
Claims payable	2,618,962	-	572,732	(1,195,526)	1,996,168	499,042	1,497,126
Compensated absences	1,928,686	-	19,068	(238,349)	1,709,405	379,847	1,329,558
Total long-term liabilities	<u>\$ 18,793,249</u>	<u>\$ 1,319,360</u>	<u>\$ 591,800</u>	<u>\$ (3,385,642)</u>	<u>\$ 17,318,767</u>	<u>\$ 2,851,181</u>	<u>\$ 14,467,586</u>

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.

City of Placentia
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 6 – Long-Term Liabilities (Continued)

A. Governmental Activities (Continued)

2003 Refunding and Improvements Project Certificate of Participation (Continued)

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 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 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, 2018 is \$3,810,000.

The annual debt service requirements are as follows:

Year ending June 30,	Principal	Interest	Total
2019	\$ 310,000	\$ 178,693	\$ 488,693
2020	320,000	165,130	485,130
2021	335,000	151,050	486,050
2022	350,000	135,138	485,138
2023	370,000	118,512	488,512
2024-2028	2,125,000	312,312	2,437,312
	<u>\$ 3,810,000</u>	<u>\$ 1,060,835</u>	<u>\$ 4,870,835</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.

City of Placentia
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 6 – Long-Term Liabilities (Continued)

A. Governmental Activities (Continued)

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.

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 to mandatory prepayment on June 1, of each year commencing June 1, 2022 and 2027, respectively.

City of Placentia
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 6 – Long-Term Liabilities (Continued)

A. Governmental Activities (Continued)

2011 Gas Tax Certifications of Participation, Continued

The prepayment requirements are as follows:

Mandatory Prepayment Date (June 1)		Mandatory Prepayment Date (June 1)	
	Amount		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

Annual debt service requirements are as follows:

Year ending June 30,	Principal	Interest	Total
2019	\$ 255,000	\$ 225,744	\$ 480,744
2020	265,000	215,544	480,544
2021	275,000	204,281	479,281
2022	290,000	192,250	482,250
2023	300,000	177,750	477,750
2024-2028	1,755,000	645,425	2,400,425
2029-2031	1,295,000	144,925	1,439,925
	<u>\$ 4,435,000</u>	<u>\$ 1,805,919</u>	<u>\$ 6,240,919</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, 2018 is \$1,235,000.

City of Placentia
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 6 – Long-Term Liabilities (Continued)

A. Governmental Activities (Continued)

2009 Lease Revenue Bonds (Continued)

The annual debt service requirements are as follows:

Year ending June 30,	Principal	Interest	Total
2019	\$ 1,235,000	\$ 92,625	\$ 1,327,625
	<u>\$ 1,235,000</u>	<u>\$ 92,625</u>	<u>\$ 1,327,625</u>

Capital Lease

800 MHz CCCS Public Safety Radio Upgrade

On October 1, 2016, the City entered into a Purchase Agreement to finance the acquisition and implementation of Citywide public safety radios and dispatch site with the Orange County 800MHz Countywide Coordinated Communications System (CCCS). The assets acquired through the capital lease were included in the machinery and equipment for governmental activities in the amount of \$1,319,360. The lease is for a period of 10 years with an interest rate of 3.13% for a total of \$187,871. Lease payments are payable quarterly in arrears of the period to which they relate to.

Year ending June 30,	Principal	Interest	Total
2019	\$ 131,016	\$ 36,454	\$ 167,470
2020	135,165	32,305	167,470
2021	139,445	28,025	167,470
2022	143,861	23,609	167,470
2023	148,417	19,053	167,470
2024-2027	515,597	28,682	544,279
	<u>\$ 1,213,501</u>	<u>\$ 168,128</u>	<u>\$ 1,381,629</u>

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, 2018 are as follows:

Year ending June 30,	Amount
2019	\$ 50,620
2020	50,620
2021	11,474
Total payment	112,714
Interest	(698)
Principal	<u>\$ 112,016</u>

City of Placentia
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

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, 2018 is \$2,816,593.

Claims Payable

Estimated claims payable from general liability and workers’ compensation claims as determined by outside claims administrator. Outstanding balance as of June 30, 2018 is as follows:

General Liability Claims	\$ 69,015
Workers' Compensation Claims	<u>1,927,153</u>
Total Claims Payable	<u>\$ 1,996,168</u>

B. Business-Type Activities

Summary of changes in long-term liabilities for business-type activities for the year ended June 30, 2018 is as follows:

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018	Classification	
					Due within One Year	Due in more than One Year
Compensated absences	\$ 46,214	\$ 15,925	\$ (7,604)	\$ 54,535	\$ 27,946	\$ 26,589
	<u>\$ 46,214</u>	<u>\$ 15,925</u>	<u>\$ (7,604)</u>	<u>\$ 54,535</u>	<u>\$ 27,946</u>	<u>\$ 26,589</u>

City of Placentia
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 6 – Long-Term Liabilities (Continued)

C. Fiduciary Activities

Summary of changes in long-term liabilities for fiduciary activities for the year ended June 30, 2018 is as follows:

	Balance July 1, 2017	Prior Period Adjustment	Additions	Deletions	Balance June 30, 2018	Classification	
						Due within One Year	Due in More Than One Year
Bonds Payable:							
2013 Tax Allocation Refunding Bonds	\$ 11,625,000	\$ -	\$ -	\$ (535,000)	\$ 11,090,000	\$ 555,000	\$ 10,535,000
Bond Premium:							
2013 Tax Allocation Refunding Bonds	53,702	-	-	(3,560)	50,142	-	50,142
Other Liabilities:							
2003 Refunding and Improvement							
Project Certificates of Participation	3,592,696	-	-	(258,184)	3,334,512	271,312	3,063,200
SERAF Obligation	991,314	-	-	-	991,314	-	991,314
Real Property Loan Obligation	-	2,610,500	-	(611,008)	1,999,492	48,108	1,951,384
	<u>\$ 16,262,712</u>	<u>\$ 2,610,500</u>	<u>\$ -</u>	<u>\$ (1,407,752)</u>	<u>\$ 17,465,460</u>	<u>\$ 874,420</u>	<u>\$ 16,591,040</u>

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, 2018, the outstanding principal on this bond is \$11,090,000.

City of Placentia
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 6 – Long-Term Liabilities (Continued)

C. Fiduciary Activities (Continued)

The annual debt service requirements are as follows:

Year ending June 30,	Principal	Interest	Total
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	635,000	379,450	1,014,450
2023	650,000	360,175	1,010,175
2024-2028	3,615,000	1,429,831	5,044,831
2029-2033	4,455,000	548,506	5,003,506
	<u>\$ 11,090,000</u>	<u>\$ 4,005,787</u>	<u>\$ 15,095,787</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.

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 updated long-term liability balance as of June 30, 2018 of \$3,076,328 represents 87.52 percent of the outstanding principal balance of the 2003 COP at June 30, 2018 of \$3,810,000, less 87.52 percent of the 2018 principal payment on the 2003 Certificate of Participation, which was paid to the City in June 2018.

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. Outstanding balance of SERAF Obligation as of June 30, 2018 was \$991,314.

City of Placentia
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 6 – Long-Term Liabilities (Continued)

C. Fiduciary Activities (Continued)

Real Property Loan Obligation

On January 20, 2009, the City Council of the City of Placentia and the Board of Directors of the former Placentia Redevelopment Agency approved a Purchase and Sale agreement between the City and the former Placentia Redevelopment Agency. This agreement provides that the Placentia Redevelopment Agency will finance and purchase 2 real properties from the City; 312 South Melrose Street and 110 South Bradford Avenue for \$2,270,000 based on appraised property values at an interest rate of 7%.

Due to the dissolution of the former Placentia Redevelopment Agency at February 1, 2012, the obligation was transferred to the Successor Agency. The interest rate was decreased to 3% and the recalculated loan shall be applied first to principal and second to interest in compliance with Health and Safety Code 34191.4 (b) (3). Since the Successor Agency has no taxing ability, repayment of the obligation is from County of Orange Redevelopment Property Tax Trust Fund (RPTTF) proceeds distributed to the Successor Agency based on a tax increment distribution formula. The total principal and interest loan obligation due to the City as of June 30, 2018 is \$1,999,492.

Note 7 – Jointly Governed Organization

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. During the fiscal year ended June 30, 2018, the City paid \$6,086,613 to the Fire Authority.

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 longer the property of the City, and therefore, are no longer 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, 2018

Note 9 – Pension Plans

A. Summary

	Governmental Activities	Business-Type Activities	Total
Deferred outflows of resources:			
Pension contribution made after measurement date:			
CalPERS Miscellaneous	\$ 821,034	\$ 111,959	\$ 932,993
CalPERS Safety	3,034,432	-	3,034,432
Total pension contribution made after measurement date	<u>3,855,466</u>	<u>111,959</u>	<u>3,967,425</u>
Change in assumption			
CalPERS Miscellaneous	1,828,713	249,370	2,078,083
CalPERS Safety	3,498,852	-	3,498,852
Total change in assumption	<u>5,327,565</u>	<u>249,370</u>	<u>5,576,935</u>
Projected earnings on pension plan investments in excess of actual earnings:			
CalPERS Miscellaneous	447,718	61,053	508,771
CalPERS Safety	826,281	-	826,281
Total projected earnings on pension plan investments in excess of actual earnings	<u>1,273,999</u>	<u>61,053</u>	<u>1,335,052</u>
Difference between expected and actual experience			
CalPERS Safety	193,177	-	193,177
Total difference between expected and actual experience	<u>193,177</u>	<u>-</u>	<u>193,177</u>
Employer contributions in excess of proportionate share of contribution			
CalPERS Safety	724,850	-	724,850
Total employer contributions in excess of proportionate share of contribution	<u>724,850</u>	<u>-</u>	<u>724,850</u>
Total deferred outflows of resources			
CalPERS Miscellaneous	3,097,465	422,382	3,519,847
CalPERS Safety	8,277,592	-	8,277,592
Total deferred outflows of resources	<u>\$ 11,375,057</u>	<u>\$ 422,382</u>	<u>\$ 11,797,439</u>

City of Placentia
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 9 – Pension Plans (Continued)

A. Summary (Continued)

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Net pension liabilities:			
CalPERS Miscellaneous	\$ 12,403,448	\$ 1,691,380	\$ 14,094,828
CalPERS Safety	27,017,047	-	27,017,047
Total net pension liabilities	<u>\$ 39,420,495</u>	<u>\$ 1,691,380</u>	<u>\$ 41,111,875</u>
Deferred inflows of resources:			
Adjustment due to difference in proportions			
CalPERS Miscellaneous	\$ 586,308	\$ 79,951	\$ 666,259
CalPERS Safety	542,218	-	542,218
Total adjustment due to difference in proportions	<u>1,128,526</u>	<u>79,951</u>	<u>1,208,477</u>
Employer contributions in excess of proportionate share of contribution			
CalPERS Miscellaneous	960,135	130,928	1,091,063
Total employer contributions in excess of proportionate share of contribution	<u>960,135</u>	<u>130,928</u>	<u>1,091,063</u>
Difference between expected and actual experience			
CalPERS Miscellaneous	212,633	28,995	241,628
Total difference between expected and actual experience	<u>212,633</u>	<u>28,995</u>	<u>241,628</u>
Total deferred inflows of resources			
CalPERS Miscellaneous	1,759,076	239,874	1,998,950
CalPERS Safety	542,218	-	542,218
Total deferred inflows of resources	<u>\$ 2,301,294</u>	<u>\$ 239,874</u>	<u>\$ 2,541,168</u>
Pension expenses:			
CalPERS Miscellaneous	\$ 840,947	\$ 114,675	\$ 955,622
CalPERS Safety	3,679,061	-	3,679,061
Total net pension expenses	<u>\$ 4,520,008</u>	<u>\$ 114,675</u>	<u>\$ 4,634,683</u>

B. General Information about the Pension Plans

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.

City of Placentia
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 9 – Pension Plans (Continued)

B. General Information about the Pension Plans (Continued)

Employees Covered by Benefit Terms

At June 30, 2017, measurement date, the following employees were covered by the benefit terms:

	<u>Miscellaneous</u>	<u>Miscellaneous Tier 2</u>	<u>Miscellaneous PEPRA</u>	<u>Safety</u>	<u>Safety PEPRA</u>
Active employees	32	10	37	30	13
Transferred employees	59	7	12	27	3
Seperated employees	36	1	7	13	3
Retired employees and beneficiaries	174	-	1	160	-
Total	<u>301</u>	<u>18</u>	<u>57</u>	<u>230</u>	<u>19</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:

	<u>Miscellaneous</u>	<u>Miscellaneous Tier 2</u>	<u>Miscellaneous PEPRA</u>	<u>Safety</u>	<u>Safety PEPRA</u>
Benefit formula	2.0% @ 55	2.0% @ 60	2.0% @ 62	3.0% @ 50	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life	monthly for life	monthly for life
Retirement age	55	62	62	50	50-57
Monthly benefits, as a % of eligible compensation	2.0%	2.0%	2.0%	3.0%	2.7%
Required employee contribution rate	7.000%	7.000%	6.250%	9.000%	11.500%
Required employer contribution rate	8.921%	7.653%	6.533%	19.723%	11.990%

Contributions

For the year ended June 30, 2018, the contributions recognized as part of pension expense for each Plan were as follows:

	<u>Miscellaneous</u>	<u>Safety</u>	<u>Total</u>
Contributions - employer	<u>\$ 932,993</u>	<u>\$ 3,034,432</u>	<u>\$ 3,967,425</u>

City of Placentia
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 9 – Pension Plans (Continued)

C. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

Proportionate Shafter 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:

	<u>Plan Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability/(Asset)</u>
Miscellaneous			
Balance at: 6/30/16 (Valuation date)	\$ 50,148,862	\$ 38,013,697	\$ 12,135,165
Balance at: 6/30/17 (Measurement date)	53,911,699	39,816,871	14,094,828
Net changes during 2016-2017	3,762,837	1,803,174	1,959,663
Safety			
Balance at: 6/30/16 (Valuation date)	\$ 82,874,041	\$ 58,150,629	\$ 24,723,412
Balance at: 6/30/17 (Measurement date)	89,476,340	62,459,293	27,017,047
Net changes during 2016-2017	6,602,299	4,308,664	2,293,635

The City’s net pension liability/(asset) for each Plan is measured as the proportionate share of the net pension liability/(asset). The net pension liability/(asset) of each of the Plans is measured as of June 30, 2017, and the total pension liability/(asset) for each Plan used to calculate the net pension liability/(asset) was determined by an actuarial valuation as of June 30, 2016 rolled forward to June 30, 2017 using standard update procedures. The City’s proportion of the net pension liability/(asset) was based on a projection of the City’s long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The City’s proportionate share of the net pension liability/(asset) for each Plan as of June 30, 2016 and 2017 was as follows:

	<u>Miscellaneous</u>	<u>Safety</u>	<u>Total</u>
Proportion - June 30, 2016	0.14024%	0.28572%	0.42596%
Proportion - June 30, 2017	0.14212%	0.27242%	0.41455%
Change - Increase/(Decrease)	<u>0.00188%</u>	<u>-0.01329%</u>	<u>-0.01141%</u>

City of Placentia
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 9 – Pension Plans (Continued)

C. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

For the year ended June 30, 2018, the City recognized pension expense of \$932,993 and \$3,043,432, for the Miscellaneous and Safety plans, respectively. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Miscellaneous Plan		
	Deferred outflows of Resources	Deferred inflows of Resources
Contribution made after the measurement date	\$ 932,993	\$ -
Difference between expected and actual experience	-	241,628
Changes of assumptions	2,078,083	-
Net difference between projected and actual earnings on pension plan investments	508,771	-
Employer contributions in excess/(under) proportionate share of contributions	-	1,091,063
Adjustments due to difference in proportions	-	666,259
Total	<u>\$ 3,519,847</u>	<u>\$ 1,998,950</u>

Safety Plan		
	Deferred outflows of Resources	Deferred inflows of Resources
Contribution made after the measurement date	\$ 3,034,432	\$ -
Difference between expected and actual experience	193,177	-
Changes of assumptions	3,498,852	-
Net difference between projected and actual earnings on pension plan investments	826,281	-
Employer contributions in excess/(under) proportionate share of contributions	724,850	-
Adjustments due to difference in proportions	-	542,218
Total	<u>\$ 8,277,592</u>	<u>\$ 542,218</u>

Aggregate Total		
	Deferred outflows of Resources	Deferred inflows of Resources
Contribution made after the measurement date	\$ 3,967,425	\$ -
Difference between expected and actual experience	193,177	241,628
Changes of assumptions	5,576,935	-
Net difference between projected and actual earnings on pension plan investments	1,335,052	-
Employer contributions in excess/(under) proportionate share of contributions	724,850	1,091,063
Adjustments due to difference in proportions	-	1,208,477
Total	<u>\$ 11,797,439</u>	<u>\$ 2,541,168</u>

City of Placentia
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 9 – Pension Plans (Continued)

C. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

For the Miscellaneous Plan and Safety Plan, \$932,993 and \$3,034,432, respectively, was reported as deferred outflows of resources related to pensions resulting from City’s contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. 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 Plan	Safety Plan	Total
2019	\$ (661,060)	\$ 1,087,054	\$ 425,994
2020	995,149	2,543,873	3,539,022
2021	555,882	1,553,500	2,109,382
2022	(302,067)	(483,485)	(785,552)
2023	-	-	-
Thereafter	-	-	-
Total	\$ 587,904	\$ 4,700,942	\$ 5,288,846

Actuarial Assumptions

The total pension liabilities in the June 30, 2016 actuarial valuations were determined using the following actuarial assumptions:

Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.75%
Salary Increases	3.3% to 14.2% depending on age, service, and type of employment
Investment Rate of Return	7.00%
Mortality Rate Table	Derived using CalPERS’ Membership Data for all Funds. The mortality table used was developed based on CalPERS’ specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB.
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter.

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2016 valuation were based on the results of a January 2015 actuarial experience study for the period 1997 to 2011. Further details of the Experience Study can be found on the CalPERS website.

City of Placentia
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 9 – Pension Plans (Continued)

C. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

Discount Rate

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

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

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 ¹	Real Return Years 11 + ²
Global equity	47.00%	4.90%	5.38%
Global fixed income	19.00%	0.80%	2.27%
Inflation sensitive assets	6.00%	0.80%	1.39%
Private equity	12.00%	6.60%	6.63%
Real assets	11.00%	2.80%	5.21%
Infrastructure	3.00%	3.90%	5.36%
Liquidity	2.00%	-0.40%	-0.90%

¹ An expected inflation of 2.5% was used for this period.

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

The discount rate used to measure the total pension liability was 7.15% for the plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.15% discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.15% is applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained from the CalPERS website under the GASB 68 Section.

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.00% investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.15%. Using this lower discount rate has resulted in a slightly higher Total Pension Liability and Net Pension Liability. The difference was deemed immaterial to the Public Agency Cost Sharing Multiple-Employer Defined Benefit Pension Plan.

City of Placentia
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 9 – Pension Plans (Continued)

C. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

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

The following presents the City’s proportionate share of the net position liability for the Plan, calculated using the discount rate for each Plan, 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 or 1-percentage point higher than the current rate:

	Plan's Net Pension Liability/(Asset)		
	Discount Rate - 1%	Current Discount	Discount Rate + 1%
	(6.15%)	Rate (7.15%)	(8.15%)
Miscellaneous	\$ 21,510,215	\$ 14,094,828	\$ 7,953,271
Safety	\$ 39,536,313	\$ 27,017,047	\$ 16,783,171
Total	\$ 61,046,528	\$ 41,111,875	\$ 24,736,442

Pension Plan Fiduciary Net Position

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

D. Payable to the Pension Plan

At June 30, 2018, the City had no outstanding amounts owed to the pension plan for contributions for the year ended June 30, 2018.

City of Placentia
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 10 – Other Postemployment Benefit Plan

A. Summary

	Governmental Activities	Business-Type Activities	Total
Deferred outflows of resources:			
Employer contributions made subsequent to the measurement date	\$ 1,044,886	\$ 62,114	\$ 1,107,000
Total deferred outflows of resources	\$ 1,044,886	\$ 62,114	\$ 1,107,000
Total OPEB liability	\$ 27,217,068	\$ 1,617,932	\$ 28,835,000
Total OPEB liability	\$ 27,217,068	\$ 1,617,932	\$ 28,835,000
Deferred inflows of Resources:			
Change in assumption	\$ 2,479,599	\$ 147,401	\$ 2,627,000
Total deferred inflows of resources	\$ 2,479,599	\$ 147,401	\$ 2,627,000
OPEB Expense	\$ 1,143,000	\$ -	\$ 1,143,000

B. General Information about OPEB

Plan Description

The City provides post-employment benefits to retired employees in the form of a contribution towards their health insurance premiums under the CalPERS health plan which provides health 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. These benefits are considered to be vested for Tier I employees. The City pays the same contribution for these benefits to Tier I employees as is paid to active employees. Vision benefits are also provided to Tier I employees who retired after September 30, 1990. The life insurance is available to Tier I retirees until they reach age of 70.

All employees hired on or after November 21, 1995 are Tier II. The City pays the minimum required medical insurance contribution established by CalPERS for Tier II employees.

Membership in the plan consisted of the following at June 30, 2017, the date of the latest actuarial valuation:

Active plan members	125
Retirees	104
Total	229

City of Placentia
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 10 – Other Postemployment Benefit Plan (Continued)

C. Total OPEB Liability, OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

Contributions

The obligation of the City to contribute to the plan is established and may be amended by the City Council. The City Council has established a policy of funding the actuarially determined contribution (ADC) on a pay as you go basis. For the fiscal year ended June 30, 2018, the City's average contribution rate was 9.96 % of covered-employee payroll. Employees are not required to contribute to the plan.

Total OPEB Liability

The City's total OPEB liability was measured as of June 30, 2017. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2017. The total OPEB liability at June 30, 2018 was \$28,835,000.

Actuarial Assumptions

The total OPEB liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Assumptions:

Discount Rate	2.85%
Inflation	2.75%
Aggregate payroll increases	3.25%
Expected long-term investment rate of return	n/a
Mortality, Termination, and Disability	CalPERS 1997-2015 Experience Study
Mortality Improvement Scale	Modified projected fully generational with Scale MP-2014
Healthcare Trend Rate - Non-Medicare	An annual healthcare cost trend rate of 7.5% for 2019, decreasing to an ultimate rate of 4.0% in 2076 and later years
Healthcare Trend Rate - Medicare	An annual healthcare cost trend rate of 6.5% for 2019, decreasing to an ultimate rate of 4.0% in 2076 and later years

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of the December 2017 CalPERS experience study covering 1997 to 2015.

Discount Rate

The discount rate used to measure the total OPEB liability was 3.58% percent. This discount rate is the mid-point, rounded to five basis points, of the range of 3-20 year municipal bond rate indices; S&P Municipal bond 20 Year High Grade Rate Index, Bond Buyer 20-Bond GO Index, and Fidelity GO AA 20 Year Bond Index.

City of Placentia
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 10 – Other Postemployment Benefit Plan (Continued)

C. Total OPEB Liability, OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB (Continued)

Change in the Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2016 (Measurement Date)	\$ 31,435,000
Changes Recognized for the Measurement Period:	
Service Cost	675,000
Interest on the total OPEB liability	899,000
Changes of assumptions	(3,058,000)
Benefit payments	(1,116,000)
Net Changes during July 1, 2016 to June 30, 2017	(2,600,000)
Balance at June 30, 2017 (Measurement Date)	\$ 28,835,000

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

The following presents the total OPEB liability of the City, as well as what the City’s total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.58 percent) or 1-percentage-point higher (4.58 percent) than the current discount rate:

Plan's Total OPEB Liability		
Discount Rate - 1% (2.58%)	Current Discount Rate (3.58%)	Discount Rate + 1% (4.58%)
\$ 33,153,000	\$ 28,835,000	\$ 25,346,000

Sensitivity of the Total OPEB Liability to Changes in the Health Care Cost Trend Rates

The following presents the total OPEB liability of the City, as well as what the City’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

Plan's Total OPEB Liability		
Healthcare Cost		
-1%	Trend Rates	1%
\$ 25,234,000	\$ 28,835,000	\$ 33,302,000

City of Placentia
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 10 – Other Postemployment Benefit Plan (Continued)

C. Total OPEB Liability, OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB (Continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2018, the City recognized OPEB expense of \$1,143,000. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred outflows of Resources</u>	<u>Deferred inflows of Resources</u>
Changes of assumptions	\$ -	\$ 2,627,000
Employer contributions made subsequent to the measurement date	1,107,000	-
Total	<u>\$ 1,107,000</u>	<u>\$ 2,627,000</u>

The difference between projected OPEB plan investment earnings and actual earnings is amortized over a five year period. The remaining gains and losses are amortized over the expected average remaining service life. The expected average remaining service life is 7.1 years, which was determined as of June 30, 2016, the beginning of the measurement period, for employees covered by the OPEB plan benefit terms as of the valuation date.

Amount reported as deferred outflows of resources related to OPEB will be recognized as future OPEB expense as follows:

<u>Measurement Period Ended June 30</u>	<u>Deferred Outflows/ (Inflows) of Resources</u>
2019	\$ (431,000)
2020	(431,000)
2021	(431,000)
2122	(431,000)
2123	(431,000)
Thereafter	(472,000)
	<u>\$ (2,627,000)</u>

Note 11 – 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 limits similar to a deductible with the PARSAC being responsible for losses above that amount up to \$1 million.

City of Placentia
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 11 – Risk Management and Self Insurance Program (Continued)

A. General Liability (Continued)

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.

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
<u>Workers' Compensation</u>						
2015-2016	\$ 2,365,040	92,384	\$ (577,141)	\$ 1,880,283	\$ 470,071	\$ 1,410,212
2016-2017	1,880,283	1,442,926	(755,866)	2,567,343	641,836	1,925,507
2017-2018	2,567,343	534,595	(1,174,785)	1,927,153	481,788	1,445,365
<u>General Liability</u>						
2015-2016	\$ 251,244	(7,189)	\$ (88,495)	\$ 155,560	\$ 38,890	\$ 116,670
2016-2017	155,560	8248	(112,189)	51,619	12,905	38,714
2017-2018	51,619	38,136	(20,740)	69,015	17,254	51,761

City of Placentia
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 12 – Classification of Fund Balances

At June 30, 2018, 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	\$ 20,322	\$ -	\$ -	\$ -	\$ 20,322
Loans receivable	4,934,104	-	-	-	4,934,104
Total nonspendable	<u>4,954,426</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,954,426</u>
Restricted					
Public safety	-	-	-	592,420	592,420
Public works	-	-	-	124,834	124,834
Community development	-	1,595,843	-	-	1,595,843
Debt service	1,019,010	-	-	486,681	1,505,691
Grant programs	-	-	-	92,143	92,143
Transportation	-	-	-	1,415,464	1,415,464
Park development	-	-	-	21,062	21,062
Street maintenance	-	-	-	231,616	231,616
Air quality	-	-	-	183,696	183,696
In-lieu low/moderate housing	-	-	-	56,475	56,475
Total restricted	<u>1,019,010</u>	<u>1,595,843</u>	<u>-</u>	<u>3,204,391</u>	<u>5,819,244</u>
Committed					
Metrolink station	3,400,000	-	-	-	3,400,000
Total committed	<u>3,400,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,400,000</u>
Unassigned					
	(1,345,889)	-	(497,868)	(33,125)	(1,876,882)
Total fund balances	<u>\$ 8,027,547</u>	<u>\$ 1,595,843</u>	<u>\$ (497,868)</u>	<u>\$ 3,171,266</u>	<u>\$ 12,296,788</u>

Note 13 – Commitments and Contingencies

A. Commitments

The City had several outstanding or planned construction and other projects as of June 30, 2018. These projects are evidenced by contractual commitments with contractors and include:

Project	Commitment
Golden Avenue Bridge	\$ 415,165
Street Resurfacing and Slurry Seal Project	18,514
Metrolink Station and Parking Structure	4,673,736
Powell ADA Ramps	109,944
Total	<u>\$ 5,217,359</u>

City of Placentia
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 13 – Commitments and Contingencies (Continued)

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 14 – Individual Fund Disclosures

A. Expenditures in Excess of Appropriation

Excess of expenditures over appropriations occurred in individual funds during the year ended June 30, 2018 as follows:

	<u>Expenditures</u>	<u>Appropriation</u>	<u>Expenditure in Excess of Appropriations</u>
Special Revenue Funds:			
Street Lighting	\$ 371,694	\$ 369,000	\$ (2,694)
Measure M	332,457	319,000	(13,457)
Landscape Maintenance District 92-1	527,138	526,884	(254)
Public, Educational and Government (PEG)	126,732	92,254	(34,478)
Affordable Housing	43,013	40,000	(3,013)

City of Placentia
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 14 – Individual Fund Disclosure (Continued)

B. Deficit Net Positions and Fund Balances

Funds with deficit net positions at June 30, 2018 are as follows:

	Deficit Net Position
Capital Projects Fund:	
City Projects	\$ (497,868)
Proprietary Fund:	
Refuse	\$ (566,737)
Internal Service Fund:	
Health and Welfare	\$ (15,971)
Special Revenue Funds:	
Housing and Community Development	\$ (14,553)
Public, Educational and Government	(130)
TOD Sewer Impact Fee	(18,442)
	\$ (33,125)

Note 15 – Prior Period Adjustments

The City and Successor Agency recorded the following prior period adjustments in order to a) implement GASB 75 and to record the acquisition of capital equipment via capital lease and b) record a real property loan obligation, respectively, in fiscal year 2018:

A. Government-Wide Financial Statements

	Governmental Activities	Business-Type Activities	Total
Net position at July 1, 2017, as previously reported	\$ 41,379,191	\$ 11,369,404	\$ 52,748,595
Restatement due to implementation of GASB 75	(26,480,110)	(1,701,197)	(28,181,307)
Record radio equipment	1,319,360	-	1,319,360
Record radio equipment capital lease	(1,319,360)	-	(1,319,360)
Net position at July 1, 2017, as restated	\$ 14,899,081	\$ 9,668,207	\$ 24,567,288

B. Proprietary Fund Financial Statements

	Enterprise Funds			Fiduciary Funds
	Refuse	Sewer Maintenance	Total	RDA Successor Agency
Net position at July 1, 2017, as previously reported	\$ (165,034)	\$ 11,534,438	\$ 11,369,404	\$ (16,325,807)
Restatement due to implementation of GASB 75	(386,505)	(1,314,692)	(1,701,197)	-
To record real property loan obligation	-	-	-	(2,610,500)
Net position at July 1, 2017, as restated	\$ (551,539)	\$ 10,219,746	\$ 9,668,207	\$ (18,936,307)

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REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

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City of Placentia
Required Supplementary Information (Unaudited)
Budgetary Comparison Schedule – General Fund
For the Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 27,706,000	\$ 27,395,700	\$ 27,542,353	\$ 146,653
Intergovernmental	1,672,726	350,399	252,963	(97,436)
Licenses and permits	1,567,078	1,525,078	1,701,878	176,800
Fines and forfeitures	553,000	553,000	562,390	9,390
Investment income	10,000	10,000	31,161	21,161
Charges for services	988,631	1,307,497	1,284,507	(22,990)
Leases and rents	1,927,800	1,366,920	1,255,240	(111,680)
Miscellaneous	1,556,332	1,024,696	708,662	(316,034)
Total Revenues	<u>35,981,567</u>	<u>33,533,290</u>	<u>33,339,154</u>	<u>(194,136)</u>
Expenditures:				
Current:				
General government	8,181,683	7,861,409	7,977,778	(116,369)
Public safety	19,076,985	18,708,681	18,493,951	214,730
Public works	3,185,177	3,189,392	3,272,875	(83,483)
Community development	879,630	828,523	823,895	4,628
Community services	1,549,262	1,489,268	1,398,588	90,680
Capital outlay	150,440	441,463	334,139	107,324
Debt service:				
Principal retirement	1,320,000	1,320,000	1,320,000	-
Interest and fiscal charges	428,230	553,333	427,530	125,803
Total Expenditures	<u>34,771,407</u>	<u>34,392,069</u>	<u>34,048,756</u>	<u>343,313</u>
REVENUE OVER (UNDER) EXPENDITURES	<u>1,210,160</u>	<u>(858,779)</u>	<u>(709,602)</u>	<u>149,177</u>
Other Financing Sources (Uses):				
Transfers in	1,574,000	1,365,207	1,217,225	(147,982)
Transfers out	(2,596,393)	(484,397)	(554,103)	(69,706)
Total Other Financing Sources (Uses):	<u>(1,022,393)</u>	<u>880,810</u>	<u>663,122</u>	<u>(217,688)</u>
NET CHANGE IN FUND BALANCE	<u>\$ 187,767</u>	<u>\$ 22,031</u>	<u>(46,480)</u>	<u>\$ (68,511)</u>
FUND BALANCE:				
Beginning of Year			8,074,027	
End of Year			<u>8,027,547</u>	

City of Placentia
Required Supplementary Information (Unaudited)
Budgetary Comparison Schedule – Housing Successor Special Revenue Fund
For the Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Lease revenue	\$ 12,000	\$ 15,192	\$ 21,270	\$ 6,078
Miscellaneous	199,422	122,202	122,202	-
Total Revenues	<u>211,422</u>	<u>137,394</u>	<u>143,472</u>	<u>6,078</u>
REVENUE OVER (UNDER) EXPENDITURES	<u>211,422</u>	<u>137,394</u>	<u>143,472</u>	<u>6,078</u>
NET CHANGE IN FUND BALANCE	<u>\$ 211,422</u>	<u>\$ 137,394</u>	<u>143,472</u>	<u>\$ 6,078</u>
FUND BALANCE:				
Beginning of Year			<u>1,452,371</u>	
End of Year			<u>\$ 1,595,843</u>	

City of Placentia
Required Supplementary Information (Unaudited) (Continued)
Notes to the Budgetary Comparison Schedule
For the Year Ended June 30, 2018

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 Thoroughfare Construction Special Revenue Fund, the Transit-Oriented Development Zone (TOD) Sewer Special Revenue Fund and the Citywide Development Impact Fee Fund were not included in the budgeted appropriations.

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
Schedule of the City's Proportionate Share of the Net Pension Liabilities and Related Ratios
Last Ten Years
For the Year Ended June 30, 2018

Miscellaneous Plan

Measurement period, year ended	<u>6/30/2017</u>	<u>6/30/2016</u>	<u>6/30/2015</u>	<u>6/30/2014¹</u>
Plan's proportion of the net pension liability	0.14212%	0.14024%	0.13337%	0.13850%
Plan's proportionate share of the net pension liability	\$ 14,094,828	\$ 12,135,165	\$ 9,154,245	\$ 8,617,803
Plan's covered payroll	\$ 4,075,964	\$ 4,140,888	\$ 3,220,454	\$ 3,712,315
Plan's proportionate share of the net pension liability as a percentage of covered-employee payroll	345.80%	293.06%	284.25%	232.14%
Plan's fiduciary net position	\$ 39,816,871	\$ 38,103,697	\$ 40,735,920	\$ 42,161,022
Plan's fiduciary net position as a percentage of the total pension liability	73.86%	75.85%	81.65%	83.03%
Plan's proportionate share of aggregate employer contributions	\$ 785,438	\$ 667,441	\$ 383,155	\$ 412,406

Notes to Schedule:

Changes in assumptions In 2017, the accounting discount rate reduced from 7.65 percent to 7.15 percent.

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

City of Placentia
Schedule of the City's Proportionate Share of the Net Pension Liabilities and Related Ratios
Last Ten Years (Continued)
For the Year Ended June 30, 2018

Measurement period, year ended	Safety Plan			
	<u>6/30/2017</u>	<u>6/30/2016</u>	<u>6/30/2015</u>	<u>6/30/2014</u> ¹
Plan's proportion of the net pension liability	0.27242%	0.28572%	0.30267%	0.30596%
Plan's proportionate share of the net pension liability	\$ 27,017,047	\$ 24,723,412	\$ 20,774,757	\$ 19,038,500
Plan's covered payroll	\$ 3,893,025	\$ 4,142,921	\$ 4,074,947	\$ 4,323,789
Plan's proportionate share of the net pension liability as a percentage of covered-employee payroll	693.99%	596.76%	509.82%	440.32%
Plan's fiduciary net position	\$ 62,459,293	\$ 58,150,629	\$ 60,121,518	\$ 61,484,214
Plan's fiduciary net position as a percentage of the total pension liability	69.81%	70.17%	74.32%	76.36%
Plan's proportionate share of aggregate employer contributions	\$ 2,753,462	\$ 2,568,441	\$ 2,175,167	\$ 2,157,763

Notes to Schedule:

Changes in assumptions. In 2017, the accounting discount rate reduced from 7.65 percent to 7.15 percent.

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

City of Placentia
Schedule of City's Contributions
Last Ten Years
For the Year Ended June 30, 2018

Miscellaneous Plan

Fiscal year	2017-18	2016-17	2015-16	2014-15	2013-14 ¹
Contractually determined contribution (actuarially determined)	\$ 932,993	\$ 785,438	\$ 667,441	\$ 383,155	\$ 412,406
Contributions in relation to the actuarially determined contributions	(932,993)	(785,438)	(667,441)	(383,155)	(412,406)
Contribution deficiency (excess)	\$ -				
Covered payroll	\$ 4,198,243	\$ 4,075,964	\$ 4,140,888	\$ 3,220,454	\$ 3,712,315
Contributions as a percentage of covered payroll	22.22%	19.27%	16.12%	11.90%	11.11%

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

Notes to Schedule

Valuation date: 6/30/2016

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2015-16 were from the June 30, 2013 public agency valuations.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method/period	For details, see June 30, 2014 Funding Valuation Report
Asset valuation method	Actuarial Value of Assets. For details, see June 30, 2011 Funding Valuation Report.
Inflation	2.75%
Salary increases	Varies by entry age and service
Payroll growth	3.00%
Investment rate of return	7.50%, net of pension plan investment and administrative expenses, including inflation
Retirement age	The probabilities of retirement are based on the 2010 CalPERS Experience study for the period from 1997 to 2007.
Mortality	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and Post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.

City of Placentia
Schedule of City's Contributions (Continued)
Last Ten Years
For the Year Ended June 30, 2018

Safety Plan

Fiscal year	2017-18	2016-17	2015-16	2014-15	2013-14 ¹
Contractually determined contribution (actuarially determined)	\$ 3,034,432	\$ 2,753,462	\$ 2,568,441	\$ 2,175,167	\$ 2,157,763
Contributions in relation to the actuarially determined contributions	(3,034,432)	(2,753,462)	(2,568,441)	(2,175,167)	(2,157,763)
Contribution deficiency (excess)	\$ -				
Covered payroll	\$ 4,009,816	\$ 3,893,025	\$ 4,142,921	\$ 4,074,947	\$ 4,323,789
Contributions as a percentage of covered payroll	75.68%	70.73%	62.00%	53.38%	49.90%

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

Notes to Schedule

Valuation date: 6/30/2016

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2015-16 were from the June 30, 2013 public agency valuations.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method/period	For details, see June 30, 2014 Funding Valuation Report
Asset valuation method	Actuarial Value of Assets. For details, see June 30, 2011 Funding Valuation Report.
Inflation	2.75%
Salary increases	Varies by entry age and service
Payroll growth	3.00%
Investment rate of return	7.50%, net of pension plan investment and administrative expenses, including inflation
Retirement age	The probabilities of retirement are based on the 2010 CalPERS Experience study for the period from 1997 to 2007.
Mortality	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and Post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.

City of Placentia
Schedule of Changes in Net OPEB Liability and Related Ratios
Last Ten Years
For the Year Ended June 30, 2018

Measurement period, year ending:	<u>6/30/2017¹</u>
Total OPEB liability	
Service cost	\$ 675,000
Interest	899,000
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes of assumptions	(3,058,000)
Benefit payments, including refunds of member contributions	<u>(1,116,000)</u>
Net change in total OPEB liability	(2,600,000)
Total OPEB liability - beginning	<u>31,435,000</u>
Total OPEB liability - ending (a)	<u><u>\$ 28,835,000</u></u>
OPEB fiduciary net position	
Contributions - employer	\$ 1,116,000
Net investment income	-
Benefit payments, including refunds of member contributions	(1,116,000)
Administrative expense	<u>-</u>
Net change in plan fiduciary net position	-
Plan fiduciary net position - beginning	<u>-</u>
Plan fiduciary net position - ending (b)	<u>-</u>
Plan net OPEB liability - ending (a) - (b)	<u><u>\$ 28,835,000</u></u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%
Covered-employee payroll	\$ 9,367,000
Plan net OPEB liability as a percentage of covered-employee payroll	308%

¹ Ten year historical information is not presented for periods prior to the implementation of GASB 75.

Notes to Schedule:

SUPPLEMENTARY INFORMATION

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.

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.

SBI RMRA Gas Tax Fund - to account for the receipts and expenditures of Road Maintenance and Rehabilitation Account (RMRA) funds resulting from the Road Repair and Accountability Act of 2017 (SB 1). Funds are restricted for maintenance, rehabilitation or improvement of streets, freeways, bridges and other transit related improvements.

NONMAJOR GOVERNMENTAL FUNDS (Continued)

North Orange County Public Safety Grant Fund - to account for the receipts and expenditures of the North Orange County Public Safety Task Force (NOC) grant funds to the City. Funds are restricted to be used for law enforcement activities, including but not limited to pertaining to violence prevention, intervention and suppression activities.

Community Based Transitional Housing Grant Fund - to account for the receipts and expenditures of the Community-Based Transitional Housing Program Grant awarded by the State of California Department of Finance. Funds are restricted to be used to provide transitional support housing that provides treatment and reentry programming to individuals who will benefit from those services.

TOD Sewer Special Revenue Fund - to account for the receipts and expenditures of new development impact on the City's sewer collection system in the City's Transit-Oriented Development Zone (TOD). Funds are restricted within the TOD project area, including but not limited to acquisition, financing, construction and reconstruction of sanitary or sewer facilities and infrastructure in the TOD.

Citywide Development Impact Fee Fund - to account for the receipts and expenditures of new development impact on Citywide infrastructure systems and facilities. Funds are restricted to provide monies for the acquisition, construction and reconstruction of facilities, equipment and other capital purposed to accommodate future growth and maintain the existing level of services to all areas of the City.

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, 2018

	Special Revenue			
	Miscellaneous Grants	Park Development	Street Lighting	Measure M
ASSETS				
Cash and investments	\$ 85,877	\$ 21,062	\$ 32,017	\$ 138,360
Receivables:				
Taxes	-	-	559	96,686
Grants	6,784	-	-	-
Prepaid	-	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Total assets	\$ 92,661	\$ 21,062	\$ 32,576	\$ 235,046
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 518	\$ -	\$ 32,576	\$ 3,430
Accrued liabilities	-	-	-	-
Due to other funds	-	-	-	-
Total liabilities	518	-	32,576	3,430
Fund balances:				
Restricted	92,143	21,062	-	231,616
Unassigned (deficit)	-	-	-	-
Total fund balances	92,143	21,062	-	231,616
Total liabilities and fund balances	\$ 92,661	\$ 21,062	\$ 32,576	\$ 235,046

City of Placentia
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2018

	Special Revenue			
	Storm Drain Construction	Thoroughfare Construction	Asset Seizure	Traffic Offender
ASSETS				
Cash and investments	\$ 23,453	\$ 66,300	\$ 170,858	\$ 54,095
Receivables:				
Taxes	-	-	-	-
Grants	-	-	-	-
Prepaid	-	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Total assets	<u>\$ 23,453</u>	<u>\$ 66,300</u>	<u>\$ 170,858</u>	<u>\$ 54,095</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ 2,703	\$ -
Accrued liabilities	-	-	1,117	-
Due to other funds	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>3,820</u>	<u>-</u>
Fund balances:				
Restricted	23,453	66,300	167,038	54,095
Unassigned (deficit)	-	-	-	-
Total fund balances	<u>23,453</u>	<u>66,300</u>	<u>167,038</u>	<u>54,095</u>
Total liabilities and fund balances	<u>\$ 23,453</u>	<u>\$ 66,300</u>	<u>\$ 170,858</u>	<u>\$ 54,095</u>

(continued)

City of Placentia
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2018

	Special Revenue			
	Supplemental Law Enforcement	Air Quality	Landscape Maintenance District 92-1	Housing and Community Development
ASSETS				
Cash and investments	\$ 32,271	\$ 167,345	\$ 59,274	\$ -
Receivables:				
Taxes	-	17,208	1,425	-
Grants	-	-	-	169,754
Prepaid	-	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Total assets	\$ 32,271	\$ 184,553	\$ 60,699	\$ 169,754
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	-	858	42,359	-
Accrued liabilities	-	-	4,289	-
Due to other funds	-	-	-	184,307
Total liabilities	-	858	46,648	184,307
Fund balances:				
Restricted	32,271	183,695	14,051	-
Unassigned (deficit)	-	-	-	(14,553)
Total fund balances	32,271	183,695	14,051	(14,553)
Total liabilities and fund balances	\$ 32,271	\$ 184,553	\$ 60,699	\$ 169,754

(continued)

City of Placentia
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2018

	Special Revenue			
	Gasoline Tax	Sewer Construction	PEG	Affordable Housing In-Lieu
ASSETS				
Cash and investments	\$ -	\$ 21,030	\$ 4,915	\$ 62,688
Receivables:				
Taxes	-	-	-	-
Grants	-	-	-	-
Prepaid	-	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Total assets	\$ -	\$ 21,030	\$ 4,915	\$ 62,688
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ 5,045	\$ 6,213
Accrued liabilities	-	-	-	-
Due to other funds	-	-	-	-
Total liabilities	-	-	5,045	6,213
Fund balances:				
Restricted	-	21,030	-	56,475
Unassigned (deficit)	-	-	(130)	-
Total fund balances	-	21,030	(130)	56,475
Total liabilities and fund balances	\$ -	\$ 21,030	\$ 4,915	\$ 62,688

(continued)

City of Placentia
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2018

	Special Revenue			
	SB1 RMRA Gas Tax	NOC Public Safety Grant	Community Based Trans Housing Grant	TOD Sewer Impact Fee
ASSETS				
Cash and investments	\$ -	\$ 218,778	\$ 1,334,500	\$ 299,995
Receivables:				
Taxes	110,781	-	-	-
Grants	-	-	-	-
Prepaid	-	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Total assets	<u>\$ 110,781</u>	<u>\$ 218,778</u>	<u>\$ 1,334,500</u>	<u>\$ 299,995</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ 34,792	\$ -	\$ -
Accrued liabilities	-	6	-	-
Due to other funds	29,817	-	-	318,437
Total liabilities	<u>29,817</u>	<u>34,798</u>	<u>-</u>	<u>318,437</u>
Fund balances:				
Restricted	80,964	183,980	1,334,500	-
Unassigned (deficit)	-	-	-	(18,442)
Total fund balances	<u>80,964</u>	<u>183,980</u>	<u>1,334,500</u>	<u>(18,442)</u>
Total liabilities and fund balances	<u>\$ 110,781</u>	<u>\$ 218,778</u>	<u>\$ 1,334,500</u>	<u>\$ 299,995</u>

(continued)

City of Placentia
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2018

	Special Revenue Fund	Debt Service Fund	
	Citywide Development Impact Fee	2011 Gas Tax COP	Total Other Governmental Funds
ASSETS			
Cash and investments	\$ 113,169	\$ -	\$ 2,905,987
Receivables:			
Taxes	-	-	226,659
Grants	-	-	176,538
Prepaid	41,868	-	41,868
Restricted assets:			
Cash and investments with fiscal agents	-	486,681	486,681
Total assets	<u>\$ 155,037</u>	<u>\$ 486,681</u>	<u>\$ 3,837,733</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ 128,494
Accrued liabilities	-	-	5,412
Due to other funds	-	-	532,561
Total liabilities	<u>-</u>	<u>-</u>	<u>666,467</u>
Fund balances:			
Restricted	155,037	486,681	3,204,391
Unassigned (deficit)	-	-	(33,125)
Total fund balances	<u>155,037</u>	<u>486,681</u>	<u>3,171,266</u>
Total liabilities and fund balances	<u>\$ 155,037</u>	<u>\$ 486,681</u>	<u>\$ 3,837,733</u>

(continued)

City of Placentia
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2018

	Special Revenue Funds			
	Miscellaneous Grants	Park Development	Street Lighting	Measure M
REVENUES:				
Intergovernmental	\$ 74,421	\$ -	\$ -	\$ 856,203
Fines and forfeitures	-	-	-	-
Investment earnings	-	436	549	8,729
Charges for services	-	4,171	155,015	-
Miscellaneous	-	-	-	-
Total revenues	74,421	4,607	155,564	864,932
EXPENDITURES:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	16,657	-	371,694	-
Community development	7,336	-	-	-
Community services	-	-	-	42,518
Capital outlay	6,786	-	-	-
Debt service:				
Principal retirement	-	-	-	239,820
Interest and fiscal charges	-	-	-	50,119
Total expenditures	30,779	-	371,694	332,457
REVENUES OVER (UNDER) EXPENDITURES	43,642	4,607	(216,130)	532,475
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	188,416	-
Transfers out	(326,308)	(15,380)	-	(1,213,002)
Total other financing sources (uses)	(326,308)	(15,380)	188,416	(1,213,002)
NET CHANGES IN FUND BALANCES	(282,666)	(10,773)	(27,714)	(680,527)
FUND BALANCES:				
Beginning of year	374,809	31,835	27,714	912,143
End of year	\$ 92,143	\$ 21,062	\$ -	\$ 231,616

(continued)

City of Placentia
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2018

Special Revenue Funds

	Storm Drain Construction	Thoroughfare Construction	Asset Seizure	Traffic Offender
REVENUES:				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Fines and forfeitures	-	-	29,714	-
Investment earnings	409	993	10,689	714
Charges for services	-	-	-	2,653
Miscellaneous	-	-	-	-
Total revenues	409	993	40,403	3,367
EXPENDITURES:				
Current:				
General government	-	-	-	-
Public safety	-	-	127,653	-
Public works	-	-	-	-
Community development	-	-	-	-
Community services	-	-	-	-
Capital outlay	-	-	361,999	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	-	-	489,652	-
REVENUES OVER (UNDER) EXPENDITURES	409	993	(449,249)	3,367
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	(8,328)	(502,649)	-
Total other financing sources (uses)	-	(8,328)	(502,649)	-
NET CHANGES IN FUND BALANCES	409	(7,335)	(951,898)	3,367
FUND BALANCES:				
Beginning of year	23,044	73,635	1,118,936	50,728
End of year	\$ 23,453	\$ 66,300	\$ 167,038	\$ 54,095

(continued)

City of Placentia
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2018

	Special Revenue Funds			
	Supplemental Law Enforcement	Air Quality	Landscape Maintenance District 92-1	Housing and Community Development
REVENUES:				
Intergovernmental	\$ 139,417	\$ 66,974	\$ -	\$ 169,754
Fines and forfeitures	-	-	-	-
Investment earnings	793	2,708	1,063	-
Charges for services	-	-	425,307	-
Miscellaneous	-	-	-	37,922
Total revenues	140,210	69,682	426,370	207,676
EXPENDITURES:				
Current:				
General government	-	-	-	-
Public safety	-	6,398	-	-
Public works	-	-	527,138	-
Community development	-	-	-	14,619
Community services	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	50,002	-	-
Interest and fiscal charges	-	617	-	-
Total expenditures	-	57,017	527,138	14,619
REVENUES OVER (UNDER) EXPENDITURES	140,210	12,665	(100,768)	193,057
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	(107,939)	(46,787)	(33,722)	(169,689)
Total other financing sources (uses)	(107,939)	(46,787)	(33,722)	(169,689)
NET CHANGES IN FUND BALANCES	32,271	(34,122)	(134,490)	23,368
FUND BALANCES:				
Beginning of year	-	217,817	148,541	(37,921)
End of year	\$ 32,271	\$ 183,695	\$ 14,051	\$ (14,553)

(continued)

City of Placentia
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2018

	Special Revenue Funds			
	Gasoline Tax	Sewer Construction	PEG	Affordable Housing In-Lieu
REVENUES:				
Intergovernmental	\$ 1,114,258	\$ -	\$ -	\$ -
Fines and forfeitures	-	-	-	-
Investment earnings	2,091	287	1,899	688
Charges for services	-	-	49,880	73,800
Miscellaneous	-	-	-	-
Total revenues	1,116,349	287	51,779	74,488
EXPENDITURES:				
Current:				
General government	-	-	88,801	43,013
Public safety	-	-	-	-
Public works	-	-	-	-
Community development	-	-	-	-
Community services	-	-	-	-
Capital outlay	-	-	37,932	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	-	-	126,733	43,013
REVENUES OVER (UNDER) EXPENDITURES	1,116,349	287	(74,954)	31,475
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	(1,116,349)	-	(140,073)	-
Total other financing sources (uses)	(1,116,349)	-	(140,073)	-
NET CHANGES IN FUND BALANCES	-	287	(215,027)	31,475
FUND BALANCES:				
Beginning of year	-	20,743	214,897	25,000
End of year	\$ -	\$ 21,030	\$ (130)	\$ 56,475

(continued)

City of Placentia
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2018

Special Revenue Funds

	SB1 Gas Tax	NOC Public Safety Grant	Community Based Trans Housing Grant	TOD Sewer Impact Fee
REVENUES:				
Intergovernmental	\$ 306,267	\$ 422,000	\$ 2,000,000	\$ -
Fines and forfeitures	-	-	-	-
Investment earnings	61	-	-	1,124
Charges for services	-	-	-	47,290
Miscellaneous	-	-	-	-
Total revenues	306,328	422,000	2,000,000	48,414
EXPENDITURES:				
Current:				
General government	-	-	-	-
Public safety	-	224,042	303,800	-
Public works	-	-	-	-
Community development	-	-	276,900	-
Community services	-	-	84,800	-
Capital outlay	-	13,978	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	-	238,020	665,500	-
REVENUES OVER (UNDER) EXPENDITURES	306,328	183,980	1,334,500	48,414
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	(225,364)	-	-	(66,856)
Total other financing sources (uses)	(225,364)	-	-	(66,856)
NET CHANGES IN FUND BALANCES	80,964	183,980	1,334,500	(18,442)
FUND BALANCES:				
Beginning of year	-	-	-	-
End of year	\$ 80,964	\$ 183,980	\$ 1,334,500	\$ (18,442)

(continued)

City of Placentia
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2018

	Special Revenue Fund	Debt Service Fund	
	Citywide Development Impact Fee	2011 Gas Tax COP	Total Other Governmental Funds
REVENUES:			
Intergovernmental	\$ -	\$ -	\$ 5,149,294
Fines and forfeitures	-	-	29,714
Investment earnings	480	4,003	37,716
Charges for services	154,557	-	912,673
Miscellaneous	-	-	37,922
Total revenues	155,037	4,003	6,167,319
EXPENDITURES:			
Current:			
General government	-	-	131,814
Public safety	-	-	661,893
Public works	-	-	915,489
Community development	-	-	298,855
Community services	-	-	127,318
Capital outlay	-	-	420,695
Debt service:			
Principal retirement	-	245,000	534,822
Interest and fiscal charges	-	239,180	289,916
Total expenditures	-	484,180	3,380,802
REVENUES OVER (UNDER) EXPENDITURES	155,037	(480,177)	2,786,517
OTHER FINANCING SOURCES (USES):			
Transfers in	-	483,895	672,311
Transfers out	-	-	(3,972,446)
Total other financing sources (uses)	-	483,895	(3,300,135)
NET CHANGES IN FUND BALANCES	155,037	3,718	(513,618)
FUND BALANCES:			
Beginning of year	-	482,963	3,684,884
End of year	\$ 155,037	\$ 486,681	\$ 3,171,266

(continued)

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, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 187,000	\$ 232,449	\$ 74,421	\$ (158,028)
Total Revenues	<u>187,000</u>	<u>232,449</u>	<u>74,421</u>	<u>(158,028)</u>
Expenditures:				
Current:				
Public works	-	4,800	16,657	(11,857)
Community development	-	-	7,336	(7,336)
Total Expenditures	<u>-</u>	<u>12,257</u>	<u>30,779</u>	<u>(6,665)</u>
REVENUE OVER (UNDER) EXPENDITURES	<u>187,000</u>	<u>220,192</u>	<u>43,642</u>	<u>(164,693)</u>
Other Financing Sources (Uses):				
Transfers out	(296,000)	(348,205)	(326,308)	21,897
Total Other Financing Sources (Uses)	<u>(296,000)</u>	<u>(348,205)</u>	<u>(326,308)</u>	<u>21,897</u>
NET CHANGE IN FUND BALANCE	<u>\$ (109,000)</u>	<u>\$ (128,013)</u>	<u>(282,666)</u>	<u>\$ (154,653)</u>
FUND BALANCE:				
Beginning of Year			<u>374,809</u>	
End of Year			<u>\$ 92,143</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, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Investment income	\$ -	\$ -	\$ 436	\$ 436
Charges for services	20,000	2,240	4,171	1,931
Total Revenues	<u>20,000</u>	<u>2,240</u>	<u>4,607</u>	<u>2,367</u>
REVENUE OVER (UNDER) EXPENDITURES	<u>20,000</u>	<u>2,240</u>	<u>4,607</u>	<u>2,367</u>
Other Financing Sources (Uses):				
Transfers out	(71,000)	(17,200)	(15,380)	1,820
Total Other Financing Sources (Uses)	<u>(71,000)</u>	<u>(17,200)</u>	<u>(15,380)</u>	<u>1,820</u>
NET CHANGE IN FUND BALANCE	<u>\$ (51,000)</u>	<u>\$ (14,960)</u>	<u>(10,773)</u>	<u>\$ 4,187</u>
FUND BALANCE:				
Beginning of Year			<u>31,835</u>	
End of Year			<u>\$ 21,062</u>	

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, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Investment income	-	-	549	549
Charges for services	\$ 154,000	\$ 155,062	\$ 155,015	\$ (47)
Total Revenues	154,000	155,062	155,564	502
Expenditures:				
Current:				
Public works	389,000	369,000	371,694	(2,694)
Total Expenditures	389,000	369,000	371,694	(2,694)
REVENUE OVER (UNDER) EXPENDITURES	(235,000)	(213,938)	(216,130)	(2,192)
Other Financing Sources (Uses):				
Transfers in	234,875	234,875	188,416	(46,459)
Total Other Financing Sources (Uses)	234,875	234,875	188,416	(46,459)
NET CHANGE IN FUND BALANCE	\$ (125)	\$ 20,937	(27,714)	\$ (48,651)
FUND BALANCE:				
Beginning of Year			27,714	
End of Year			\$ -	

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, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 1,096,733	\$ 1,056,733	\$ 856,203	\$ (200,530)
Investment income	-	-	8,729	8,729
Total Revenues	<u>1,096,733</u>	<u>1,056,733</u>	<u>864,932</u>	<u>(191,801)</u>
Expenditures:				
Current:				
Community services	52,000	52,000	42,518	9,482
Debt service:				
Principal retirement	230,000	230,000	239,820	(9,820)
Interest and fiscal charges	37,000	37,000	50,119	(13,119)
Total Expenditures	<u>319,000</u>	<u>319,000</u>	<u>332,457</u>	<u>(13,457)</u>
REVENUE OVER (UNDER) EXPENDITURES	<u>777,733</u>	<u>737,733</u>	<u>532,475</u>	<u>(205,258)</u>
Other Financing Sources (Uses):				
Transfers out	(2,263,519)	(1,644,332)	(1,213,002)	431,330
Total Other Financing Sources (Uses)	<u>(2,263,519)</u>	<u>(1,644,332)</u>	<u>(1,213,002)</u>	<u>431,330</u>
NET CHANGE IN FUND BALANCE	<u>\$ (1,485,786)</u>	<u>\$ (906,599)</u>	<u>(680,527)</u>	<u>\$ 226,072</u>
FUND BALANCE:				
Beginning of Year			<u>912,143</u>	
End of Year			<u>\$ 231,616</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, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 71,192	\$ -	\$ -	\$ -
Investment income	-	-	409	409
Total Revenues	<u>71,192</u>	<u>-</u>	<u>409</u>	<u>409</u>
REVENUE OVER (UNDER) EXPENDITURES	<u>71,192</u>	<u>-</u>	<u>409</u>	<u>409</u>
NET CHANGE IN FUND BALANCE	<u>\$ 71,192</u>	<u>\$ -</u>	<u>409</u>	<u>\$ 409</u>
FUND BALANCE:				
Beginning of Year			<u>23,044</u>	
End of Year			<u>\$ 23,453</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, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Investment income	\$ -	\$ -	\$ 993	\$ 993
Total Revenues	<u>-</u>	<u>-</u>	<u>993</u>	<u>993</u>
REVENUE OVER (UNDER) EXPENDITURES	<u>-</u>	<u>-</u>	<u>993</u>	<u>993</u>
Other Financing Sources (Uses):				
Transfers out	(73,000)	(73,000)	(8,328)	64,672
Total Other Financing Sources (Uses)	<u>(73,000)</u>	<u>(73,000)</u>	<u>(8,328)</u>	<u>64,672</u>
NET CHANGE IN FUND BALANCE	<u>\$ (73,000)</u>	<u>\$ (73,000)</u>	<u>(7,335)</u>	<u>\$ 65,665</u>
FUND BALANCE:				
Beginning of Year			<u>73,635</u>	
End of Year			<u>\$ 66,300</u>	

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, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Fines and forfeitures	\$ 200,000	\$ 170,000	\$ 29,714	\$ (140,286)
Investment income	600	600	10,689	10,089
Total Revenues	<u>200,600</u>	<u>200,600</u>	<u>40,403</u>	<u>(160,197)</u>
Expenditures:				
Current:				
Public safety	116,100	175,449	127,653	47,796
Capital outlay	108,000	384,580	361,999	22,581
Total Expenditures	<u>224,100</u>	<u>560,029</u>	<u>489,652</u>	<u>70,377</u>
REVENUE OVER (UNDER) EXPENDITURES	<u>(23,500)</u>	<u>(359,429)</u>	<u>(449,249)</u>	<u>(89,820)</u>
Other Financing Sources (Uses):				
Transfers out	(370,000)	(821,407)	(502,649)	318,758
Total Other Financing Sources (Uses)	<u>(370,000)</u>	<u>(821,407)</u>	<u>(502,649)</u>	<u>318,758</u>
NET CHANGE IN FUND BALANCE	<u>\$ (393,500)</u>	<u>\$ (1,180,836)</u>	<u>(951,898)</u>	<u>\$ 228,938</u>
FUND BALANCE:				
Beginning of Year			1,118,936	
End of Year			<u>\$ 167,038</u>	

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, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Investment income	\$ 50	\$ 300	\$ 714	\$ 414
Charges for services	8,800	1,588	2,653	1,065
Total Revenues	8,850	1,888	3,367	1,479
Expenditures:				
Current:				
Capital outlay	-	48,864	-	48,864
Total Expenditures	-	48,864	-	48,864
NET CHANGE IN FUND BALANCE	\$ 8,850	\$ 1,888	3,367	\$ 1,479
FUND BALANCE:				
Beginning of Year			50,728	
End of Year			\$ 54,095	

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, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 100,000	\$ 107,938	\$ 139,417	\$ 31,479
Investment income	-	-	793	793
Total Revenues	<u>100,000</u>	<u>107,938</u>	<u>140,210</u>	<u>32,272</u>
REVENUE OVER (UNDER) EXPENDITURES	<u>100,000</u>	<u>107,938</u>	<u>140,210</u>	<u>32,272</u>
Other Financing Sources (Uses):				
Transfers out	(100,000)	(107,938)	(107,939)	(1)
Total Other Financing Sources (Uses)	<u>(100,000)</u>	<u>(107,938)</u>	<u>(107,939)</u>	<u>(1)</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>32,271</u>	<u>\$ 32,271</u>
FUND BALANCE:				
Beginning of Year			-	
End of Year			<u>\$ 32,271</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, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 65,000	\$ 65,000	\$ 66,974	\$ 1,974
Investment income	-	-	2,708	2,708
Total Revenues	<u>65,000</u>	<u>65,000</u>	<u>69,682</u>	<u>4,682</u>
Expenditures:				
Current:				
Public safety	13,700	13,700	6,398	7,302
Debt service:				
Principal retirement	54,000	54,000	50,002	3,998
Interest and fiscal charges	-	-	617	(617)
Total Expenditures	<u>67,700</u>	<u>67,700</u>	<u>57,017</u>	<u>10,683</u>
REVENUE OVER (UNDER) EXPENDITURES	<u>(2,700)</u>	<u>(2,700)</u>	<u>12,665</u>	<u>15,365</u>
Other Financing Sources (Uses):				
Transfers out	(155,000)	(161,548)	(46,787)	114,761
Total Other Financing Sources (Uses)	<u>(155,000)</u>	<u>(161,548)</u>	<u>(46,787)</u>	<u>114,761</u>
NET CHANGE IN FUND BALANCE	<u>\$ (157,700)</u>	<u>\$ (164,248)</u>	<u>(34,122)</u>	<u>\$ 130,126</u>
FUND BALANCE:				
Beginning of Year			<u>217,817</u>	
End of Year			<u>\$ 183,695</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, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Investment income	\$ 300	\$ 300	\$ 1,063	\$ 763
Charges for services	427,700	427,609	425,307	(2,302)
Total Revenues	<u>428,000</u>	<u>427,909</u>	<u>426,370</u>	<u>(1,539)</u>
Expenditures:				
Current:				
Public works	490,126	526,884	527,138	(254)
Total Expenditures	<u>490,126</u>	<u>526,884</u>	<u>527,138</u>	<u>(254)</u>
REVENUE OVER (UNDER) EXPENDITURES	<u>(62,126)</u>	<u>(98,975)</u>	<u>(100,768)</u>	<u>(1,793)</u>
Other Financing Sources (Uses):				
Transfers out	(50,000)	(36,162)	(33,722)	2,440
Total Other Financing Sources	<u>(50,000)</u>	<u>(36,162)</u>	<u>(33,722)</u>	<u>2,440</u>
NET CHANGE IN FUND BALANCE	<u>\$ (112,126)</u>	<u>\$ (135,137)</u>	<u>(134,490)</u>	<u>\$ 647</u>
FUND BALANCE:				
Beginning of Year			<u>148,541</u>	
End of Year			<u>\$ 14,051</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, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 378,000	\$ 394,378	\$ 169,754	\$ (224,624)
Miscellaneous	-	37,922	37,922	-
Total Revenues	378,000	432,300	207,676	(224,624)
Expenditures:				
Current:				
Community development	100,000	116,500	14,619	101,881
Total Expenditures	100,000	116,500	14,619	101,881
REVENUE OVER (UNDER) EXPENDITURES	278,000	315,800	193,057	(122,743)
Other Financing Sources (Uses):				
Transfers out	(160,000)	(277,878)	(169,689)	108,189
Total Other Financing Sources (Uses)	(160,000)	(277,878)	(169,689)	108,189
NET CHANGE IN FUND BALANCE	\$ 118,000	\$ 37,922	23,368	\$ (14,554)
FUND BALANCE:				
Beginning of Year			(37,921)	
End of Year			\$ (14,553)	

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, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 1,462,387	\$ 1,148,097	\$ 1,114,258	\$ (33,839)
Investment income	2,000	2,000	2,091	91
Total Revenues	<u>1,464,387</u>	<u>1,150,097</u>	<u>1,116,349</u>	<u>(33,748)</u>
REVENUE OVER (UNDER) EXPENDITURES	<u>1,464,387</u>	<u>1,150,097</u>	<u>1,116,349</u>	<u>(33,748)</u>
Other Financing Sources (Uses):				
Transfers out	(1,504,294)	(1,150,098)	(1,116,349)	33,749
Total Other Financing Sources (Uses)	<u>(1,504,294)</u>	<u>(1,150,098)</u>	<u>(1,116,349)</u>	<u>33,749</u>
NET CHANGE IN FUND BALANCE	<u>\$ (39,907)</u>	<u>\$ (1)</u>	<u>-</u>	<u>\$ 1</u>
FUND BALANCE:				
Beginning of Year			-	
End of Year			<u>\$ -</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, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Investment income	-	-	287	287
Total Revenues	-	-	287	287
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	287	<u>\$ 287</u>
FUND BALANCE:				
Beginning of Year			20,743	
End of Year			<u>\$ 21,030</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, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Investment income	\$ -	\$ -	\$ 1,899	\$ 1,899
Charges for services	90,000	90,000	49,880	(40,120)
Total Revenues	<u>90,000</u>	<u>90,000</u>	<u>51,779</u>	<u>(38,221)</u>
Expenditures:				
Current:				
General government	81,454	92,254	88,801	3,453
Capital outlay	-	-	37,932	(37,932)
Total Expenditures	<u>81,454</u>	<u>92,254</u>	<u>126,733</u>	<u>(34,479)</u>
REVENUE OVER (UNDER) EXPENDITURES	<u>8,546</u>	<u>(2,254)</u>	<u>(74,954)</u>	<u>(3,742)</u>
Other Financing Sources (Uses):				
Transfers out	(106,000)	(141,645)	(140,073)	1,572
Total Other Financing Sources (Uses)	<u>(106,000)</u>	<u>(141,645)</u>	<u>(140,073)</u>	<u>1,572</u>
NET CHANGE IN FUND BALANCE	<u>\$ (97,454)</u>	<u>\$ (143,899)</u>	<u>(215,027)</u>	<u>\$ (71,128)</u>
FUND BALANCE:				
Beginning of Year			214,897	
End of Year			<u>\$ (130)</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, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Investment earnings	\$ -	\$ -	\$ 688	\$ 688
Charges for services	75,000	76,000	73,800	(2,200)
Total Revenues	<u>75,000</u>	<u>76,000</u>	<u>74,488</u>	<u>(1,512)</u>
Expenditures:				
Current:				
General government	47,000	-	43,013	(43,013)
Total Expenditures	<u>47,000</u>	<u>-</u>	<u>43,013</u>	<u>(43,013)</u>
NET CHANGE IN FUND BALANCE	<u>\$ 28,000</u>	<u>\$ 76,000</u>	31,475	<u>\$ (44,525)</u>
FUND BALANCE:				
Beginning of Year			<u>25,000</u>	
End of Year			<u>\$ 56,475</u>	

City of Placentia
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
SB1 RMRA Gas Tax Special Revenue Fund
For the Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ -	\$ 298,094	\$ 306,267	\$ 8,173
Investment income	-	-	61	61
Total Revenues	-	298,094	306,328	8,234
REVENUE OVER (UNDER) EXPENDITURES	-	298,094	306,328	8,234
Other Financing Sources (Uses):				
Transfers out	-	(295,291)	(225,364)	69,927
Total Other Financing Sources (Uses)	-	(295,291)	(225,364)	69,927
NET CHANGE IN FUND BALANCE	\$ -	\$ 2,803	80,964	\$ 78,161
FUND BALANCE:				
Beginning of Year			-	
End of Year			\$ 80,964	

City of Placentia
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
North Orange County Public Safety Grant Special Revenue Fund
For the Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 3,360,312	\$ 5,724,690	\$ 422,000	\$ (5,302,690)
Fines and forfeitures	200,000	170,000	-	(170,000)
Investment income	2,950	3,200	-	(3,200)
Charges for services	775,500	752,499	-	(752,499)
Lease revenue	12,000	15,192	-	(15,192)
Miscellaneous	199,422	190,124	-	(190,124)
Total Revenues	4,550,184	6,855,705	422,000	(6,433,705)
Expenditures:				
Current:				
General government	128,454	132,254	-	132,254
Public safety	129,800	732,434	224,042	508,392
Public works	879,126	900,684	-	900,684
Community development	100,000	393,400	-	393,400
Community service	52,000	136,800	-	136,800
Capital outlay	108,000	623,416	13,978	609,438
Debt service:				
Principal retirement	284,000	284,000	-	284,000
Interest and fiscal charges	37,000	37,000	-	37,000
Total Expenditures	1,718,380	3,239,988	238,020	3,001,968
REVENUE OVER (UNDER) EXPENDITURES	2,831,804	3,615,717	183,980	(3,431,737)
Other Financing Sources (Uses):				
Transfers in	234,875	234,875	-	(234,875)
Transfers out	(5,148,813)	(5,074,705)	-	5,074,705
Total Other Financing Sources (Uses)	(4,913,938)	(4,839,830)	-	4,839,830
NET CHANGE IN FUND BALANCE	\$ (2,082,134)	\$ (1,224,113)	183,980	\$ 1,408,093
FUND BALANCE:				
Beginning of Year			-	
End of Year			<u>\$ 183,980</u>	

City of Placentia
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Community Based Transitional Housing Grant Special Revenue Fund
For the Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ -	\$ 2,000,000	\$ 2,000,000	\$ -
Total Revenues	<u>-</u>	<u>2,000,000</u>	<u>2,000,000</u>	<u>-</u>
Expenditures:				
Current:				
Public safety	-	303,800	303,800	-
Community development	-	276,900	276,900	-
Community service	-	84,800	84,800	-
Total Expenditures	<u>-</u>	<u>665,500</u>	<u>665,500</u>	<u>-</u>
REVENUE OVER (UNDER) EXPENDITURES	<u>-</u>	<u>1,334,500</u>	<u>1,334,500</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ 1,334,500</u>	<u>1,334,500</u>	<u>\$ -</u>
FUND BALANCE:				
Beginning of Year			<u>-</u>	
End of Year			<u>\$ 1,334,500</u>	

City of Placentia
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
TOD Sewer Impact Fee Special Revenue Fund
For the Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Investment income	\$ -	\$ -	\$ 1,124	\$ 1,124
Charges for services	-	-	47,290	47,290
Total Revenues	<u>-</u>	<u>-</u>	<u>48,414</u>	<u>48,414</u>
REVENUE OVER (UNDER) EXPENDITURES	<u>-</u>	<u>-</u>	<u>48,414</u>	<u>48,414</u>
Other Financing Sources (Uses):				
Transfers out	-	-	(66,856)	(66,856)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(66,856)</u>	<u>(66,856)</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>(18,442)</u>	<u>\$ (18,442)</u>
FUND BALANCE:				
Beginning of Year			<u>-</u>	
End of Year			<u>\$ (18,442)</u>	

City of Placentia
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Citywide Development Impact Fee Special Revenue Fund
For the Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Investment income	\$ -	\$ -	\$ 480	\$ 480
Charges for services	-	-	154,557	154,557
Total Revenues	-	-	155,037	155,037
REVENUE OVER (UNDER) EXPENDITURES	-	-	155,037	155,037
NET CHANGE IN FUND BALANCE	\$ -	\$ -	155,037	\$ 155,037
FUND BALANCE:				
Beginning of Year			-	
End of Year			<u>\$ 155,037</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, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Investment income	\$ 50	\$ 2,048	\$ 4,003	\$ 1,955
Total Revenues	<u>50</u>	<u>2,048</u>	<u>4,003</u>	<u>1,955</u>
Expenditures:				
Debt service:				
Principal retirement	245,000	245,000	245,000	-
Interest and fiscal charges	239,544	239,544	239,180	364
Total Expenditures	<u>484,544</u>	<u>484,544</u>	<u>484,180</u>	<u>364</u>
REVENUE OVER (UNDER) EXPENDITURES	<u>(484,494)</u>	<u>(482,496)</u>	<u>(480,177)</u>	<u>2,319</u>
Other Financing Sources:				
Transfers in	484,544	484,544	483,895	(649)
Total Other Financing Sources (Uses)	<u>484,544</u>	<u>484,544</u>	<u>483,895</u>	<u>(649)</u>
NET CHANGE IN FUND BALANCE	<u>\$ 50</u>	<u>\$ 2,048</u>	<u>3,718</u>	<u>\$ 1,670</u>
FUND BALANCE:				
Beginning of Year			<u>482,963</u>	
End of Year			<u>\$ 486,681</u>	

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INTERNAL SERVICE FUND FINANCIAL STATEMENTS

City of Placentia
Combining Statement of Net Position
All Internal Service Funds
June 30, 2018

	Risk Management	Health and Welfare	Equipment Replacement	Total
ASSETS				
Current assets:				
Cash and investments	\$ 2,171,462	\$ -	\$ 14,269	\$ 2,185,731
Cash and investments with fiscal agent	267,547	6,135	-	273,682
Total current assets	2,439,009	6,135	14,269	2,459,413
Noncurrent assets:				
Capital assets, net of accumulated depreciation	-	-	11,958	11,958
Total noncurrent assets	-	-	11,958	11,958
Total assets	2,439,009	6,135	26,227	2,471,371
LIABILITIES				
Current Liabilities:				
Accounts payable	223,549	14,790	-	238,339
Due to other funds	-	7,316	-	7,316
Accrued claims and judgments - due within one year	499,042	-	-	499,042
Total current liabilities	722,591	22,106	-	744,697
Noncurrent liabilities:				
Accrued claims and judgments - due in more than one year	1,497,126	-	-	1,497,126
Net pension liability	-	-	-	-
Total noncurrent liabilities	1,497,126	-	-	1,497,126
Total liabilities	2,219,717	22,106	-	2,241,823
NET POSITION				
Investment in capital assets	-	-	11,958	11,958
Unrestricted (deficit)	219,292	(15,971)	14,269	217,590
Total net position	\$ 219,292	\$ (15,971)	\$ 26,227	\$ 229,548

City of Placentia
Combining Statement for All Internal Service Funds of
Revenues, Expenses, and Changes in Net Position
For the Year Ended June 30, 2018

	Governmental Activities			Total
	Risk Management	Health and Welfare	Equipment Replacement	
OPERATING REVENUES:				
Reimbursements	\$ 4,686	\$ -	\$ 90	\$ 4,776
Sales and service charges	1,205,576	1,060,824	-	2,266,400
Total operating revenues	<u>1,210,262</u>	<u>1,060,824</u>	<u>90</u>	<u>2,271,176</u>
OPERATING EXPENSES:				
Administration	92,986	402	-	93,388
Reinsurance premiums	-	144,325	-	144,325
Claims	75,339	-	-	75,339
Medical and dental premiums	-	949,195	-	949,195
Liability insurance premiums	587,081	4,727	-	591,808
Depreciation expense	-	-	7,646	7,646
Total operating expenses	<u>755,406</u>	<u>1,098,649</u>	<u>7,646</u>	<u>1,861,701</u>
OPERATING INCOME (LOSS)	454,856	(37,825)	(7,556)	409,475
CHANGES IN NET POSITION	454,856	(37,825)	(7,556)	409,475
NET POSITION:				
Beginning of the year	(235,564)	21,854	33,783	(179,927)
End of the year	<u>\$ 219,292</u>	<u>\$ (15,971)</u>	<u>\$ 26,227</u>	<u>\$ 229,548</u>

City of Placentia
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2018

	Risk Management	Health and Welfare	Equipment Replacement	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers and users	\$ 1,210,262	\$ 1,060,824	\$ 90	\$ 2,271,176
Cash paid to suppliers for goods and services	(1,019,638)	(1,086,504)	-	(2,106,142)
Cash paid to employees for services	(92,986)	(402)	-	(93,388)
Cash paid for insurance claims	(75,339)	-	-	(75,339)
Net cash provided (used) by operating activities	22,299	(26,082)	90	(3,693)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Cash transfers in (out)	-	7,316	-	7,316
Net cash provided by (used in) noncapital financing activities	-	7,316	-	7,316
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO STATEMENT OF NET POSITION:				
Beginning of year	2,416,710	24,901	14,179	2,455,790
End of year	<u>\$ 2,439,009</u>	<u>\$ 6,135</u>	<u>\$ 14,269</u>	<u>\$ 2,459,413</u>
CASH AND CASH EQUIVALENTS:				
Cash and investments	\$ 2,171,462	\$ -	\$ 14,269	\$ 2,185,731
Cash and investments with fiscal agent	267,547	6,135	-	273,682
Total cash and cash equivalents	<u>\$ 2,439,009</u>	<u>\$ 6,135</u>	<u>\$ 14,269</u>	<u>\$ 2,459,413</u>
Reconciliation of Operating Income (Loss) to to Net Cash Provided by Operating Activities:				
Operating income (loss)	\$ 454,856	\$ (37,825)	\$ (7,556)	\$ 409,475
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	-	-	7,646	7,646
Changes in assets and liabilities:				
Increase/(decrease) in accounts payable	190,237	11,743	-	201,980
Increase/(decrease) in claims payable	(622,794)	-	-	(622,794)
Net cash provided by operating activities	<u>\$ 22,299</u>	<u>\$ (26,082)</u>	<u>\$ 90</u>	<u>\$ (3,693)</u>

AGENCY FUNDS FINANCIAL STATEMENTS

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City of Placentia
Combining Statement of Assets and Liabilities
Agency Funds
June 30, 2018

	Special Deposits	Community Facilities District	Public Safety CFD 2014-01	Total
Assets:				
Cash and investments	\$ 614,584	\$ 35,622	\$ 12,995	\$ 663,201
Miscellaneous receivables	-	-	52	52
Total Assets	<u>\$ 614,584</u>	<u>\$ 35,622</u>	<u>\$ 13,047</u>	<u>\$ 663,253</u>
Liabilities:				
Deposits payable	614,584	35,622	13,047	663,253
Total Liabilities	<u>\$ 614,584</u>	<u>\$ 35,622</u>	<u>\$ 13,047</u>	<u>\$ 663,253</u>

City of Placentia
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2018

	Balance June 30, 2017	Additions	Deletions	Balance June 30, 2018
<u>Special Deposits</u>				
Assets:				
Cash and investments	\$ 473,915	\$ 395,252	\$ (254,583)	\$ 614,584
Total Assets	\$ 473,915	\$ 395,252	\$ (254,583)	\$ 614,584
Liabilities:				
Deposits payable	\$ 473,915	\$ 395,252	\$ (254,583)	\$ 614,584
Total Liabilities	\$ 473,915	\$ 395,252	\$ (254,583)	\$ 614,584
	Balance June 30, 2017	Additions	Deletions	Balance June 30, 2018
<u>Community Facilities District</u>				
Assets:				
Cash and investments	\$ 32,823	\$ 12,712	\$ (9,913)	\$ 35,622
Taxes receivable	2,290	-	(2,290)	-
Total Assets	\$ 35,113	\$ 12,712	\$ (12,203)	\$ 35,622
Liabilities:				
Deposits payable	\$ 35,113	\$ 12,712	\$ (12,203)	\$ 35,622
Total Liabilities	\$ 35,113	\$ 12,712	\$ (12,203)	\$ 35,622
	Balance June 30, 2017	Additions	Deletions	Balance June 30, 2018
<u>Public Safety CFD 2014-01</u>				
Assets:				
Cash and investments	\$ 8,572	\$ 31,564	\$ (27,141)	\$ 12,995
Miscellaneous receivables	-	52	-	52
Total Assets	\$ 8,572	\$ 31,616	\$ (27,141)	\$ 13,047
Liabilities:				
Deposits payable	\$ 8,572	\$ 31,616	\$ (27,141)	\$ 13,047
Total Liabilities	\$ 8,572	\$ 31,616	\$ (27,141)	\$ 13,047

City of Placentia
Combining Statement of Changes in Assets and Liabilities (Continued)
Agency Funds
For the Year Ended June 30, 2018

	Balance June 30, 2017	Additions	Deletions	Balance June 30, 2018
<u>Total</u>				
Assets:				
Cash and investments	\$ 515,310	\$ 439,528	\$ (291,637)	\$ 663,201
Taxes receivable	2,290	-	(2,290)	-
Miscellaneous receivables	-	52	-	52
Total Assets	<u>\$ 517,600</u>	<u>\$ 439,580</u>	<u>\$ (293,927)</u>	<u>\$ 663,253</u>
Liabilities:				
Deposits payable	\$ 517,600	\$ 439,580	\$ (293,927)	\$ 663,253
Total Liabilities	<u>\$ 517,600</u>	<u>\$ 439,580</u>	<u>\$ (293,927)</u>	<u>\$ 663,253</u>

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STATISTICAL SECTION

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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.	156 - 165
Revenue Capacity - These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	166 - 172
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	173 - 174
Demographic and Economic Information - These schedules offer demographics and economic indicators to help the reader understand the environment within which the City's financial	175 - 177
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.	179 - 183

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

	Fiscal Year				
	2009	2010	2011	2012	2013
Governmental activities					
Net Investment in capital assets	\$ 78,071	\$ 58,119	\$ 60,198	\$ 70,726	\$ 78,273
Restricted	7,785	-	8,717	2,981	3,630
Unrestricted	(38,860)	(9,756)	(12,267)	(7,936)	(14,229)
Total governmental activities net position	<u>\$ 46,996</u>	<u>\$ 48,363</u>	<u>\$ 56,648</u>	<u>\$ 65,771</u>	<u>\$ 67,674</u>
Business-type activities					
Net Investment in capital assets	\$ 13,134	\$ 12,543	\$ 13,277	\$ 12,686	\$ 12,275
Unrestricted	2,921	5,076	(1,041)	(874)	(1,115)
Total business-type activities net position	<u>\$ 16,055</u>	<u>\$ 17,619</u>	<u>\$ 12,236</u>	<u>\$ 11,812</u>	<u>\$ 11,160</u>
Primary government					
Net Investment in capital assets	\$ 91,205	\$ 70,662	\$ 73,475	\$ 83,412	\$ 90,548
Restricted	7,785	-	8,717	2,981	3,630
Unrestricted	(35,939)	(4,680)	(13,308)	(8,810)	(15,344)
Total primary government net position	<u>\$ 63,051</u>	<u>\$ 65,982</u>	<u>\$ 68,884</u>	<u>\$ 77,583</u>	<u>\$ 78,834</u>

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

	Fiscal Year				
	2014	2015	2016	2017	2018
Governmental activities					
Net Investment in capital assets	\$ 74,238	\$ 66,333	\$ 66,799	\$ 67,960	\$ 67,915
Restricted	2,901	7,027	7,681	6,199	5,819
Unrestricted	(9,273)	(34,145)	(30,490)	(32,780)	(52,089)
Total governmental activities net position	<u>\$ 67,866</u>	<u>\$ 39,215</u>	<u>\$ 43,990</u>	<u>\$ 41,379</u>	<u>\$ 21,645</u>
Business-type activities					
Net Investment in capital assets	\$ 11,760	\$ 11,280	\$ 10,765	\$ 10,303	\$ 9,778
Unrestricted	(680)	1,289	845	1,066	(1,514)
Total business-type activities net position	<u>\$ 11,080</u>	<u>\$ 12,569</u>	<u>\$ 11,610</u>	<u>\$ 11,369</u>	<u>\$ 8,264</u>
Primary government					
Net Investment in capital assets	\$ 85,998	\$ 77,613	\$ 77,564	\$ 78,263	\$ 77,693
Restricted	2,901	7,027	7,681	6,199	5,819
Unrestricted	(9,953)	(32,856)	(29,645)	(31,714)	(53,603)
Total primary government net position	<u>\$ 78,946</u>	<u>\$ 51,784</u>	<u>\$ 55,600</u>	<u>\$ 52,748</u>	<u>\$ 29,909</u>

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

	Fiscal Year				
	2009	2010	2011	2012	2013
Expenses					
Governmental activities:					
General government	\$ 3,801	\$ 8,664	\$ 4,974	\$ 10,833	\$ 10,516
Public safety	17,568	15,770	18,342	16,104	16,965
Public works	8,019	4,222	6,466	6,525	6,506
Community development	2,820	1,850	1,145	1,034	1,011
Community services	-	-	-	-	-
Redevelopment	1,305	1,755	2,077	658	-
SERAF	-	843	174	-	-
Interest on long-term debt	1,197	1,718	1,892	1,414	603
Total governmental activities	<u>34,710</u>	<u>34,822</u>	<u>35,070</u>	<u>36,568</u>	<u>35,601</u>
Business-type activities:					
Refuse	3,163	2,579	2,779	2,880	2,933
Compressed natural gas	143	425	464	100	137
Sewer maintenance	928	1,029	1,404	1,114	1,143
Total business-type activities	<u>4,234</u>	<u>4,033</u>	<u>4,647</u>	<u>4,094</u>	<u>4,213</u>
Total primary government expenses	<u>\$ 38,944</u>	<u>\$ 38,855</u>	<u>\$ 39,717</u>	<u>\$ 40,662</u>	<u>\$ 39,814</u>
Program Revenues					
Governmental activities:					
Charges for services					
General government	\$ 1,302	\$ 1,556	\$ 3,003	\$ 2,091	\$ 2,268
Public safety	1,116	947	1,740	1,556	1,570
Public works	1,280	1,131	1,204	1,548	1,539
Community development	511	505	427	776	317
Community services	-	-	-	-	-
Operating grants	2,425	3,883	2,608	2,137	1,656
Capital grants and contributions	3,372	3,377	2,128	1,605	1,256
Total governmental activities program revenues	<u>10,006</u>	<u>11,399</u>	<u>11,110</u>	<u>9,713</u>	<u>8,606</u>
Business-type activities:					
Charges for services					
Refuse	2,898	3,015	2,432	2,730	2,749
Compressed natural gas	372	417	541	76	335
Sewer maintenance	830	898	778	858	876
Total business-type activities program revenues	<u>4,100</u>	<u>4,831</u>	<u>3,751</u>	<u>3,664</u>	<u>3,960</u>
Total primary government program revenues	<u>\$ 14,106</u>	<u>\$ 16,230</u>	<u>\$ 14,861</u>	<u>\$ 13,377</u>	<u>\$ 12,566</u>
Net (expense)/revenue					
Governmental activities	\$ (24,704)	\$ (23,423)	\$ (23,960)	\$ (26,855)	\$ (26,995)
Business-type activities	(134)	798	(896)	(430)	(253)
Total primary government net expenses	<u>\$ (24,838)</u>	<u>\$ (22,625)</u>	<u>\$ (24,856)</u>	<u>\$ (27,285)</u>	<u>\$ (27,248)</u>

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

	Fiscal Year				
	2014	2015	2016	2017	2018
Expenses					
Governmental activities:					
General government	\$ 9,673	\$ 9,248	\$ 5,343	\$ 10,579	\$ 10,046
Public safety	16,915	15,689	18,556	19,188	18,114
Public works	5,720	6,644	7,445	7,246	4,328
Community development	1,142	1,845	1,373	1,904	1,068
Community services	-	-	1,263	1,318	1,690
Redevelopment	-	-	-	-	-
SERAF	-	-	-	-	-
Interest on long-term debt	667	861	837	783	717
Total governmental activities	<u>34,117</u>	<u>34,287</u>	<u>34,817</u>	<u>41,018</u>	<u>35,963</u>
Business-type activities:					
Refuse	2,950	2,795	2,555	2,571	3,034
Compressed natural gas	-	-	-	-	-
Sewer maintenance	1,071	1,069	1,418	954	1,943
Total business-type activities	<u>4,021</u>	<u>3,864</u>	<u>3,973</u>	<u>3,525</u>	<u>4,977</u>
Total primary government expenses	<u>\$ 38,138</u>	<u>\$ 38,151</u>	<u>\$ 38,790</u>	<u>\$ 44,543</u>	<u>\$ 40,940</u>
Program Revenues					
Governmental activities:					
Charges for services					
General government	\$ 2,408	\$ 2,053	\$ 1,956	\$ 2,136	\$ 2,206
Public safety	1,282	1,469	1,340	1,092	1,078
Public works	3,238	854	679	597	670
Community development	590	277	1,211	1,074	1,251
Community services	-	-	221	194	314
Operating grants	700	1,407	4,744	4,637	8,595
Capital grants and contributions	1,634	3,216	145	465	508
Total governmental activities program revenues	<u>9,852</u>	<u>9,276</u>	<u>10,296</u>	<u>10,195</u>	<u>14,622</u>
Business-type activities:					
Charges for services					
Refuse	2,865	2,874	2,890	2,958	3,039
Compressed natural gas	119	25	-	-	-
Sewer maintenance	884	819	688	722	760
Total business-type activities program revenues	<u>3,868</u>	<u>3,718</u>	<u>3,578</u>	<u>3,680</u>	<u>3,799</u>
Total primary government program revenues	<u>\$ 13,720</u>	<u>\$ 12,994</u>	<u>\$ 13,874</u>	<u>\$ 13,875</u>	<u>\$ 18,421</u>
Net (expense)/revenue					
Governmental activities	\$ (24,265)	\$ (25,011)	\$ (24,521)	\$ (30,823)	\$ (21,341)
Business-type activities	(153)	(146)	(395)	155	(1,178)
Total primary government net expenses	<u>\$ (24,418)</u>	<u>\$ (25,157)</u>	<u>\$ (24,916)</u>	<u>\$ (30,668)</u>	<u>\$ (22,519)</u>

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

	Fiscal Year				
	2009	2010	2011	2012	2013
General Revenues and Other Changes in Net Position					
Governmental activities:					
Taxes					
Property	\$ 13,827	\$ 12,553	\$ 13,416	\$ 12,452	\$ 11,389
Sales and use	4,686	3,930	5,063	4,225	4,160
Utility users	2,822	2,694	2,767	2,851	2,863
Franchise	1,150	1,203	2,453	2,056	2,186
Other	803	1,762	771	805	998
Miscellaneous	188	153	126	1,386	1,359
Investment income	43	39	595	199	197
Other	972	715	2,339	1,047	2,918
Special item	(4,047)	2,500	-	-	-
Extraordinary item	(5,562)	-	-	10,880	-
Transfers	1,145	566	831	76	248
Total governmental activities	<u>16,027</u>	<u>26,115</u>	<u>28,361</u>	<u>35,977</u>	<u>26,318</u>
Business-type activities					
Investment income	31	6	8	8	5
Special item	-	-	-	-	-
Gain on disposal of assets	-	-	-	-	-
Other	-	-	-	75	75
Transfers	(1,145)	(566)	(831)	(76)	(478)
Total business-type activities	<u>(1,114)</u>	<u>(560)</u>	<u>(823)</u>	<u>7</u>	<u>(398)</u>
Total primary government	<u>\$ 14,913</u>	<u>\$ 25,555</u>	<u>\$ 27,538</u>	<u>\$ 35,984</u>	<u>\$ 25,920</u>
Change in Net Position					
Governmental activities	\$ (8,677)	\$ 2,692	\$ 4,401	\$ 9,122	\$ (677)
Business-type activities	(1,248)	238	(1,719)	(423)	(651)
Total primary government	<u>\$ (9,925)</u>	<u>\$ 2,930</u>	<u>\$ 2,682</u>	<u>\$ 8,699</u>	<u>\$ (1,328)</u>

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

	Fiscal Year				
	2014	2015	2016	2017	2018
General Revenues and Other Changes in Net Position					
Governmental activities:					
Taxes					
Property	\$ 11,804	\$ 12,449	\$ 13,259	\$ 13,972	\$ 14,560
Sales and use	4,512	6,284	6,848	7,020	6,948
Utility users	2,800	2,874	2,750	2,637	2,545
Franchise	2,228	2,338	2,332	2,244	2,270
Other	1,029	1,177	1,258	1,365	1,316
Miscellaneous	1,336	1,451	35	41	125
Investment income	24	576	34	31	72
Other	708	-	-	-	-
Special item	-	(2,764)	-	-	-
Extraordinary item	-	-	(1,035)	-	-
Transfers	4	165	646	402	251
Total governmental activities	<u>24,445</u>	<u>24,550</u>	<u>26,127</u>	<u>27,712</u>	<u>28,087</u>
Business-type activities					
Investment income	2	5	7	7	24
Special item	-	2,764	-	-	-
Gain on disposal of assets	-	-	-	-	-
Other	75	75	75	-	-
Transfers	(4)	(165)	(646)	(402)	(251)
Total business-type activities	<u>73</u>	<u>2,679</u>	<u>(564)</u>	<u>(395)</u>	<u>(227)</u>
Total primary government	<u>\$ 24,518</u>	<u>\$ 27,229</u>	<u>\$ 25,563</u>	<u>\$ 27,317</u>	<u>\$ 27,860</u>
Change in Net Position					
Governmental activities	\$ 180	\$ (461)	\$ 1,606	\$ (3,111)	\$ 6,746
Business-type activities	(80)	2,533	(959)	(240)	(1,405)
Total primary government	<u>\$ 100</u>	<u>\$ 2,072</u>	<u>\$ 647</u>	<u>\$ (3,351)</u>	<u>\$ 5,341</u>

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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	2017	2018
General Fund								
Nonspendable	\$ 5,823	\$ 4,774	\$ 4,368	\$ 3,450	\$ 4,104	\$ 3,881	\$ 3,354	\$ 4,955
Restricted	-	-	-	439	1,030	1,030	1,024	1,019
Committed	-	-	-	-	119	3,600	3,600	3,400
Assigned	500	-	-	-	185	286	40	-
Unassigned	(294)	1,997	1,385	1,001	2,510	72	56	(1,346)
Total General Fund	<u>\$ 6,029</u>	<u>\$ 6,771</u>	<u>\$ 5,753</u>	<u>\$ 4,890</u>	<u>\$ 7,948</u>	<u>\$ 8,869</u>	<u>\$ 8,074</u>	<u>\$ 8,028</u>
All Other Governmental Funds								
Nonspendable	\$ 1,754	\$ 96	\$ 88	\$ 84	\$ -	\$ -	\$ -	\$ -
Restricted	9,122	8,118	3,630	2,930	5,999	6,651	5,175	4,800
Assigned	505	-	-	-	485	-	-	-
Unassigned	(1,636)	(2,441)	(2,196)	(761)	-	-	(368)	(531)
Total All Other Governmental Funds	<u>9,745</u>	<u>5,773</u>	<u>1,522</u>	<u>2,253</u>	<u>6,484</u>	<u>6,651</u>	<u>4,807</u>	<u>4,269</u>
Total All Governmental Funds	<u>\$ 15,774</u>	<u>\$ 12,544</u>	<u>\$ 7,275</u>	<u>\$ 7,143</u>	<u>\$ 14,432</u>	<u>\$ 15,520</u>	<u>\$ 12,881</u>	<u>\$ 12,297</u>

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	
	2009	2010
General Fund		
Reserved	\$ 3,894	\$ 6,736
Unreserved	(5,234)	(4,521)
Total General Fund	<u>\$ (1,340)</u>	<u>\$ 2,215</u>
All Other Governmental Funds		
Reserved	\$ 4,548	\$ 7,541
Unreserved, reported in:		
Special Revenue Funds	1,850	1,145
Debt Service Funds	1,692	(4,651)
Capital Project Funds	(2,814)	(4,783)
Total All Other Governmental Funds	<u>5,276</u>	<u>(748)</u>
Total All Governmental Funds	<u>\$ 3,936</u>	<u>\$ 1,467</u>

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>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Revenues					
Property Tax	13,816	13,559	13,415	\$ 12,451	\$ 11,389
Sales Tax	4,686	3,930	5,063	5,611	5,519
Other Tax	4,955	4,654	6,116	5,712	6,047
Intergovernmental	5,165	5,295	5,036	3,742	3,143
Licenses and permits	2,126	2,448	1,397	1,730	1,211
Fines and forfeitures	878	819	604	753	842
Investment income	1,141	83	595	423	161
Charges for services	1,595	1,464	2,343	2,370	1,800
Other	919	342	4,138	1,786	4,598
Total Revenues	<u>35,281</u>	<u>32,594</u>	<u>38,707</u>	<u>34,578</u>	<u>34,710</u>
Expenditures					
Current:					
General Government	3,544	3,584	3,958	4,690	4,275
Public Safety	17,217	15,602	15,322	15,978	16,845
Public Works	6,573	2,850	5,864	6,617	10,826
Community development	2,846	1,826	983	1,033	1,011
Community services	-	-	-	-	-
Redevelopment	2,177	1,755	1,775	659	-
SERAF	-	843	174	-	-
Capital Outlay	8,251	3,940	392	441	347
Debt Service					
Principal	1,345	1,430	1,420	1,186	355
Interest	933	1,749	1,759	1,617	594
Other debt service	339	-	-	-	-
Total Expenditures	<u>43,225</u>	<u>33,579</u>	<u>31,647</u>	<u>32,221</u>	<u>34,253</u>
Excess of Revenues Over/(Under) Expenditures	<u>(7,944)</u>	<u>(985)</u>	<u>7,060</u>	<u>2,357</u>	<u>457</u>
Other Financing Sources/(Uses)					
Transfers In	15,946	14,707	12,063	10,869	12,072
Transfers Out	(15,898)	(18,693)	(14,263)	(17,020)	(17,827)
Proceeds from long-term debt	11,240	1	5,784	399	-
Other	(164)	2,500	-	193	-
Total Other Financing Sources	<u>11,124</u>	<u>(1,485)</u>	<u>3,584</u>	<u>(5,559)</u>	<u>(5,755)</u>
Extraordinary Items	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	<u>\$ 3,180</u>	<u>\$ (2,470)</u>	<u>\$ 10,644</u>	<u>\$ (3,202)</u>	<u>\$ (5,298)</u>
Ratio of Total Debt Service Expenditures to Total Noncapital Expenditures	8.09%	12.01%	11.32%	9.67%	2.88%

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				
	2014	2015	2016	2017	2018
Revenues					
Property Tax	\$ 11,804	\$ 12,449	\$ 13,259	\$ 13,972	\$ 14,551
Sales Tax	5,848	6,284	7,257	7,020	6,948
Other Tax	6,138	6,316	6,318	6,222	6,043
Intergovernmental	3,531	4,033	2,998	3,572	6,487
Licenses and permits	1,618	1,690	1,733	1,572	1,702
Fines and forfeitures	575	733	1,154	1,297	592
Investment income	210	177	34	32	69
Charges for services	1,912	2,228	2,216	1,743	2,197
Other	2,087	2,424	2,108	1,892	2,151
Total Revenues	33,723	36,334	37,077	37,322	40,740
Expenditures					
Current:					
General Government	4,409	6,432	6,571	10,450	8,109
Public Safety	16,853	16,500	17,880	18,436	19,156
Public Works	5,760	4,246	4,824	5,050	5,951
Community development	1,142	1,824	952	1,858	1,291
Community services	-	-	1,191	1,292	1,526
Redevelopment	-	-	-	-	-
SERAF	-	-	-	-	-
Capital Outlay	79	2,042	1,262	2,340	2,971
Debt Service					
Principal	723	1,070	1,333	1,654	1,855
Interest	577	813	837	783	717
Other debt service	-	-	-	-	-
Total Expenditures	29,543	32,927	34,850	41,863	41,576
Excess of Revenues Over/(Under) Expenditures	4,180	3,407	2,227	(4,541)	(836)
Other Financing Sources/(Uses)					
Transfers In	6,998	4,939	7,000	8,010	4,778
Transfers Out	(11,310)	(4,552)	(6,354)	(7,607)	(4,527)
Proceeds from long-term debt	-	-	251	-	-
Other	-	(2,764)	-	-	-
Total Other Financing Sources	(4,312)	(2,377)	897	403	251
Extraordinary Items	-	-	(2,035)	1,500	-
Net Change in Fund Balances	\$ (132)	\$ 1,030	\$ 1,089	\$ (2,638)	\$ (585)
Ratio of Total Debt Service Expenditures to Total Noncapital Expenditures	4.62%	6.49%	6.91%	6.57%	7.14%

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
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	-
2016-17	13,971,691	7,019,906	3,578,424	1,571,584	587,005	-
2017-18	14,551,076	6,948,279	6,042,998	1,701,878	562,390	-

* 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
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
2016-17	3,645	1,199,161	297,831	863,387	629,737	29,722,371
2017-18	31,161	1,255,240	252,963	1,284,507	708,662	33,339,154

* 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		
2009	\$ 4,898,906	\$ 390	\$ 169,896	\$ 5,069,192	0.1644
2010	4,794,888	390	171,069	4,966,347	0.1644
2011	4,795,523	390	172,060	4,967,973	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
2017	5,948,117	292	186,698	6,135,107	0.1644
2018	6,259,165	292	183,716	6,443,173	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									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Placentia City	0.1340	0.1340	0.1340	0.1340	0.1340	0.1340	0.1340	0.1340	0.1340	0.1340
Placentia City Street Lighting Reorg.	0.0304	0.0304	0.0304	0.0304	0.0304	0.0304	0.0304	0.0304	0.0304	0.0304
Direct City Rate	0.1644	0.1644	0.1644	0.1644	0.1644	0.1644	0.1644	0.1644	0.1644	0.1644
Overlapping Rates:										
OC Water District - Water Reserve	0.0001	0.0001	0.0001	0.0001	0.0001	0.0001	0.0001	0.0001	0.0001	0.0001
OC Vector Control	0.0011	0.0011	0.0011	0.0011	0.0011	0.0011	0.0011	0.0011	0.0011	0.0011
OC Transportation Authority	0.0026	0.0026	0.0026	0.0026	0.0026	0.0026	0.0026	0.0026	0.0026	0.0026
Orange County Water District	0.0080	0.0080	0.0080	0.0080	0.0080	0.0080	0.0080	0.0080	0.0080	0.0080
OC Harbor Beaches & Parks	0.0144	0.0144	0.0144	0.0144	0.0144	0.0144	0.0144	0.0144	0.0144	0.0144
OC Department of Education	0.0170	0.0171	0.0171	0.0171	0.0171	0.0171	0.0171	0.0171	0.0171	0.0171
Orange County Flood Control	0.0186	0.0186	0.0186	0.0186	0.0186	0.0186	0.0186	0.0186	0.0186	0.0186
OC Sanitation District #2 Operating	0.0309	0.0309	0.0309	0.0309	0.0309	0.0309	0.0309	0.0309	0.0309	0.0309
Placentia Library District	0.0376	0.0376	0.0376	0.0376	0.0376	0.0376	0.0376	0.0376	0.0376	0.0376
Orange County General Fund	0.0579	0.0579	0.0579	0.0579	0.0579	0.0579	0.0579	0.0579	0.0579	0.0579
North OC Comm. College General Fund	0.0655	0.0655	0.0655	0.0655	0.0655	0.0655	0.0655	0.0655	0.0655	0.0655
Education Revenue Augmentation Fund	0.1876	0.1876	0.1876	0.1876	0.1876	0.1876	0.1876	0.1876	0.1876	0.1876
Placentia Yorba Linda Unified Gen. Fund	0.3943	0.3943	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
Metropolitan Water District	0.0043	0.0043	0.0037	0.0037	0.0035	0.0035	0.0035	0.0035	0.0035	0.0035
Placentia Yorba Linda Unified	0.0476	0.0616	0.058	0.0585	0.0620	0.0653	0.0582	0.0567	0.0548	0.0553
N. Orange County Community College	0.0149	0.0166	0.0176	0.0174	0.0190	0.0170	0.0170	0.0304	0.0289	0.0293
Total Rate	<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>	<u>1.0871</u>	<u>1.0881</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)

	2018				2009		
	Taxable Assessed Value	Estimated Total Tax	Percent of Total City Taxable Assessed Value		Taxpayer	Taxable Assessed Value	Estimated Total Tax
Taxpayer							
Fairfield Placentia Place LLC	\$ 63,812	\$ 638	1.04%	OC of SD Holdings	\$ 81,679	\$ 817	1.63%
Placentia 422	56,530	565	0.92%	Placentia 422	49,948	499	1.00%
Villa Angelina Apartment Fund LTD	54,090	541	0.88%	Villa Tierra Apartments LLC	43,966	440	0.88%
MG Union Place Apartments LLC	44,250	443	0.72%	Inland Western Placentia LLC	26,424	264	0.53%
Sedona-Placentia Owner LLC	37,093	371	0.60%	Donahue Schriber Realty Group	23,940	239	0.48%
Placentia-Linda Hospital Inc.	36,278	363	0.59%	Reef Imperial Rose Inc.	22,901	229	0.46%
Arlon Graphics LLC	34,835	348	0.57%	Placentia-Linda Hospital Inc.	20,943	209	0.42%
Western B West California LLC	34,419	344	0.56%	Realty Associates Fund VIII LP	19,380	194	0.39%
Placentia Place Apartments LLC	28,619	286	0.47%	Greka Oil and Gas Inc.	15,976	160	0.32%
Reef Imperial Rose Inc.	28,199	282	0.46%	Western B West California LLC	14,306	143	0.29%
	\$ 418,125	\$ 4,181	6.82%		\$ 319,463	\$ 3,195	6.39%

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
2017	12,831,914	12,865,221	100.26%	N/A	N/A	N/A
2018	13,471,679	13,421,607	99.63%	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
Ratios 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				
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%
2017	2,242	162	8,237	-	10,641	0.173%	203.59	0.66%
2018	1,226	1,325	7,737	-	10,288	0.160%	195.01	0.60%

City of Placentia
Direct and Overlapping Governmental Activity Debt
As of June 30, 2018

2017-18 Assessed Valuation:	\$ 6,445,280
Successor Agency Incremental Valuation:	<u>334,030</u>
Adjusted Assessed Valuation:	\$ 6,111,250

DIRECT DEBT:	Total Debt 06/30/18	% Applicable (1)	City's Share of Debt 6/30/18
Capital Leases	\$ 112,016	100.00%	\$ 112,016
Certificates of Participation	7,737,000	100.00%	7,737,000
Tax Allocation Bonds & Notes	1,226,084	100.00%	<u>1,226,084</u>
			\$ 9,075,100
 <u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>			
North Orange County Community College 2003 & 2005 Bonds	\$ 234,629,965	5.309%	\$ 12,455,788
Placentia -Yorba Linda Unified 2002, 2008, and 2012 Bond	242,284,158	22.331%	54,104,533
Metropolitan Water District	15,208,339	1.239%	<u>188,396</u>
TOTAL OVERLAPPING DEBT			\$ 66,748,717
 TOTAL DIRECT AND OVERLAPPING DEBT			 \$ 75,823,817

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

Ratios of Direct vs. Overlapping Debt

Direct Debt	11.97%
Overlapping Debt	88.03%
Total Debt	100.00%

Ratios of Debt to Assessed Valuation

Direct Debt	0.16%
Overlapping Debt	1.15%
Total Debt	1.30%

City of Placentia
Legal Debt Margin Information
Last Ten Fiscal Years

Legal Debt Margin Calculation for the Current Year

Assessed value	\$	6,632,921,379
Debt limit (3.75% of assessed value)		248,734,552
Debt applicable to limit		-
Legal debt margin - Current Year	\$	248,734,552

Fiscal Year	Debt Limit	Debt Applicable to Limit	Legal Debt Margin	Debt as Percentage of Limit
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%
2017	230,066,512	-	230,066,512	0%
2018	248,734,552	-	248,734,552	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.

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
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%
2016	52,268	1,614,628	30,891	4.5%
2017	52,755	1,716,075	32,529	3.5%

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

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

	Fiscal Year				
	2008	2009	2010	2011	2012
General Merchandise	\$ 5,982	\$ 6,247	\$ 6,554	\$ 6,339	\$ 6,227
Food Stores	15,805	15,229	15,107	16,462	17,718
Eating and Drinking Places	63,978	61,515	60,571	61,511	61,816
Building Materials	38,951	23,746	28,216	36,868	39,460
Auto Dealers and Supplies	56,345	50,272	63,210	66,736	69,200
Service Stations	73,611	49,182	51,876	68,726	83,112
Other Retail Stores	58,656	59,203	55,636	56,075	55,311
All Other Outlets	200,533	172,339	174,333	182,705	192,626
Total	\$ 513,861	\$ 437,733	\$ 455,503	\$ 495,422	\$ 525,470

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				
	2013	2014	2015	2016	2017
General Merchandise	\$ 6,482	\$ 6,459	\$ 6,635	\$ 6,759	\$ 7,178
Food Stores	17,541	17,898	18,529	17,919	17,102
Eating and Drinking Places	62,479	66,582	79,730	84,676	85,373
Building Materials	37,884	48,092	38,156	55,996	60,664
Auto Dealers and Supplies	78,924	85,659	105,341	107,146	104,963
Service Stations	80,210	78,562	70,961	62,495	68,101
Other Retail Stores	63,164	64,434	60,419	70,775	74,578
All Other Outlets	197,944	213,510	255,719	240,166	234,501
Total	\$ 544,628	\$ 581,196	\$ 635,490	\$ 645,932	\$ 652,460

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.

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

Department	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
City Clerk	1.00	1.00	2.00	2.00	2.00	1.00	2.00	2.00	2.00	2.00
Administration	7.00	7.00	7.00	7.00	7.00	6.00	8.00	7.00	7.00	11.50
Finance	9.00	7.00	7.00	7.00	7.00	7.00	6.00	7.00	7.00	8.00
Development Services	5.50	3.00	3.00	3.00	3.00	-	-	4.00	4.75	6.50
Police	68.00	62.00	62.00	67.00	68.00	62.00	67.00	69.50	74.50	80.00
Public Works	29.00	24.00	22.00	22.00	22.00	19.00	18.00	19.00	20.25	20.75
Community Services	5.00	5.00	4.00	4.00	4.00	4.00	4.00	6.00	6.50	7.25
Total	124.50	109.00	107.00	112.00	113.00	99.00	105.00	114.50	122.00	136.00

City of Placentia
Operating Indicators by Function
Last Ten Fiscal Years

Function/Program	Fiscal Year				
	2009	2010	2011	2012	2013
Police					
Physical arrests	1,360	1,517	2,170	2,067	1,289
Parking citations	11,688	11,138	7,971	8,211	6,970
Traffic citations	6,362	5,496	5,628	4,819	3,366
Community Development					
Building Permits	866	536	646	657	776
Building and Zoning Inspections	184	140	112	133	145
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	56	56	57	57	57
Culture and Recreation					
Recreation Classes	616	616	585	659	704

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

Function/Program	Fiscal Year				
	2014	2015	2016	2017	2018
Police					
Physical arrests	1,600	1,732	1,373	1,250	1,381
Parking citations	7,147	11,141	12,729	13,161	11,858
Traffic citations	3,330	2,498	2,060	1,824	2,659
Community Development					
Building Permits	808	1,411	1,472	1,268	1,347
Building and Zoning Inspections	97	178	133	128	87
Public Works					
Feet of Sewer Main Cleaned	401,280	401,280	401,280	249,134	385,510
Streetsweeping Miles	21,684	21,684	21,684	21,684	7,955
Traffic Signals Maintained	57	57	57	57	61
Culture and Recreation					
Recreation Classes	710	787	747	727	645

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

Function/Program	Fiscal Year				
	2009	2010	2011	2012	2013
Public Safety					
Police Stations	1	1	1	1	1
Sworn Officers	50	50	50	46	47
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
Culture and Recreation					
Parks	16	16	16	16	16
Area of Parks (Acres)	72.9	72.9	72.9	72.9	72.9
Community Buildings	7	7	7	7	7
Community Centers	3	3	3	3	3
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

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

Function/Program	Fiscal Year				
	2014	2015	2016	2017	2018
Public Safety					
Police Stations	1	1	1	1	1
Sworn Officers	46	46	46	46	51
Patrol Vehicles	26	26	26	26	32
Fire Stations	2	2	2	2	2
Highways and Streets					
Miles of Streets	107	107	107	107	107
Street Trees	9214	9214	9214	9214	9139
Traffic Signals	229	229	229	229	230
Street Lights	3656	3656	3656	3656	3660
Sewer					
Miles of Sanitary Sewers	76	76	76	76	76
Storm Drains	506	506	506	506	506
Culture and Recreation					
Parks	16	16	16	16	16
Area of Parks (Acres)	72.9	72.9	72.9	72.9	72.9
Community Buildings	7	7	7	7	7
Community Centers	3	3	3	3	3
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

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Independent Auditors' Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the 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, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon February 25, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting ("internal control") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

The Per Group, LLP

Santa Ana, California
February 25, 2019



**Prepared by the
Finance Department of the City of Placentia**