

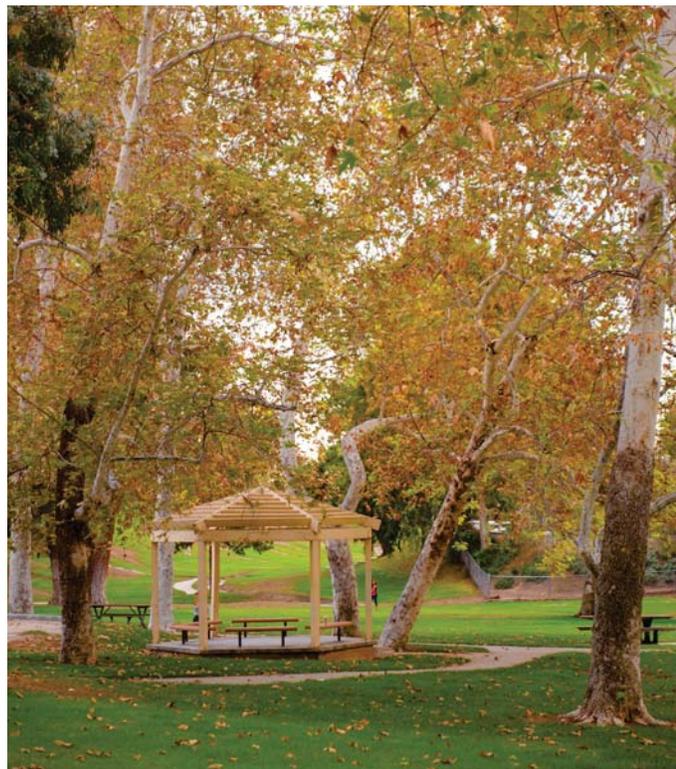


COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended
June 30, 2019



CITY OF PLACENTIA
PLACENTIA, CA



City of Placentia
Comprehensive Annual Financial Report
For the Year Ended June 30, 2019

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The People are the City

Mayor

WARD L. SMITH

Mayor Pro Tem

JEREMY B. YAMAGUCHI

Councilmembers:

CRAIG S. GREEN
RHONDA SHADER
CHAD P. WANKE



City Clerk:

ROBERT B. MCKINNELL

City Treasurer

KEVIN A. LARSON

City Administrator

DAMIEN R. ARRULA

401 East Chapman Avenue – Placentia, California 92870

January 14, 2020

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, 2019. 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, 2019, 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, 2019, 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 revenue estimates and budget guidelines for each department every year in January. The departments then submit 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.

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 has been re-organized to add an internal auditing component and further separate duties. A vacant position was reclassified to senior financial analyst and that position is responsible for auditing the other functions within the finance department. In addition, the responsibility for banking has been separated from the staff who create financial transactions in the form of issuing checks or recording receipts.

Local Economy: 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 246-space parking structure within the Old Town Placentia area. Operational by 2022, the proposed station will 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 started construction in 2019 and is expected to open in 2021. On May 8, 2018 the Planning Commission approved the development and construction of a five-story, mixed-use development by JPI Development. 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. Construction on this new development is expected to begin in the Summer of 2020.

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 has entered into an Exclusive Negotiating Agreement with a private developer for this TOD property that is comprised of approximately 180-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.

In an effort to expedite these improvements in Old Town Placentia, the City in partnership with the County of Orange has established an Enhanced Infrastructure Financing District (EIFD) near the City's future Metrolink Station including the Old Town Placentia area and Transit Oriented Development (TOD) Packing House District. The purpose of this district is to create a funding mechanism that can facilitate the construction of public infrastructure improvements in this area.

A portion of the property tax increment (the amount above the property taxes collected in the base year of 2019) that the City of Placentia and the County of Orange receive would be specifically restricted to pay for the infrastructure projects listed in the Infrastructure Financing Plan (IFP) at an estimated cost of \$8.2 million. These infrastructure improvements include street improvements, pedestrian connectivity, and landscape and lighting upgrades. The establishment of the EIFD will not result in any new taxes or fees to the property owners in the EIFD boundaries or the City.

The City Council has established a separate body, the Public Financing Authority (PFA), to oversee the creation of the EIFD and who is responsible for the adoption of the final IFP. The PFA will be responsible for the issuance of the bonds in the future as well.

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 2019-20, approximately \$471,000 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) outlines 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 of this development began in September 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. Grocery Outlet officially opened for business on May 30, 2019. In addition, Dollar Tree held a grand opening ceremony on September 28, 2019. 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 new 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 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 first phase was completed in September 2019. The first tenant space that was occupied is Starbucks and they officially opened for business on July 31, 2019. According to Starbucks Corporate Offices, this new Starbucks is the 5th grossing in sales in Orange County since its opening. Chipotle is the second tenant to open on September 11, 2019 and PizzaRev is expected to open at the end of this year.

The second phase of the development was approved by the Planning Commission on December 10, 2019 and expected to begin construction in the first quarter of 2020.

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.

Measure U successfully passed by 62.8%. The one-cent local sales tax was estimated to generate approximately \$5,000,000 annually in new ongoing sustainable revenue to the City. The City began collecting the new tax on April 1, 2019. The first quarter of collections was conservatively estimated at \$1 million; however, actual receipts were \$1.4 million. Revenues have remained strong and the City will continue to monitor and adjust the estimates. The City recently met with its sales tax consultant who estimated the City could receive up to \$5.5 million annually.

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 table below 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 14.9% at June 30, 2019, the unassigned fund balance was 1.60% or \$543,287, a significant improvement over the deficit balance of \$1.346 million at June 30, 2018 due to the classification of a loan receivable as non-spendable. 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, 2018, pension liabilities totaled approximately \$40 million and the actuarial accrued liability for retiree health benefits was approximately \$28 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 \$2.4 million to \$2.95 million in Fiscal Year 2020-21. During the next five 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%. 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, 2018 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. 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,



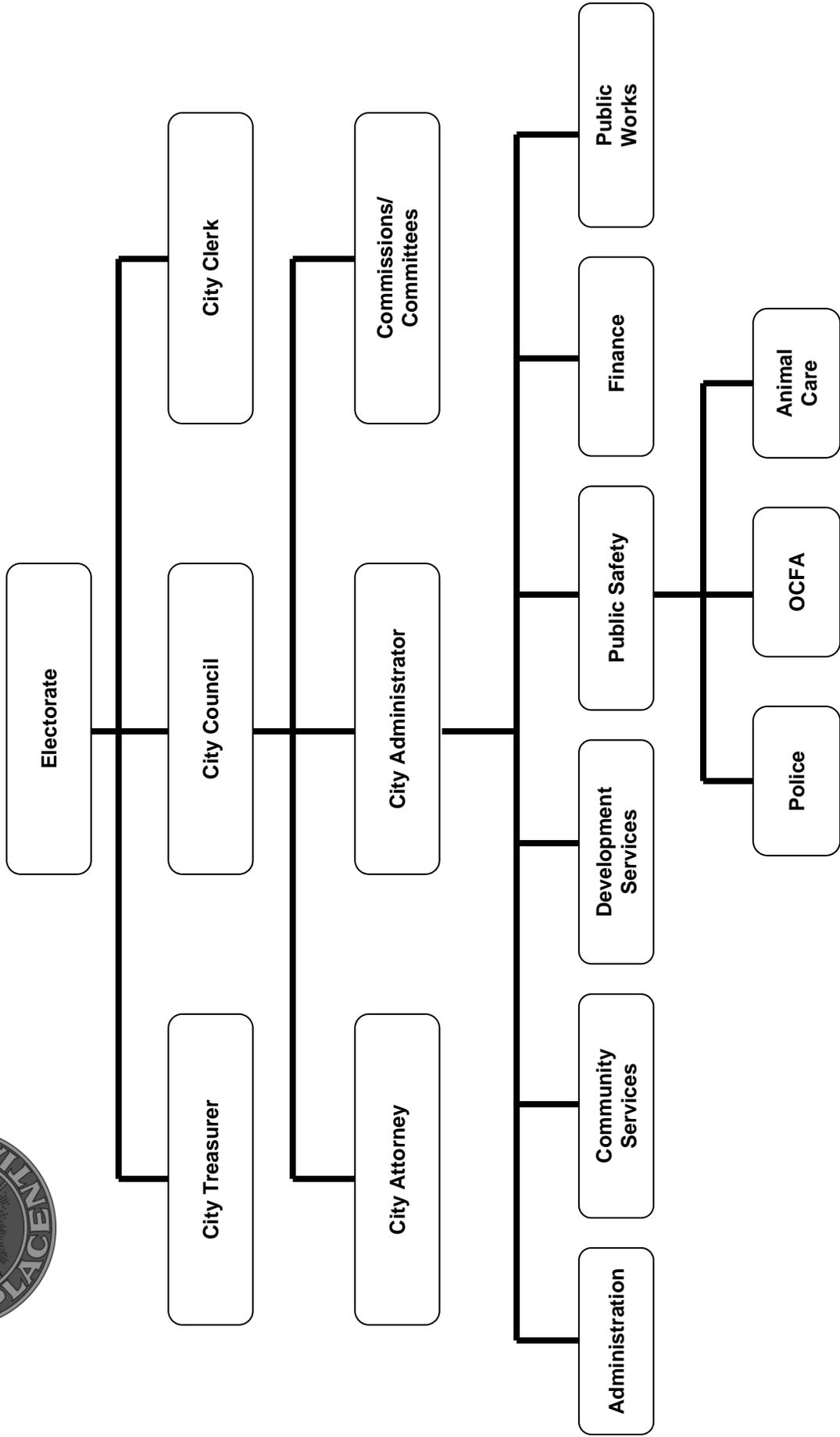
Kim Krause
Director of Finance



Damien R. Arrula
City Administrator



Placentia Municipal Organization



**CITY OF PLACENTIA
PRINCIPAL OFFICIALS
June 30, 2019**

CITY COUNCIL

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

CITY OFFICIALS

Robert S. McKinnell	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



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**City of Placentia
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

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, 2019, and the related notes to the basic financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by 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, 2019, 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.

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, Budgetary Comparison Schedule-Placentia Regional Navigation Center Special Revenue Fund, Schedules of City's Proportionate Share of the Net Pension Liability and Related Ratios, Schedules of City's Pension Contributions, Schedules of Changes in Net OPEB Liability, and Schedules of City's OPEB Contributions on pages 5 to 16 and 91 to 101, 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.

The Combining and Individual Nonmajor Fund Financial Statements and the Schedules of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual on pages 106 through 155 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.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 14, 2020, 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.

The PwC Group, LLP

Santa Ana, California
January 14, 2020

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City of Placentia
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2019

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, 2019. 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 \$34.6 million at June 30, 2019. 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, 2019 was \$27.4 million, and from business-type activities, \$7.2 million.
- The City's overall net position increased by approximately \$4.7 million during the fiscal year, compared to the net position at June 30, 2018. The net position from governmental activities increased by \$5.8 million while the net position from business-type activities decreased by \$1.1 million. The governmental activities increase is primarily the result of increased revenues and net investment in capital assets. In November 2018, the Placentia Voters approved Measure U, a 1% Transaction and Use Tax that began on April 1, 2019, which increased governmental activities by \$1.4 million. Additionally, the City's net investment in capital assets increased by \$4.2 million from completed projects which includes the purchase of property for the Placentia Regional Navigation Center. Business-type activities net position decreased \$1.1 million, primarily due to the recording of depreciation for \$0.5 million and a \$0.6 million increase to pension liabilities.

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

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 present governmental activities and business-type activities separately. Governmental activities of the City include general government (legislative, administration, City Council, human resources, and finance), public safety (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 the City's assets, deferred inflows and outflows of resources, and liabilities with the difference between these categories reported as net position. Over time, increases or decreases in net position may be one indicator of improvement or deterioration in the City's overall financial health.

City of Placentia
Management's Discussion and Analysis (Unaudited) (Continued)
For the Fiscal Year Ended June 30, 2019

The focus of the Statement of Activities is to present the major program costs with corresponding major resources. To the extent a program's cost is not recovered by direct charges and grants, it is funded from general taxes and other resources. This Statement assists the user in determining the extent to which programs are self-supporting and/or subsidized by general revenues. All activity on this statement is reported on the accrual basis of accounting, which requires that revenues are reported when earned and expenses are reported when incurred, regardless of when cash is received or disbursed.

Fund Financial Statements

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

- **Governmental Funds**

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

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.

City of Placentia
Management's Discussion and Analysis (Unaudited) (Continued)
For the Fiscal Year Ended June 30, 2019

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.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Position

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
ASSETS						
Cash and investments	\$ 12,712,514	\$ 9,135,276	\$ 1,726,514	\$ 1,586,381	\$ 14,439,028	\$ 10,721,657
Other assets	11,364,936	9,613,671	124,785	430,171	11,489,721	10,043,842
Capital assets	83,105,954	81,020,699	9,275,486	9,778,290	92,381,440	90,798,989
Total assets	<u>107,183,404</u>	<u>99,769,646</u>	<u>11,126,785</u>	<u>11,794,842</u>	<u>118,310,189</u>	<u>111,564,488</u>
DEFERRED OUTFLOW OF RESOURCES						
	<u>9,481,732</u>	<u>12,969,209</u>	<u>500,447</u>	<u>484,496</u>	<u>\$ 9,982,179</u>	<u>\$ 13,453,705</u>
LIABILITIES						
Current liabilities	6,411,149	5,174,631	297,097	292,222	6,708,246	5,466,853
Long-term liabilities	<u>78,314,784</u>	<u>81,096,233</u>	<u>3,787,373</u>	<u>3,335,901</u>	<u>82,102,157</u>	<u>84,432,134</u>
Total liabilities	<u>84,725,933</u>	<u>86,270,864</u>	<u>4,084,470</u>	<u>3,628,123</u>	<u>88,810,403</u>	<u>89,898,987</u>
DEFERRED INFLOW OF RESOURCES						
	<u>4,530,468</u>	<u>4,780,893</u>	<u>322,964</u>	<u>387,275</u>	<u>\$ 4,853,432</u>	<u>\$ 5,168,168.00</u>
NET POSITION						
Net investment						
in capital assets	72,176,847	67,914,471	9,275,486	9,778,290	81,452,333	77,692,761
Restricted	6,090,277	5,819,244	-	-	6,090,277	5,819,244
Unrestricted	<u>(50,858,389)</u>	<u>(52,088,917)</u>	<u>(2,055,688)</u>	<u>(1,514,350)</u>	<u>(52,914,077)</u>	<u>(53,603,267)</u>
Total net position	<u>\$ 27,408,735</u>	<u>\$ 21,644,798</u>	<u>\$ 7,219,798</u>	<u>\$ 8,263,940</u>	<u>\$ 34,628,533</u>	<u>\$ 29,908,738</u>

The City's net position can serve as a useful indicator of the City's financial position. As of June 30, 2019, the City's combined net position (governmental and business-type activities) totaled \$34.6 million, an increase of \$4.7 million over the prior year.

City of Placentia
Management's Discussion and Analysis (Unaudited) (Continued)
For the Fiscal Year Ended June 30, 2019

Net Position consists of three categories: net investment in capital assets, restricted, and unrestricted. The largest portion of the City's net position, approximately \$81.4 million at June 30, 2019, is the City's investment in capital assets (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 \$6.1 million at June 30, 2019. These are resources subject to external restrictions on how they can be used. The remaining unrestricted net position was a negative \$52.9 million. The primary reason for this negative unrestricted net position is the City's pension and other post-employment benefit (OPEB) liabilities. At June 30, 2019, the net effect of the pension and OPEB entries totaled \$63.7 million.

Change in Net Position

The following is a summary of activities for the years ending June 30, 2019 and 2018:

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
REVENUES						
Program revenues:						
Charges for services	\$ 5,424,864	\$ 5,518,635	\$ 3,870,861	\$ 3,799,040	\$ 9,295,725	\$ 9,317,675
Operating contributions and grants	7,709,997	8,595,276	-	-	7,709,997	8,595,276
Capital contributions and grants	1,117,094	508,114	-	-	1,117,094	508,114
General revenues:						
Taxes	29,730,751	27,638,272	-	-	29,730,751	27,638,272
Investment income	226,873	72,475	34,462	24,686	261,335	97,161
Miscellaneous	136,150	124,793	-	-	136,150	124,793
Total revenues	44,345,729	42,457,565	3,905,323	3,823,726	48,251,052	46,281,291
EXPENSES						
General government	9,346,011	10,046,041	-	-	9,346,011	10,046,041
Public safety	20,546,727	18,114,348	-	-	20,546,727	18,114,348
Public works	2,465,943	5,044,978	-	-	2,465,943	5,044,978
Community development	1,502,202	1,067,749	-	-	1,502,202	1,067,749
Community services	4,401,461	1,690,070	-	-	4,401,461	1,690,070
Interest	587,540	-	-	-	587,540	-
Refuse	-	-	3,164,071	3,034,050	3,164,071	3,034,050
Sewer maintenance	-	-	1,593,395	1,942,605	1,593,395	1,942,605
Total expenses	38,849,884	35,963,186	4,757,466	4,976,655	43,607,350	40,939,841
Increase (decrease) in net position before transfers & special items	5,495,845	6,494,379	(852,143)	(1,152,929)	4,643,702	5,341,450
Transfers from Successor Agency	76,093	-	-	-	76,093	-
Transfers	191,999	251,338	(191,999)	(251,338)	-	-
Change in net position	5,763,937	6,745,717	(1,044,142)	(1,404,267)	4,719,795	5,341,450
Net position, beginning of year (as restated)	21,644,798	14,899,081	8,263,940	9,668,207	29,908,738	24,567,288
Net position, end of year	\$ 27,408,735	\$ 21,644,798	\$ 7,219,798	\$ 8,263,940	\$ 34,628,533	\$ 29,908,738

Governmental Activities:

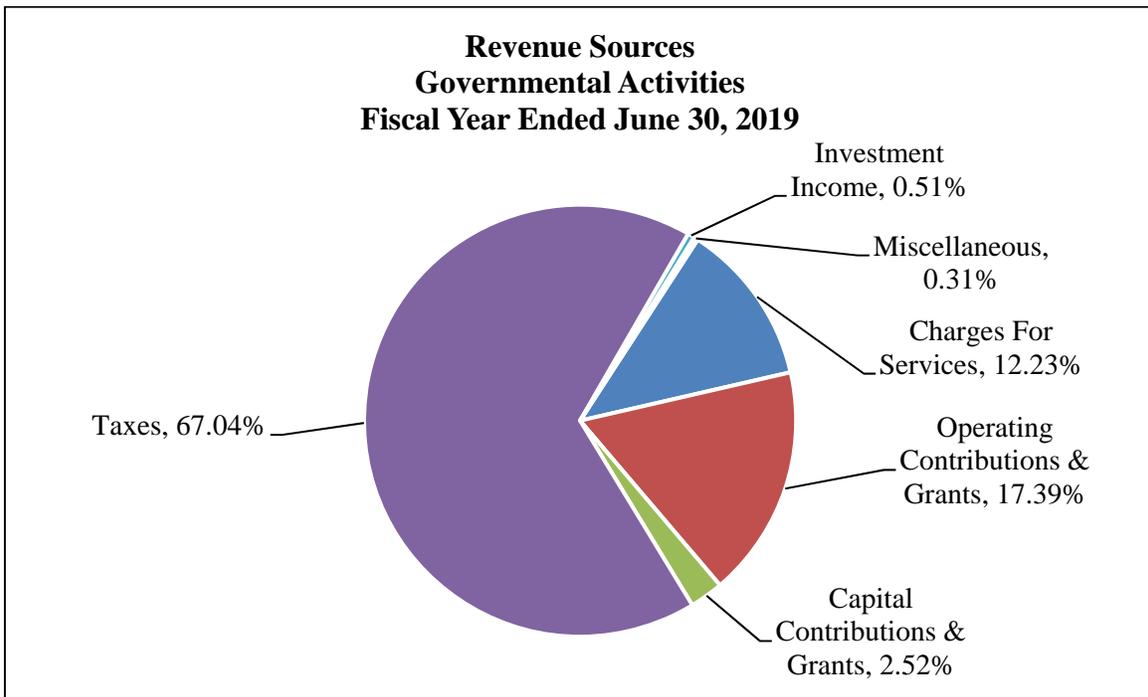
Overall, governmental activities increased the City's net position by \$5.8 million. There were several factors that contributed to this change.

City of Placentia
Management's Discussion and Analysis (Unaudited) (Continued)
For the Fiscal Year Ended June 30, 2019

Revenues

Total revenue from governmental activities equaled \$44.3 million for the year. While there are differences in all revenue categories, the overall increase was \$1.9 million, or 4.4%.

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 \$2.1 million, or 7.6%. Measure U sales tax accounted for \$1.4 million of the increase but is offset by a \$200,000 decrease in the Bradley Burns 1% sales tax, which is likely due to timing issues as a result of the State's implementation of a new reporting system. Property values continued to increase, resulting in an increase in property tax revenue of \$0.9 million from last year, an increase of 6.4%. Franchise taxes increased by \$70,064 while utility user taxes declined by \$83,199.

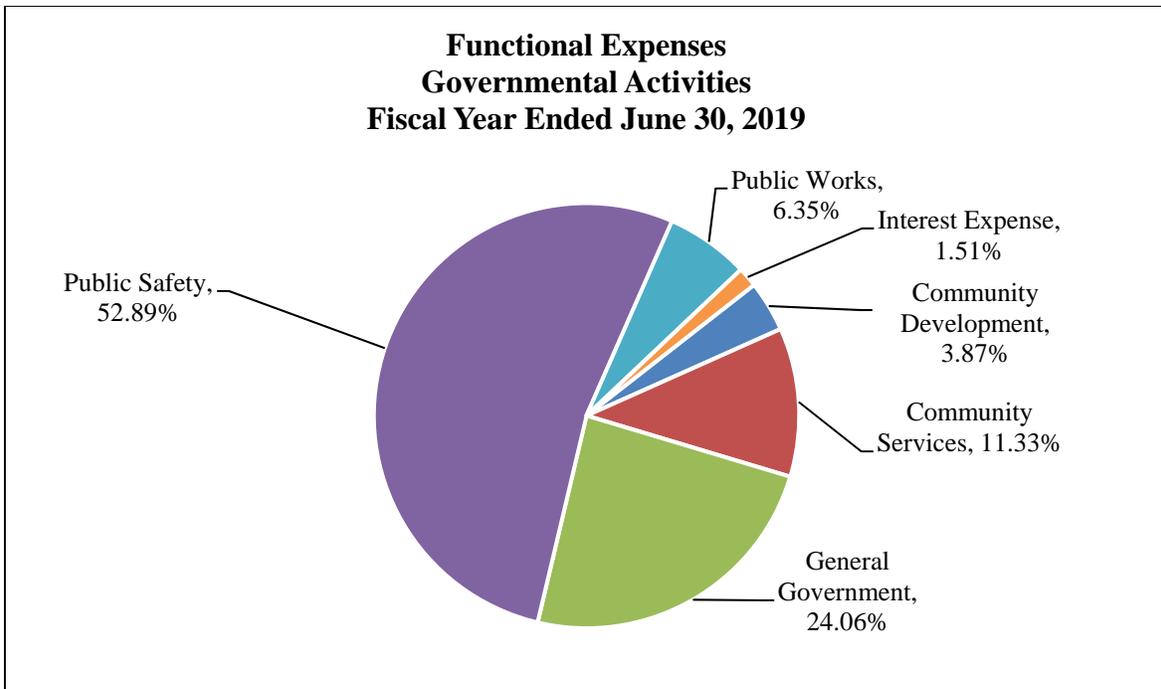
Revenue from Operating Contributions and Grants decreased in FY 2018-19 by \$0.9 million, or 10.3%. The majority of the decrease is due to a one-time \$0.6 million reimbursement of a \$1.9 million loan receivable due to the General Fund from the Successor Agency to the former Placentia Redevelopment Agency in the prior fiscal year. The balance reflects receipt of \$320,000 from the Placentia Yorba Linda School District for School Resource Officers. The Capital Contributions and Grants reflects an increase of \$0.6 million partially due to a developer payment toward infrastructure improvements and partially due to a second developer payment to renovate a billboard. The decrease of \$93,771 in Charges for Services is across the board in various accounts. On July 1, 2018, the City implemented a significant fee increase to improve cost recovery; however, activity has dropped off in some programs. These fees will be re-evaluated for the Fiscal Year 2020-21 budget. The increase in Investment Income reflects improved interest rates and higher cash balances.

City of Placentia
Management's Discussion and Analysis (Unaudited) (Continued)
For the Fiscal Year Ended June 30, 2019

Expenses

Total expenses from governmental activities equaled \$38.8 million, representing an increase of \$2.9 million, or 8.0%, over the previous year. The majority of increase is due to the \$2.8 million purchase of property at 731 Melrose Street for the Placentia Regional Navigation Center. Other functions such as public safety reflect an increase of \$2.4 million, primarily due to a correction in the allocation of pension and internal service fund charges. A portion of this increase is also due to an increase in the contract for the Orange County Fire Authority. The increase of \$434,453 in Community Development reflects the transfer of the Code Enforcement Division from Public Safety. The increase of \$2.7 million in Community Services is due to the property purchase for the Placentia Regional Navigation Center. The reduction of \$2.6 million in Public Works reflects the completion of some capital projects in the prior fiscal year. The reduction in General Government reflects moving interest expense to its own line item.

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



Business-Type Activities:

Operating Revenues	\$ 3,870,861
Operating Expenses	<u>(4,757,466)</u>
Operating Income	(886,605)
Non-operating Income	<u>34,462</u>
Income before Transfers & Special Items	(852,143)
Transfers	<u>(191,999)</u>
Change in Net Position	<u><u>\$ (1,044,142)</u></u>

City of Placentia
Management's Discussion and Analysis (Unaudited) (Continued)
For the Fiscal Year Ended June 30, 2019

The business-type activities include the City's refuse and sewer system activities. Total operating revenues for the business-type activities equaled \$3.9 million and the operating expenses were \$4.8 million, for a net operating loss of approximately \$0.9 million. The refuse operation generated a loss of \$12,233 and the sewer system operation generated a loss of \$1,031,909. This is the result of a small decrease in sewer revenue collections, an increase in sewer maintenance costs and the recording of depreciation. The City is currently conducting a rate study to address the deficit operating balance in this fund.

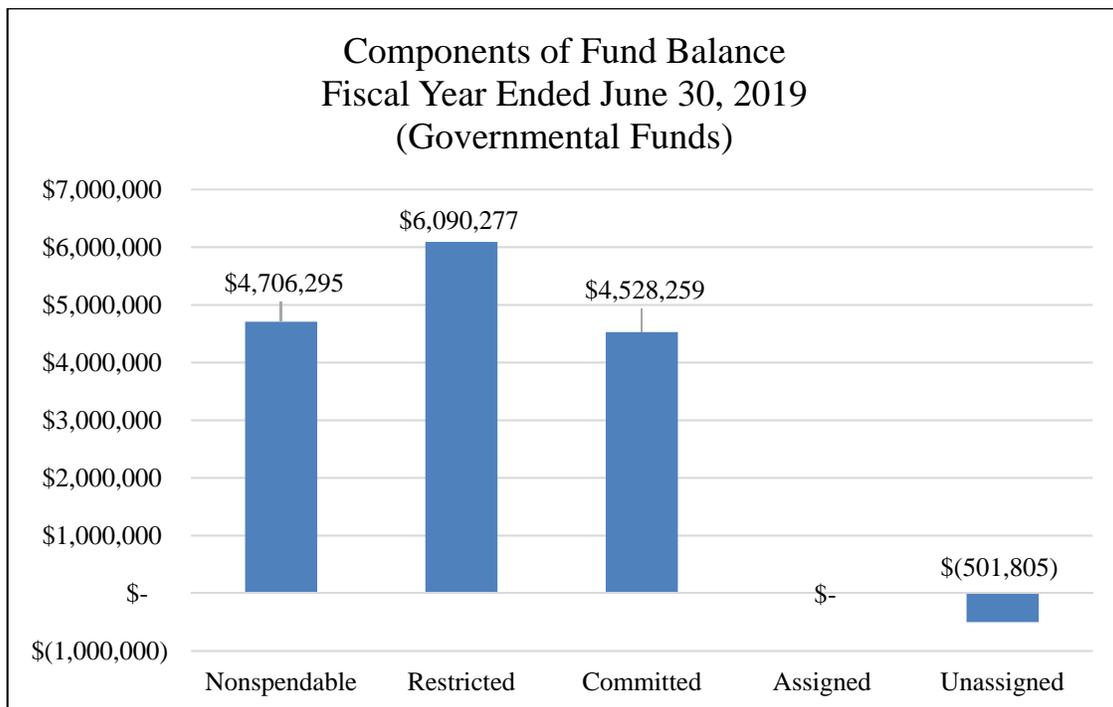
FINANCIAL ANALYSIS OF THE CITY'S MAJOR FUNDS

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 balances 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 obligated for a particular purpose by either an external party, the City Council, or anyone delegated the authority to assign resources.

As of the end of the current fiscal year, the City's governmental funds reported a combined ending fund balance of \$14.8 million, an increase of \$2.5 million from the prior year.



Of the total \$14.8 million of fund balances, \$4.7 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 \$6.1 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.

City of Placentia
Management's Discussion and Analysis (Unaudited) (Continued)
For the Fiscal Year Ended June 30, 2019

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, 2019 for the future Metrolink train station and parking structure to be built in the City. The remaining balance of \$1.1 million reflects the commitment of Measure U funds for specific purposes, in compliance with the City's General Fund Reserve Policy.

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, 2019.

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, 2019 for all governmental funds combined is negative \$0.5 million, consisting of \$0.5 million in unassigned fund balance in the General Fund and unassigned deficits of \$1.0 million for the City Projects Capital Projects Fund, Housing and Community Development Fund, PEG Fund, TOD Sewer Fund, and the Citywide Development Impact Fee fund. The governmental fund deficits were the result of expenditures incurred in advance of reimbursements that were unavailable or otherwise not received by fiscal year-end.

The General Fund is the main operating fund of the City. As of June 30, 2019, total fund balance of the General Fund was \$10.35 million, compared to \$8.03 million at June 30, 2018, representing an increase of \$2.32 million. Nonspendable and restricted portions of the fund balance declined from the prior year due to debt payments and a reduction in a loan receivable. However, committed fund balance increased by \$1.1 million due to receipt of the Measure U funds, in compliance with the City's General Fund Reserve Policy.

The general fund had revenues of \$35.8 million, compared to \$33.3 million in the prior year, an increase of \$2.5 million, or 7.4%. The majority of this increase is due to increases in sales and property tax revenues. The City received \$1.4 million additional sales tax revenue from Measure U, which accounts for 56% of the increase. The remaining increase occurred in property tax revenue, accounting for \$0.9 million or 36% of the increase, due to an increase in property values. The increase in intergovernmental reflects the receipt of two years of funding for the School Resource Officer. The increase in licenses and permits is due to increased fees and activity. The increase in investment earnings is due to higher interest rates and cash balances and the miscellaneous increase reflects a one-time developer payment. The reduction in fines and forfeitures is parking and false alarm fine revenue due to staffing vacancies. The reduction in charges for services partially reflects increased planning activity for major projects in the prior year as we as reduced recreation programming.

General Fund expenditures for FY 2018-19 were \$34.02 million, compared to \$34.05 million last year, which represents a decrease of \$29 thousand. The most significant decrease was in public safety expenditures, with a reduction of \$633,936 due to salary savings of more than \$1.0 million for vacant positions in the Police Department. The salary savings was offset by an increase of \$337,396 for the fire services contract with the Orange County Fire Authority. Additional expenditure decreases include \$154,251 in General Government due to salary savings and \$133,807 of debt service interest charges as a result of repayment and retirement of the City's 2009 lease revenue bonds. These reductions are offset by expenditure increases of \$385,185 in capital outlay which included the purchase of property at 120 S. Bradford Avenue for \$287,671, the City HVAC System Upgrade project for \$53,706, and construction work on the Koch Park Roof Replacement project for \$38,501. Public Works costs show an increase of \$163,012 due to increased building and facility maintenance as well as outside engineering services. There was an increase of \$225,000 in principal from retirement of the City's Lease Revenue bonds and an increase of \$173,993 in community development due to reclassifying the code enforcement division from public safety to community development.

City of Placentia
Management's Discussion and Analysis (Unaudited) (Continued)
For the Fiscal Year Ended June 30, 2019

The Housing Successor special revenue fund, a major fund, had revenues of \$110,954 compared to \$143,472 in the prior year. The decrease in revenue is caused by the fund receiving a reduced State reimbursement for a \$390,278 loan receivable from the Successor Agency to the former Placentia Redevelopment Agency. The reduction was offset by a one-time \$85,468 gain on sale of property at 229 S. Main Street. Expenditures were incurred this year due to the recording a \$39,358 disposal loss from the sale of property at 229 Alta Street. Fund balance increased \$71,597 or 4.4% compared to the prior year, primarily due to the property sale.

The Placentia Regional Navigation Center special revenue fund, a new major fund for FY 2018-19, had total revenues of approximately \$2.8 million and expenditures of approximately \$2.8 million. FY 2018-19 revenues are comprised of Homeless Emergency Aid Program ("HEAP") grant funds, and expenditures were for the acquisition of property to construct the Placentia Regional Navigation center.

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 \$7.2 million. The sewer maintenance fund had a net position of \$7.8 million (of which \$9.2 million represents investment in capital assets). The refuse fund had a negative net position of \$0.5 million. Both 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. 68 and No. 75.

The combined internal service funds have a positive net position of \$73,116 at June 30, 2019, a reduction of \$156,432 due to the recording of estimates for outstanding claims.

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 2018-19 included estimated revenues of nearly \$33.7 million but was increased by budget amendments totaling \$1.8 million, for a final budget of \$35.5 million. Actual revenues were \$35.8 million, with the largest positive budget variance of \$804,258 occurring in tax revenue. Half of this variance reflects Measure U receipts being 40% more than the conservative estimate that was used in the budget. The other half is an increase in property taxes due to improved valuations. The largest negative variance was \$550,468 for leases and rents revenue due to the actual revenue from the electronic billboards along the SR-57 Freeway and the Galaxy Oil gas station on Placentia Avenue being less originally estimated.

The adopted general fund expenditure budget for this fiscal year was \$34.3 million; however, Council approved amendments increased appropriations by \$983,623 for a final amended budget of \$35.3 million. Actual expenditures totaled \$34.0 million. The largest variance is Public Works which was underspent by \$1.38 million due to a delay in starting budgeted construction projects. The \$439,000 negative variance for principal retirement reflects the full payment of the 2009 Lease Revenue Bonds as required in the bond covenants due to the General Fund ending fund balance being higher than allowed.

Transfers in from other funds were originally budgeted at \$822,533 million but were amended to \$805,027. Actual transfers in from other funds were \$790,801, less than budgeted in order to maintain positive cash balances.

Transfers out to other funds were originally budgeted at \$234,875 but were amended to \$254,875. Actual transfers out to other funds were \$246,098.

City of Placentia
Management's Discussion and Analysis (Unaudited) (Continued)
For the Fiscal Year Ended June 30, 2019

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, 2019, totaled \$92.4 million, an increase of approximately \$1.6 million, or 1.7%, from the prior year. Capital assets include land, buildings, infrastructure, and equipment. Governmental activities grew by \$2.1 million, net of accumulated depreciation, which includes a \$2.7 million purchase of land at 731 S. Melrose Street for the Placentia Regional Navigational Center and a \$0.3 million purchase of land at 120 S. Bradford Avenue. 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	
	2019	2018	2019	2018	2019	2018
Land	\$ 26,501,872	\$ 23,489,750	\$ -	\$ -	\$ 26,501,872	\$ 23,489,750
Land - Right of Way	258,822	258,822	-	-	258,822	258,822
Construction in Progress	3,486,735	3,347,245	-	-	3,486,735	3,347,245
Structures & Improvements	8,982,463	9,222,772	9,184,219	9,699,319	18,166,682	18,922,091
Equipment	1,905,913	2,198,644	91,267	78,971	1,997,180	2,277,615
Land Improvements	66,361	72,156	-	-	66,361	72,156
Infrastructure						
Trees	3,114,540	3,114,540	-	-	3,114,540	3,114,540
Streets Network	25,693,570	26,698,697	-	-	25,693,570	26,698,697
Streets Appurtenances	10,392,441	9,938,295	-	-	10,392,441	9,938,295
Storm Drains	2,703,237	2,679,778	-	-	2,703,237	2,679,778
	<u>\$ 83,105,954</u>	<u>\$ 81,020,699</u>	<u>\$ 9,275,486</u>	<u>\$ 9,778,290</u>	<u>\$ 92,381,440</u>	<u>\$ 90,798,989</u>

For further detailed information see Note 5, Capital Assets.

Debt Administration

As of June 30, 2019, the City's long-term debt totaled \$83.7 million, representing a decrease of \$3.6 million from the prior year. The decrease is due to repayment and retirement of the City's Lease Revenue Bonds of \$1.2 million and a net \$0.8 million decline in all other City liabilities, mostly due to regularly scheduled payments. OPEB and Pension liabilities also decreased by \$0.6 and \$0.9 million respectively due to assumption changes.

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
2003 Refunding Cert. of Participation	\$ 3,500,000	\$ 3,810,000	\$ -	\$ -	\$ 3,500,000	\$ 3,810,000
2011 Gas Tax Cert. of Participation	4,180,000	4,435,000	-	-	4,180,000	4,435,000
2009 Lease Revenue Bonds	-	1,235,000	-	-	-	1,235,000
2009 Lease Revenue Bond Discount	-	(8,916)	-	-	-	(8,916)
Capital Leases	1,144,309	1,325,517	-	-	1,144,309	1,325,517
OCTA Advance	2,561,406	2,816,593	-	-	2,561,406	2,816,593
Claims Payable	2,231,846	1,996,168	-	-	2,231,846	1,996,168
Compensated Absences	1,618,994	1,709,405	49,109	26,589	1,668,103	1,735,994
Other Postemployment Benefit	26,729,504	27,217,068	1,511,486	1,617,932	28,240,990	28,835,000
Pension Liabilities	37,957,008	39,420,495	2,226,778	1,691,380	40,183,786	41,111,875
	<u>\$ 79,923,067</u>	<u>\$ 83,956,330</u>	<u>\$ 3,787,373</u>	<u>\$ 3,335,901</u>	<u>\$ 83,710,440</u>	<u>\$ 87,292,231</u>

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

City of Placentia
Management's Discussion and Analysis (Unaudited) (Continued)
For the Fiscal Year Ended June 30, 2019

NEXT YEAR'S BUDGET, TAX RATES AND FEE LEVELS

The Fiscal Year 2019-20 adopted General Fund budget was balanced, with a surplus of revenues and transfers from other funds over expenditures and transfers to other funds of \$1,191,800.

General Fund revenues and transfers from other funds are currently estimated at \$39.5 million for FY 2019-20, which represents a \$4.3 million or 12% increase from actual FY 2018-19 revenues and transfers from other funds. This increase is primarily due to the passage of Measure U which is projected to bring \$5.0 million of transactions and use tax revenue and the sale of the Springhill Suites property at 380 S. Placentia for \$1.5 million. Property tax revenue, the City's largest revenue source, is currently estimated conservatively at \$15.7 million for FY 2019-20, which is an increase of \$230,000 or 1.4%, over actual FY 2018-19 receipts, due to continuing improvements in property values and property sales.

The current projection for FY 2019-20 Bradley Burns sales tax revenue and utility user tax revenue are effectively flat or in some cases declining. Sales tax revenue for FY 2019-20 are projected to be \$6.8 million, which is \$100,000 or 1.4% more than the FY 2018-19 actual results. 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. Utility User Tax revenue are projected to be \$2.4 million which is a \$41,000 or 1.7% decrease over actual FY 2018-19 receipts. This revenue sources continues to decline as residents eliminate cable and landline services.

On June 19, 2018, the City notified the Orange County Fire Authority (OCFA) that it intended to withdraw from the Joint Powers Agreement for fire suppression, investigation and prevention along with emergency medical services. The annual cost to the City as charged by OCFA has increased 47% since 2009. The City has only limited control over these costs, unlike traditional City Departments. On June 4, 2019, the City Council voted to establish the Placentia Fire and Life Safety Department (the "Department") to provide Citywide fire protection, prevention and suppression services. Simultaneously, the City awarded a contract to Lynch Ambulance Services ("Lynch") to provide Citywide emergency medical and transport services. As part of that decision, the Department and Lynch will begin providing emergency medical services, fire protection, prevention and suppression services on July 1, 2020. The City estimates that it will save \$28 million over the next 10 years for the provision of fire protection and emergency medical services.

The amended FY 2019-20 General Fund budget includes \$38.3 million of appropriations for expenditures (including CIP expenditures) and transfers to other funds. This represents an increase of \$4.0 million or 11.7% over FY 2018-19 actual expenditures and transfers to other funds.

The increase includes the start-up costs of \$1.3 million for the newly formed Placentia Fire and Life Safety Department. The remainder of the increase is related to adding new positions, restoring positions and services that were cut in the FY 2018-19 budget, rising PERS costs and wage adjustments. Some of these increases are offset by a reduction in debt service due to retirement of the 2009 Working Capital bond in FY 2018-19.

Approved staffing for FY 2019-20 is 193 full-time positions, of which 53 positions are needed for the Placentia Fire & Life Safety department (includes 30 Reserve Firefighters). 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, 2019

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, 2019

ASSETS	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Current assets:			
Cash and investments	\$ 11,644,467	\$ 1,726,514	\$ 13,370,981
Receivables, net of allowance			
Accounts	784,517	105,124	889,641
Taxes	3,462,111	19,661	3,481,772
Grants	364,896	-	364,896
Interest	62,163	-	62,163
Loans	5,572,500	-	5,572,500
Prepaid items	41,868	-	41,868
Inventory	40,121	-	40,121
Total current assets	21,972,643	1,851,299	23,823,942
Noncurrent assets:			
Land held for resale	1,036,760	-	1,036,760
Restricted assets:			
Cash and investments with fiscal agent	1,068,047	-	1,068,047
Capital assets - nondepreciable	33,361,969	-	33,361,969
Capital assets - depreciable, net	49,743,985	9,275,486	59,019,471
Total noncurrent assets	85,210,761	9,275,486	94,486,247
Total assets	107,183,404	11,126,785	118,310,189
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charges on refunding	456,608	-	456,608
Deferred outflows of resources related to pensions	7,971,798	440,885	8,412,683
Deferred outflows of resources related to OPEB	1,053,326	59,562	1,112,888
Total deferred outflows of resources	9,481,732	500,447	9,982,179

City of Placentia
Statement of Net Position (Continued)
June 30, 2019

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
LIABILITIES			
Current liabilities:			
Accounts payable	1,401,601	259,242	1,660,843
Accrued payroll and benefits	548,903	27,596	576,499
Accrued interest payable	36,737	-	36,737
Unearned revenues	2,815,625	-	2,815,625
Long-term debt due within one year	770,554	-	770,554
Claims payable due within one year	557,961	-	557,961
Compensated absences due within one year	279,768	10,259	290,027
Total current liabilities	<u>6,411,149</u>	<u>297,097</u>	<u>6,708,246</u>
Noncurrent liabilities:			
Long-term debt due in more than one year	10,615,161	-	10,615,161
Claims payable due in more than one year	1,673,885	-	1,673,885
Compensated absences due in more than one year	1,339,226	49,109	1,388,335
Aggregate net OPEB liabilities	26,729,504	1,511,486	28,240,990
Aggregate net pension liabilities	37,957,008	2,226,778	40,183,786
Total noncurrent liabilities	<u>78,314,784</u>	<u>3,787,373</u>	<u>82,102,157</u>
Total liabilities	<u>84,725,933</u>	<u>4,084,470</u>	<u>88,810,403</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred pension-related items	1,566,061	155,334	1,721,395
Deferred OPEB-related items	2,964,407	167,630	3,132,037
Total deferred inflows of resources	<u>4,530,468</u>	<u>322,964</u>	<u>4,853,432</u>
NET POSITION			
Net investment in capital assets	<u>72,176,847</u>	<u>9,275,486</u>	<u>81,452,333</u>
Restricted for:			
Public safety	369,324	-	369,324
Public works	83,144	-	83,144
Community development	70,278	-	70,278
Community services	14,782	-	14,782
Debt service	1,061,038	-	1,061,038
Grant programs	145,035	-	145,035
Transportation	983,489	-	983,489
Park development	19,697	-	19,697
Street maintenance	486,594	-	486,594
Air quality	190,270	-	190,270
Affordable housing	2,666,626	-	2,666,626
Total restricted	<u>6,090,277</u>	<u>-</u>	<u>6,090,277</u>
Unrestricted (deficit)	<u>(50,858,389)</u>	<u>(2,055,688)</u>	<u>(52,914,077)</u>
Total net position	<u>\$ 27,408,735</u>	<u>\$ 7,219,798</u>	<u>\$ 34,628,533</u>

City of Placentia
Statement of Activities
For the Year Ended June 30, 2019

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
General government	\$ 9,346,011	\$ 2,356,740	\$ 881,125	\$ -
Public safety	20,546,727	742,776	3,569,124	-
Public works	2,465,943	1,100,940	2,498,086	1,117,094
Community development	1,502,202	1,011,210	761,662	-
Community services	4,401,461	213,198	-	-
Interest	587,540	-	-	-
Total Governmental Activities	38,849,884	5,424,864	7,709,997	1,117,094
Business-Type Activities:				
Refuse	3,164,071	3,148,848	-	-
Sewer maintenance	1,593,395	722,013	-	-
Total Business-Type Activities	4,757,466	3,870,861	-	-
Total Primary Government	\$ 43,607,350	\$ 9,295,725	\$ 7,709,997	\$ 1,117,094

City of Placentia
Statement of Activities (Continued)
For the Year Ended June 30, 2019

	Net (Expense) Revenue and Changes in Net Positions		
	Governmental Activities	Business-Type Activities	Total
Functions/Programs			
Governmental Activities:			
General government	\$ (6,108,146)	\$ -	\$ (6,108,146)
Public safety	(16,234,827)	-	(16,234,827)
Public works	2,250,177	-	2,250,177
Community development	270,670	-	270,670
Community services	(4,188,263)	-	(4,188,263)
Interest	(587,540)	-	(587,540)
Total Governmental Activities	(24,597,929)	-	(24,597,929)
Business-Type Activities:			
Refuse	-	(15,223)	(15,223)
Sewer maintenance	-	(871,382)	(871,382)
Total Business-Type Activities	-	(886,605)	(886,605)
Total Primary Government	(24,597,929)	(886,605)	(25,484,534)
General Revenues:			
Taxes:			
Property taxes	15,477,587	-	15,477,587
Transient occupancy taxes	961,796	-	961,796
Sales taxes	8,184,665	-	8,184,665
Franchise taxes	2,340,329	-	2,340,329
Utility users tax	2,461,438	-	2,461,438
Real property transfer taxes	205,369	-	205,369
Other taxes	99,567	-	99,567
Investment earnings	226,873	34,462	261,335
Miscellaneous	136,150	-	136,150
Total General Revenues	30,093,774	34,462	30,128,236
Transfers:			
Transfers from Successor Agency	76,093	-	76,093
Transfers	191,999	(191,999)	-
Total Transfers	268,092	(191,999)	76,093
Changes in Net Position	5,763,937	(1,044,142)	4,719,795
Net Position - Beginning of Year	21,644,798	8,263,940	29,908,738
Net Position - End of Year	\$ 27,408,735	\$ 7,219,798	\$ 34,628,533

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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, 2019**

	Major Funds				Total
	General Fund	Housing Successor Special Revenue Fund	Placentia Regional Navigation Center Special Revenue Fund	Other Governmental Funds	
ASSETS					
Cash and investments	\$ 2,976,618	\$ 251,837	\$ 2,837,234	\$ 3,279,346	\$ 9,345,035
Receivables:					
Accounts	717,450	-	-	4,760	722,210
Taxes	3,085,095	-	-	377,016	3,462,111
Grants	6,249	-	-	358,647	364,896
Accrued interest	62,163	-	-	-	62,163
Loans and notes	4,624,306	948,194	-	-	5,572,500
Prepaid items	41,868	-	-	-	41,868
Due from other funds	1,313,088	-	-	-	1,313,088
Inventories	40,121	-	-	-	40,121
Land held for resale	-	1,036,760	-	-	1,036,760
Restricted assets:					
Cash and investments with fiscal agents	571,396	-	-	489,642	1,061,038
Total assets	<u>\$ 13,438,354</u>	<u>\$ 2,236,791</u>	<u>\$ 2,837,234</u>	<u>\$ 4,509,411</u>	<u>\$ 23,021,790</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 1,014,894	\$ -	\$ 8,546	\$ 327,355	\$ 1,350,795
Accrued liabilities	511,212	-	-	37,505	548,717
Due to other governments	186	-	-	-	186
Due to other funds	-	179,073	-	1,116,723	1,295,796
Unearned revenue	1,719	-	2,813,906	-	2,815,625
Total liabilities	<u>1,528,011</u>	<u>179,073</u>	<u>2,822,452</u>	<u>1,481,583</u>	<u>6,011,119</u>
Deferred inflows of resources:					
Unavailable revenues	1,561,106	390,278	-	236,261	2,187,645
Total deferred inflows of resources	<u>1,561,106</u>	<u>390,278</u>	<u>-</u>	<u>236,261</u>	<u>2,187,645</u>
Fund balances:					
Nonspendable	4,706,295	-	-	-	4,706,295
Restricted	571,396	1,667,440	14,782	3,836,659	6,090,277
Committed	4,528,259	-	-	-	4,528,259
Unassigned (deficit)	543,287	-	-	(1,045,092)	(501,805)
Total fund balances	<u>10,349,237</u>	<u>1,667,440</u>	<u>14,782</u>	<u>2,791,567</u>	<u>14,823,026</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 13,438,354</u>	<u>\$ 2,236,791</u>	<u>\$ 2,837,234</u>	<u>\$ 4,509,411</u>	<u>\$ 23,021,790</u>

City of Placentia
Reconciliation of the Governmental Funds Balance Sheet to the
Government-Wide Statement of Net Position
June 30, 2019

Total Fund Balances - Total Governmental Funds \$ 14,823,026

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	\$ 33,361,969	
Depreciable, net of \$4,312 reported in Internal Service Fund	49,739,673	83,101,642

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. 456,608

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. 2,187,645

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. (36,737)

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	\$ (7,680,000)	
Capital leases	(1,144,309)	
OCTA advance	(2,561,406)	
Compensated absences	(1,618,994)	(13,004,709)

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	7,971,798
Aggregate net pension liability	(37,957,008)
Pension related deferred inflows of resources	(1,566,061)

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	1,053,326
Aggregate net OPEB liability	(26,729,504)
OPEB related deferred inflows of resources	(2,964,407)

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. 73,116

Net Position of Governmental Activities \$ 27,408,735

City of Placentia
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2019

	Major Funds				Total
	General Fund	Housing Successor Special Revenue Fund	Placentia Regional Navigation Center Special Revenue Fund	Other Governmental Funds	
Revenues:					
Taxes	\$ 29,671,258	\$ -	\$ -	\$ -	\$ 29,671,258
Intergovernmental	353,354	-	2,836,094	4,340,762	7,530,210
Licenses and permits	1,922,689	-	-	-	1,922,689
Fines & forfeitures	438,581	-	-	174,999	613,580
Investment earnings	164,724	2,782	14,782	46,014	228,302
Charges for services	1,070,821	-	-	932,575	2,003,396
Leases and rents	1,230,532	13,082	-	-	1,243,614
Miscellaneous	944,874	95,090	-	5,753	1,045,717
Total revenues	35,796,833	110,954	2,850,876	5,500,103	44,258,766
Expenditures:					
Current:					
General government	7,823,758	-	-	64,849	7,888,607
Public safety	17,861,015	-	-	857,290	18,718,305
Public works	3,435,887	-	-	2,641,721	6,077,608
Community development	997,888	39,358	-	133,388	1,170,634
Community services	1,343,251	-	2,836,094	226,108	4,405,453
Capital outlay	719,324	-	-	327,770	1,047,094
Debt service:					
Principal retirement	1,545,000	-	-	560,380	2,105,380
Interest and fiscal charges	293,723	-	-	293,817	587,540
Total expenditures	34,019,846	39,358	2,836,094	5,105,323	42,000,621
Revenues over (under) expenditures	1,776,987	71,596	14,782	394,780	2,258,145
Other financing sources (uses):					
Transfers in	714,708	-	-	724,437	1,439,145
Transfers out	(246,098)	-	-	(1,001,048)	(1,247,146)
Transfer from Successor Agency	76,093	-	-	-	76,093
Total other financing sources (uses)	544,703	-	-	(276,611)	268,092
Net change in fund balances	2,321,690	71,596	14,782	118,169	2,526,237
Fund balances:					
Beginning of year	8,027,547	1,595,844	-	2,673,398	12,296,789
End of year	<u>\$ 10,349,237</u>	<u>\$ 1,667,440</u>	<u>\$ 14,782</u>	<u>\$ 2,791,567</u>	<u>\$ 14,823,026</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, 2019

Net Change in Fund Balances - Total Governmental Funds	\$	2,526,237
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	\$	5,253,734
Depreciation (net of \$7,646 in Internal Service Funds)		(3,079,789)
Net effect on disposal of capital assets		(81,044)
		2,092,901
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.		
		147,901
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	\$	1,800,000
Capital leases		181,208
OCTA advance		255,187
		2,236,395
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.		
		79,141
Amortization of bond discount was recognized in interest expense on the Government-Wide Statement of Activities, but did not require the use of current financial resources. Therefore amortization of bond discount was not reported as an expenditure in the governmental funds.		
		(8,916)
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.		
		90,411
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.		
		11,196
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.		
		(1,204,539)
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.		
		(156,432)
Change in Net Position of Governmental Activities	\$	5,763,937

PROPRIETARY FUND FINANCIAL STATEMENTS

City of Placentia
Statement of Net Position
Proprietary Funds
June 30, 2019

	Major Enterprise Funds		Business-Type Activities	Governmental Activities
	Refuse	Sewer Maintenance	Total	Internal Service Funds
ASSETS				
Current assets:				
Cash and investments	\$ 336,346	\$ 1,390,168	\$ 1,726,514	\$ 2,299,432
Receivable:				
Accounts	19,564	85,560	105,124	62,307
Taxes	19,661	-	19,661	-
Interest	-	-	-	-
Due from other funds	-	-	-	-
Restricted:				
Cash and investments with fiscal agent	-	-	-	7,009
Total current assets	<u>375,571</u>	<u>1,475,728</u>	<u>1,851,299</u>	<u>2,368,748</u>
Noncurrent assets:				
Capital assets, net of accumulated depreciation	-	9,275,486	9,275,486	4,312
Total noncurrent assets	<u>-</u>	<u>9,275,486</u>	<u>9,275,486</u>	<u>4,312</u>
Total assets	<u>375,571</u>	<u>10,751,214</u>	<u>11,126,785</u>	<u>2,373,060</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows of resources related to pensions	72,928	367,957	440,885	-
Deferred outflows of resources related to OPEB	13,855	45,707	59,562	-
Total deferred outflows of resources	<u>86,783</u>	<u>413,664</u>	<u>500,447</u>	<u>-</u>

City of Placentia
Statement of Net Position
Proprietary Funds (Continued)
June 30, 2019

	Major Enterprise Funds		Business-Type Activities	Governmental Activities
	Refuse	Sewer Maintenance	Total	Internal Service Funds
LIABILITIES				
Current liabilities:				
Accounts payable	241,558	17,684	259,242	50,806
Accrued liabilities	5,244	22,352	27,596	-
Due to other funds	-	-	-	17,292
Compensated absences - due within one year	2,052	8,207	10,259	-
Claims and judgments - due within one year	-	-	-	557,961
Total current liabilities	248,854	48,243	297,097	626,059
Noncurrent liabilities:				
Compensated absences - due in more than one year	7,843	41,266	49,109	-
Claims and judgments - due in more than one year	-	-	-	1,673,885
Net OPEB liability	351,600	1,159,886	1,511,486	-
Aggregate net pension liability	368,339	1,858,439	2,226,778	-
Total noncurrent liabilities	727,782	3,059,591	3,787,373	1,673,885
Total liabilities	976,636	3,107,834	4,084,470	2,299,944
DEFERRED INFLOW OF RESOURCES				
Deferred inflows of resources related to pensions	25,694	129,640	155,334	-
Deferred inflows of resources related to OPEB	38,994	128,636	167,630	-
Total deferred inflows of resources	64,688	258,276	322,964	-
NET POSITION				
Investment in capital assets	-	9,275,486	9,275,486	4,312
Unrestricted (deficit)	(578,970)	(1,476,718)	(2,055,688)	68,804
Total net position	\$ (578,970)	\$ 7,798,768	\$ 7,219,798	\$ 73,116

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City of Placentia
Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended June 30, 2019

	Business-Type Activities			Governmental Activities
	Refuse	Sewer Maintenance	Total	Internal Service
OPERATING REVENUES:				
Reimbursements	\$ -	\$ -	\$ -	\$ 106
Sales and service charges	3,148,848	722,013	3,870,861	2,291,489
Total operating revenues	<u>3,148,848</u>	<u>722,013</u>	<u>3,870,861</u>	<u>2,291,595</u>
OPERATING EXPENSES:				
Administration	423,918	330,559	754,477	64,175
Reinsurance premiums	-	-	-	104,032
Claims	-	-	-	689,471
Medical and dental premiums	-	-	-	987,460
Liability insurance premiums	-	-	-	615,349
Maintenance	-	735,520	735,520	-
Landfill and contractor charges	2,740,153	-	2,740,153	-
Depreciation expense	-	527,316	527,316	7,646
Total operating expenses	<u>3,164,071</u>	<u>1,593,395</u>	<u>4,757,466</u>	<u>2,468,133</u>
OPERATING INCOME (LOSS)	<u>(15,223)</u>	<u>(871,382)</u>	<u>(886,605)</u>	<u>(176,538)</u>
NONOPERATING INCOME (LOSS):				
Investment income	2,990	31,472	34,462	-
Gain (loss) on disposal of capital assets	-	-	-	20,106
Total Nonoperating Income (Loss)	<u>2,990</u>	<u>31,472</u>	<u>34,462</u>	<u>20,106</u>
NET INCOME (LOSS) BEFORE TRANSFERS	<u>(12,233)</u>	<u>(839,910)</u>	<u>(852,143)</u>	<u>(156,432)</u>
TRANSFERS:				
Transfers out	-	(191,999)	(191,999)	-
Total Transfers	<u>-</u>	<u>(191,999)</u>	<u>(191,999)</u>	<u>-</u>
CHANGES IN NET POSITION	<u>(12,233)</u>	<u>(1,031,909)</u>	<u>(1,044,142)</u>	<u>(156,432)</u>
NET POSITION:				
Beginning of the year	(566,737)	8,830,677	8,263,940	229,548
End of the year	<u>\$ (578,970)</u>	<u>\$ 7,798,768</u>	<u>\$ 7,219,798</u>	<u>\$ 73,116</u>

City of Placentia
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2019

	Business-Type Activities			Governmental Activities
	Refuse	Sewer	Total	Internal Service
		Maintenance		
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers and users	\$ 3,142,040	\$ 714,675	\$ 3,856,715	\$ 2,229,288
Cash paid to suppliers for goods and services	(2,737,246)	(720,584)	(3,457,830)	(1,677,568)
Cash paid to employees for services	(361,835)	(34,400)	(396,235)	(64,175)
Cash paid for insurance claims	-	-	-	(689,471)
Net Cash Provided by (Used in) Operating Activities	<u>42,959</u>	<u>(40,309)</u>	<u>2,650</u>	<u>(201,926)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Cash transfers in (out)	-	(191,999)	(191,999)	9,976
Repayment received from other funds	-	318,437	318,437	-
Net Cash Provided by Noncapital Financing Activities	<u>-</u>	<u>126,438</u>	<u>126,438</u>	<u>9,976</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Proceeds from sale of capital assets	-	-	-	20,106
Acquisition of capital assets	-	(24,512)	(24,512)	-
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>-</u>	<u>(24,512)</u>	<u>(24,512)</u>	<u>20,106</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest received	2,990	32,567	35,557	-
Net Cash Provided by Investing Activities	<u>2,990</u>	<u>32,567</u>	<u>35,557</u>	<u>-</u>
Net Increase (Decrease) In Cash and Cash Equivalents	45,949	94,184	140,133	(171,844)
CASH AND CASH EQUIVALENTS:				
Beginning of year	290,397	1,295,984	1,586,381	2,478,285
End of year	<u>\$ 336,346</u>	<u>\$ 1,390,168</u>	<u>\$ 1,726,514</u>	<u>\$ 2,306,441</u>
CASH AND CASH EQUIVALENTS:				
Cash and investments	\$ 336,346	\$ 1,390,168	\$ 1,726,514	\$ 2,299,432
Cash and investments with fiscal agent	-	-	-	7,009
Total cash and cash equivalents	<u>\$ 336,346</u>	<u>\$ 1,390,168</u>	<u>\$ 1,726,514</u>	<u>\$ 2,306,441</u>
Reconciliation of Operating (Loss) to to Net Cash Provided by (Used in) Operating Activities:				
Operating (loss)	\$ (15,223)	\$ (871,382)	\$ (886,605)	\$ (176,538)
Adjustments to reconcile operating (loss) to net cash provided by (used in) operating activities:				
Depreciation	-	527,316	527,316	7,646
Changes in assets and liabilities:				
(Increase)/decrease in accounts receivables	(19,564)	(7,338)	(26,902)	(62,307)
(Increase)/decrease in taxes receivables	12,756	-	12,756	-
(Increase)/decrease in deferred outflows of resources related to pension	(2,531)	(15,972)	(18,503)	-
(Increase)/decrease in deferred outflows of resources related to OPEB	257	2,295	2,552	-
Increase/(decrease) in accounts payable	2,907	14,936	17,843	(206,406)
Increase/(decrease) in accrued liabilities	638	4,081	4,719	-
Increase/(decrease) in compensated absences	2,046	2,787	4,833	-
Increase/(decrease) in claims payable	-	-	-	235,679
Increase/(decrease) in net pension liabilities	86,442	448,956	535,398	-
Increase/(decrease) in net OPEB liabilities	(15,989)	(90,457)	(106,446)	-
Increase/(decrease) in deferred inflows of resources related to pension	(14,285)	(70,255)	(84,540)	-
Increase/(decrease) in deferred inflows of resources related to OPEB	5,505	14,724	20,229	-
Net Cash Provided by (Used in) Operating Activities	<u>\$ 42,959</u>	<u>\$ (40,309)</u>	<u>\$ 2,650</u>	<u>\$ (201,926)</u>

See accompanying Notes to the Basic Financial Statements

FIDUCIARY FUND FINANCIAL STATEMENTS

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City of Placentia
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2019

	<u>RDA Successor Agency</u>	<u>Agency Funds</u>
ASSETS		
Pooled cash and investments	\$ 676,154	\$ 715,912
Receivables:		
Taxes	-	150
Miscellaneous	-	410
Restricted assets:		
Cash and investments with fiscal agents	<u>583,748</u>	<u>-</u>
Total assets	<u>1,259,902</u>	<u>\$ 716,472</u>
LIABILITIES		
Accounts payable	871	-
Accrued liability	5,641	-
Accrued interest	184,240	-
Deposits payables	-	716,472
Unearned revenues	698,412	-
Long-term liabilities:		
Due in one year	1,352,816	-
Due in more than one year	<u>15,234,664</u>	<u>-</u>
Total liabilities	<u>17,476,644</u>	<u>\$ 716,472</u>
NET POSITION		
Held in trust	<u>(16,216,742)</u>	
Total net position	<u>\$ (16,216,742)</u>	

City of Placentia
Statement of Change in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2019

	RDA Successor Agency
ADDITIONS:	
Property taxes	\$ 1,973,921
Investment income	4,993
Gain on disposal of capital assets	-
Total additions	1,978,914
DEDUCTIONS:	
Program costs	367,724
Administrative expenses	189,888
Interest expense	440,465
Contributions to City	76,093
Total deductions	1,074,170
Change in net position	904,744
NET POSITION:	
Beginning of year	(17,121,486)
End of year	\$ (16,216,742)

NOTES TO THE BASIC FINANCIAL STATEMENTS

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City of Placentia
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For the Year Ended June 30, 2019

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City of Placentia
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For the Year Ended June 30, 2019

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City of Placentia
Notes to the Basic Financial Statements
For the Year Ended June 30, 2019

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, 2019

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, 2019

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.

Placentia Regional Navigation Center Special Revenue Fund – This fund is used to account for the receipts and expenditures related to the construction and operation of the Placentia Regional Navigation Center. Revenues include the Homeless Emergency Aid Program (“HEAP”) Grant and SB2 funds. Future revenue sources will include reimbursement from the North Orange County cities.

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.

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.

City of Placentia
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 1 – Summary of Significant Accounting Policies (Continued)

B. Basis of Accounting and Measurement Focus (Continued)

Proprietary Fund Financial Statements (Continued)

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.

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).

City of Placentia
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 1 – Summary of Significant Accounting Policies (Continued)

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.

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).

City of Placentia
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 1 – Summary of Significant Accounting Policies (Continued)

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.

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.

City of Placentia
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 1 – Summary of Significant Accounting Policies (Continued)

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. The General Fund is typically used to liquidate compensated absences. In proprietary funds, compensated absences are expensed to the various funds in the period they are earned, and such fund's share of the unpaid liability is recorded as a long-term liability of the fund.

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.

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 City has both Miscellaneous and Safety defined benefit pension plans.

The following timeframes are used for pension reporting:

<u>CalPERS</u>	
Valuation Date	June 30, 2017
Measurement Date	June 30, 2018
Measurement Period	July 1, 2017 to June 30, 2018

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.

The General Fund is typically used to pay pension benefits. In proprietary funds, pension benefits are expensed to the various funds in the period they are earned, and such fund's share of the unpaid liability is recorded as a long-term liability of the fund.

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).

City of Placentia
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 1 – Summary of Significant Accounting Policies (Continued)

M. Other Postemployment Benefits (“OPEB”) (Continued)

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, 2018
Measurement Date	June 30, 2018
Measurement Period	July 1, 2017 to June 30, 2018

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.

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.

City of Placentia
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 1 – Summary of Significant Accounting Policies (Continued)

P. Fund Balances (Continued)

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.

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.

City of Placentia
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 1 – Summary of Significant Accounting Policies (Continued)

S. Accounting Changes

GASB Statement No. 83

In November 2016, GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for asset retirement obligations (ARO). This Statement requires that recognition occur when the liability is both incurred and reasonably estimable. The determination of when the liability is incurred should be based on the occurrence of external laws, regulations, contracts, or court judgments, together with the occurrence of an internal event that obligates a government to perform asset retirement activities. Laws and regulations may require governments to take specific actions to retire certain tangible capital assets at the end of the useful lives of those capital assets, such as decommissioning nuclear reactors and dismantling and removing sewage treatment plants. Other obligations to retire tangible capital assets may arise from contracts or court judgments. Internal obligating events include the occurrence of contamination, placing into operation a tangible capital asset that is required to be retired, abandoning a tangible capital asset before it is placed into operation, or acquiring a tangible capital asset that has an existing ARO. Application of this statement did not have a material effect on the City’s financial statements for the fiscal year ending June 30, 2019.

GASB Statement No. 88

In April 2018, GASB issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. This Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. Application of this statement did not have a material effect on the City’s financial statements for the fiscal year ending June 30, 2019.

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, 2019:

	Government-Wide Statement of Net Position		Statement of Fiduciary Net Position	Total
	Governmental Activities	Business-type Activities		
Cash and investments	\$ 11,663,660	\$ 1,726,514	\$ 1,392,066	\$ 14,782,240
Cash and investment with fiscal agent	1,048,854	-	583,748	1,632,602
Total cash and investments	<u>\$ 12,712,514</u>	<u>\$ 1,726,514</u>	<u>\$ 1,975,814</u>	<u>\$ 16,414,842</u>

City of Placentia
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 2 – Cash and Investments (Continued)

The City’s cash and investments at June 30, 2019 in more detail:

Cash and cash equivalents:	
Demand deposits	\$ 775,030
Petty cash	17,565
Total cash and cash equivalents	792,595
Investments:	
Local Agency Investment Fund	13,242,682
Negotiable Certificates of Deposit	734,780
Investments with Fiscal Agent:	
Money Market Mutual Fund	1,644,785
Total investments	15,622,247
Total cash and investments	\$ 16,414,842

A. Demand Deposits

The carrying amounts of the City’s demand deposits were \$775,030 at June 30, 2019. Bank balances at that date were \$3,133,725, 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.

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.

City of Placentia
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 2 – Cash and Investments (Continued)

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

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, 2019

Note 2 – Cash and Investments (Continued)

D. Fair Value Measurement

At June 30, 2019, 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, 2019:

Investment Type	Significant other Observable Input (Level 2)	Uncategorized	Total
Local Agency Investment Fund	\$ -	\$ 13,242,682	\$ 13,242,682
Negotiable Certificates of Deposit	734,780	-	734,780
Held by Fiscal Agent:			
Money Market Mutual Funds	-	1,644,785	1,644,785
Total	\$ 734,780	\$ 14,887,467	\$ 15,622,247

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
Local Agency Investment Fund	\$ 13,242,682	\$ 13,242,682
Negotiable Certificates of Deposit	734,780	734,780
Held by Fiscal Agent:		
Money Market Mutual Funds	1,644,785	1,644,785
Total	\$ 15,622,247	\$ 15,622,247

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.

City of Placentia
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 2 – Cash and Investments (Continued)

E. Risk Disclosures (Continued)

Disclosures Relating to Credit Risk (Continued)

Investment Type	Total	Minimum Legal Rating	AAA	Not Rated
Local Agency Investment Fund	\$ 13,242,682	N/A	\$ -	\$ 13,242,682
Negotiable Certificates of Deposit Held by Fiscal Agent:	734,780	N/A	-	734,780
Money Market Mutual Funds	1,644,785	AAA	1,644,785	-
Total	\$ 15,622,247		\$ 1,644,785	\$ 13,977,462

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 provision for deposits as disclosed in Note 2A.

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.

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, 2019 included a portion of the pool funds invested in Structured Notes and Asset-Backed Securities, which included the following:

City of Placentia
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 2 – Cash and Investments (Continued)

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

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, 2019, the City had \$13,242,682 invested in LAIF, which had invested 1.77% 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, 2019, the City had the following due from/to other funds:

	Due From Other Funds
Due To Other Funds	General Fund
Housing Successor Special Revenue Fund	\$ 179,073
Nonmajor Special Revenue Funds:	
Housing and Community Development	255,888
Gasoline Tax	72,739
PEG	34,202
SB1 Gas Tax	-
TOD Impact Fee	186,320
Citywide Development Impact Fee	12,331
Nonmajor Capital Projects Funds:	
City Projects	555,243
Health & Welfare Internal Service Fund	17,292
Total	\$ 1,313,088

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, 2019

Note 3 – Interfund Transactions (Continued)

B. Transfers

During the year ended June 30, 2019, the City had the following transfers:

Transfers In	Transfers Out			Total
	General Fund	Nonmajor Governmental Funds	Sewer Maintenance Enterprise Fund	
General Fund	\$ -	\$ 522,709	\$ 191,999	\$ 714,708
Nonmajor Governmental Funds	246,098	478,339	-	724,437
Total	\$ 246,098	\$ 1,001,048	\$ 191,999	\$ 1,439,145

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 \$790,800 were to fund police, street maintenance, and other operating costs.

The General Fund transferred \$226,098 to the Street Lighting Special Revenue Fund to subsidize street lighting districts.

The General Fund transferred \$20,000 to the General Plan Update Special Revenue Fund to subsidize the General Plan update.

The Sewer Maintenance Enterprise Fund transferred \$191,999 to the General Fund for operating costs.

The Gas Tax Special Revenue Fund transferred \$478,339 to the Gas Tax COP Debt Service Fund to fund the 2011 Gas Tax Certificate of Participation debt service.

The Successor Agency transferred \$76,093 to the General Fund for administrative operating costs.

Note 4 – Loans Receivables

At June 30, 2019, the City had following loans receivable:

2003 Certificates of Participation Reimbursement	\$ 3,063,200
Owner's Participation Agreement	57,916
Real Property Loan Obligation Receivable	1,951,384
Placentia Veterans Village Loan	500,000
Total	\$ 5,572,500

City of Placentia
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 4 – Loans Receivables (Continued)

A. 2003 Certificates of Participation Reimbursement

On April 16, 2007, the City Council of the City of Placentia and the Board of Directors of the former Placentia Redevelopment Agency approved a reimbursement agreement between the City and the former Placentia Redevelopment Agency. This agreement provides that the former Placentia Redevelopment Agency will reimburse the City for a portion of the lease payment paid by the City to the bond trustee, with respect to the 2003 Certificates of Participation (COP).

The portion reimbursed (87.52 percent) is based upon the portion of the capital improvements and improved facilities benefiting from the original proceeds of the related debt issue that were within the confines of the development project area. The \$3,063,200 notes receivable balance as of June 30, 2019 represents 87.52 percent of the \$3,500,000 outstanding principal balance of the 2003 COP at June 30, 2019.

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 2018-19 fiscal year, the City received \$5,833 in principal payments. The ending loan receivable balance at June 30, 2019 is \$57,916.

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 provided that the Placentia Redevelopment Agency would 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, 2019 is \$1,561,106 to the City's General Fund and \$390,278 to the Housing Successor Agency Fund for a total of \$1,951,384.

D. Placentia Veterans Village Loan Receivable

On November 13, 2018, the City Council of the Housing Successor Agency to the former Redevelopment Agency of the City of Placentia approved a loan agreement of \$500,000 between the Housing Successor Agency and Mercy Housing California to initiate construction of the Placentia Veterans Village. The loan receivable balance at June 30, 2019 is \$500,000.

City of Placentia
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 5 – Capital Assets

The following is a summary of changes in capital assets for the governmental activities for the year ended June 30, 2019:

	Balance June 30, 2018	Additions	Deletions	Reclassifications	Balance June 30, 2019
<i>Capital assets not being depreciated:</i>					
Land	\$ 23,489,750	\$ 3,012,122	\$ -	\$ -	\$ 26,501,872
Land-Right of Way	258,822	-	-	-	258,822
Infrastructure - Trees	3,114,540	-	-	-	3,114,540
Construction in progress	3,347,245	1,840,837	-	(1,701,347)	3,486,735
Total capital assets not being depreciated	30,210,357	4,852,959	-	(1,701,347)	33,361,969
<i>Capital assets being depreciated:</i>					
Structures and improvements	14,614,362	33,632	-	191,365	14,839,359
Equipment	7,358,182	367,143	(281,473)	-	7,443,852
Land improvements	172,528	-	-	-	172,528
Infrastructure:	-	-	-	-	-
Streets network	47,680,864	-	-	252,090	47,932,954
Street appurtenances	23,062,537	-	-	1,057,892	24,120,429
Storm drain	8,827,054	-	-	200,000	9,027,054
Total capital assets being depreciated	101,715,527	400,775	(281,473)	1,701,347	103,536,176
<i>Less accumulated depreciation for:</i>					
Structures and improvements	(5,391,590)	(465,306)	-	-	(5,856,896)
Equipment	(5,159,538)	(578,829)	200,429	-	(5,537,938)
Land improvements	(100,372)	(5,796)	-	-	(106,168)
Infrastructure:	-	-	-	-	-
Streets network	(20,982,167)	(1,257,218)	-	-	(22,239,385)
Street appurtenances	(13,124,242)	(603,745)	-	-	(13,727,987)
Storm drain	(6,147,276)	(176,541)	-	-	(6,323,817)
Total accumulated depreciation	(50,905,185)	(3,087,435)	200,429	-	(53,792,191)
Total capital assets being depreciated, net	50,810,342	(2,686,660)	(81,044)	1,701,347	49,743,985
Total governmental activities	\$ 81,020,699	\$ 2,166,299	\$ (81,044)	\$ -	\$ 83,105,954

Depreciation expense was charged to functions/programs of governmental activities for the year ended June 30, 2019 as follows:

General government	\$ 183,363
Public safety	356,879
Public works	2,323,895
Community services	215,652
Internal service fund	7,646
Total depreciation expense	\$ 3,087,435

City of Placentia
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 5 – Capital Assets (Continued)

The following is a summary of changes in capital assets for the business-type activities for the year ended June 30, 2019:

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
<i>Capital assets being depreciated:</i>				
Structures and improvements	\$ 28,155,969	\$ -	\$ -	\$ 28,155,969
Equipment	97,646	24,512	-	122,158
Total capital assets being depreciated	<u>28,253,615</u>	<u>24,512</u>	<u>-</u>	<u>28,278,127</u>
Less accumulated depreciation for:				
Structures and improvements	(18,456,650)	(515,100)	-	(18,971,750)
Equipment	(18,675)	(12,216)	-	(30,891)
Total accumulated depreciation	<u>(18,475,325)</u>	<u>(527,316)</u>	<u>-</u>	<u>(19,002,641)</u>
Total capital assets being depreciated, net	<u>9,778,290</u>	<u>(502,804)</u>	<u>-</u>	<u>9,275,486</u>
Total business-type activities	<u>\$ 9,778,290</u>	<u>\$ (502,804)</u>	<u>\$ -</u>	<u>\$ 9,275,486</u>

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

Note 6 – Long-Term Liabilities

A. Governmental Activities

A summary of changes in long-term liabilities for governmental activities for the year ended June 30, 2019 is as follows:

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019	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	\$ 3,810,000	\$ -	\$ (310,000)	\$ 3,500,000	\$ 320,000	\$ 3,180,000
2011 Gas Tax Certificates of Participation	4,435,000	-	(255,000)	4,180,000	265,000	3,915,000
Bonds Payable:						
2009 Lease Revenue Bonds	1,235,000	-	(1,235,000)	-	-	-
Bond Discount:						
2009 Lease Revenue Bonds	(8,916)	-	8,916	-	-	-
Other Liabilities:						
Capital Lease - electric vehicles	112,016	-	(50,192)	61,824	50,389	11,435
Capital Lease - radio	1,213,501	-	(131,016)	1,082,485	135,165	947,320
OCTA Advance	2,816,593	-	(255,187)	2,561,406	-	2,561,406
Total long-term debt	<u>13,613,194</u>	<u>-</u>	<u>(2,227,479)</u>	<u>11,385,715</u>	<u>770,554</u>	<u>10,615,161</u>
Claims payable	1,996,168	944,772	(709,094)	2,231,846	557,961	1,673,885
Compensated absences	1,709,405	96,797	(187,208)	1,618,994	279,768	1,339,226
Total long-term liabilities	<u>\$ 17,318,767</u>	<u>\$ 1,041,569</u>	<u>\$ (3,123,781)</u>	<u>\$ 15,236,555</u>	<u>\$ 1,608,283</u>	<u>\$ 13,628,272</u>

City of Placentia
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 6 – Long-Term Liabilities (Continued)

A. Governmental Activities (Continued)

2003 Refunding and Improvements Project Certificates 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.

2003 Refunding and Improvements Project Certificates 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 reimbursement agreement mentioned above. 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, 2019 is \$3,500,000.

City of Placentia
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 6 – Long-Term Liabilities (Continued)

A. Governmental Activities (Continued)

The annual debt service requirements are as follows:

Year ending June 30,	Principal	Interest	Total
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	385,000	100,938	485,938
2025-2028	1,740,000	211,375	1,951,375
Total	<u>\$ 3,500,000</u>	<u>\$ 882,143</u>	<u>\$ 4,382,143</u>

2011 Gas Tax Certificates of Participation

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

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

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

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

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

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.

City of Placentia
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 6 – Long-Term Liabilities (Continued)

A. Governmental Activities (Continued)

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.

2011 Gas Tax Certifications of Participation, Continued

The prepayment requirements are as follows:

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

Annual debt service requirements are as follows:

Year ending June 30,	Principal	Interest	Total
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	315,000	162,750	477,750
2025-2029	1,850,000	553,900	2,403,900
2030-2031	885,000	73,700	958,700
Total	<u>\$ 4,180,000</u>	<u>\$ 1,580,175</u>	<u>\$ 5,760,175</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.

City of Placentia
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 6 – Long-Term Liabilities (Continued)

A. Governmental Activities (Continued)

2009 Lease Revenue Bonds (Continued)

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 City paid the bonds in full as of June 30, 2019.

Capital Lease

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, 2019 are as follows:

Year ending June 30,	Amount
2020	\$ 50,620
2021	11,474
Total payment	62,094
Interest	(270)
Principal	<u>\$ 61,824</u>

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.

June 30,	Principal	Interest	Total
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	153,118	14,352	167,470
2025-2027	362,479	14,329	376,808
Total	<u>\$ 1,082,485</u>	<u>\$ 131,673</u>	<u>\$ 1,214,158</u>

City of Placentia
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

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, 2019 is \$2,561,406.

Claims Payable

Estimated claims payable from general liability and workers’ compensation claims as determined by outside claims administrator. Outstanding balance as of June 30, 2019 is as follows:

General Liability Claims	\$	23,901
Workers' Compensation Claims		<u>2,207,945</u>
Total Claims Payable	\$	<u><u>2,231,846</u></u>

B. Business-Type Activities

A summary of changes in long-term liabilities for business-type activities for the year ended June 30, 2019 is as follows:

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019	Classification	
					Due within One Year	Due in more than One Year
Compensated absences	\$ 54,535	\$ 11,698	\$ (6,865)	\$ 59,368	\$ 10,259	\$ 49,109
	<u>\$ 54,535</u>	<u>\$ 11,698</u>	<u>\$ (6,865)</u>	<u>\$ 59,368</u>	<u>\$ 10,259</u>	<u>\$ 49,109</u>

City of Placentia
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 6 – Long-Term Liabilities (Continued)

C. Fiduciary Activities

A summary of changes in long-term liabilities for fiduciary activities for the year ended June 30, 2019 is as follows:

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019	Classification		
					Due within One Year	Due in More Than One Year	
Bonds Payable:							
2013 Tax Allocation Refunding Bonds	\$ 11,090,000	\$ -	\$ (555,000)	\$ 10,535,000	\$ 580,000	\$ 9,955,000	
Bond Premium:							
2013 Tax Allocation Refunding Bonds	50,142	-	(3,560)	46,582	-	46,582	
Other Liabilities:							
2003 Refunding and Improvement							
Project Certificates of Participation	3,334,512	-	(271,312)	3,063,200	280,064	2,783,136	
SERAF Obligation	991,314	-	-	991,314	-	991,314	
Real Property Loan Obligation	1,999,492	-	(48,108)	1,951,384	492,752	1,458,632	
	<u>\$ 17,465,460</u>	<u>\$ -</u>	<u>\$ (877,980)</u>	<u>\$ 16,587,480</u>	<u>\$ 1,352,816</u>	<u>\$ 15,234,664</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, 2019, the outstanding principal on this bond is \$10,535,000.

The annual debt service requirements are as follows:

Year ending June 30,	Principal	Interest	Total
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	670,000	339,538	1,009,538
2025-2029	3,755,000	1,282,669	5,037,669
2030-2033	3,645,000	356,131	4,001,131
Total	<u>\$ 10,535,000</u>	<u>\$ 3,552,513</u>	<u>\$ 14,087,513</u>

City of Placentia
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 6 – Long-Term Liabilities (Continued)

C. Fiduciary Activities (Continued)

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, 2019 of \$3,063,200 represents 87.52 percent of the outstanding principal balance of the 2003 COP at June 30, 2019 of \$3,500,000, less 87.52 percent of the 2019 principal payment on the 2003 Certificate of Participation, which was paid to the City in June 2019.

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, 2019 was \$991,314.

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, 2019 is \$1,951,384.

City of Placentia
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

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, 2019, the City paid \$6,424,009 to the Fire Authority.

On June 19, 2018, the City Council gave notice to the Fire Authority in order to withdraw from the Joint Powers Agreement. On June 4, 2019, the City Council voted to establish the Placentia Fire and Life Safety Department (the "Department") to provide citywide fire protection, prevention, and suppression services. Simultaneously, the City awarded a contract to Lynch Ambulance Services ("Lynch") to provide citywide emergency medical transport services. As part of the decision, the Fire Authority will cease fire protection, prevention, and suppression services and emergency medical transport services to the City on June 30, 2020.

Note 8 – Deferred Compensation Plans

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

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

The Defined Compensation Plan assets are not included in the accompanying basic financial statements.

City of Placentia
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 9 – Pension Plans

A. Summary

	Governmental Activities	Business-Type Activities	Total
Deferred outflows of resources:			
Pension contribution made after measurement date:			
CalPERS Miscellaneous	\$ 957,664	\$ 181,870	\$ 1,139,534
CalPERS Safety	2,108,590	-	2,108,590
Total pension contribution made after measurement date	<u>3,066,254</u>	<u>181,870</u>	<u>3,248,124</u>
Change in assumption			
CalPERS Miscellaneous	1,009,130	191,643	1,200,773
CalPERS Safety	2,226,524	-	2,226,524
Total change in assumption	<u>3,235,654</u>	<u>191,643</u>	<u>3,427,297</u>
Projected earnings on pension plan investments in excess of actual earnings:			
CalPERS Miscellaneous	57,967	11,009	68,976
CalPERS Safety	177,600	-	177,600
Total projected earnings on pension plan investments in excess of actual earnings	<u>235,567</u>	<u>11,009</u>	<u>246,576</u>
Difference between expected and actual experience			
CalPERS Miscellaneous	296,792	56,363	353,155
CalPERS Safety	561,489	-	561,489
Total difference between expected and actual experience	<u>858,281</u>	<u>56,363</u>	<u>914,644</u>
Employer contributions in excess of proportionate share of contribution			
CalPERS Safety	576,042	-	576,042
Total employer contributions in excess of proportionate share of contribution	<u>576,042</u>	<u>-</u>	<u>576,042</u>
Total deferred outflows of resources			
CalPERS Miscellaneous	2,321,553	440,885	2,762,438
CalPERS Safety	5,650,245	-	5,650,245
Total deferred outflows of resources	<u>\$ 7,971,798</u>	<u>\$ 440,885</u>	<u>\$ 8,412,683</u>

City of Placentia
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 9 – Pension Plans (Continued)

A. Summary (Continued)

	Governmental Activities	Business-Type Activities	Total
Net pension liabilities:			
CalPERS Miscellaneous	\$ 11,725,468	\$ 2,226,778	\$ 13,952,246
CalPERS Safety	26,231,540	-	26,231,540
Total net pension liabilities	<u>\$ 37,957,008</u>	<u>\$ 2,226,778</u>	<u>\$ 40,183,786</u>
Deferred inflows of resources:			
Adjustment due to difference in proportions			
CalPERS Miscellaneous	\$ 30,087	\$ 5,714	\$ 35,801
CalPERS Safety	748,121	-	748,121
Total adjustment due to difference in proportions	<u>778,208</u>	<u>5,714</u>	<u>783,922</u>
Employer contributions in excess of proportionate share of contribution			
CalPERS Miscellaneous	<u>787,853</u>	<u>149,620</u>	<u>937,473</u>
Total employer contributions in excess of proportionate share of contribution	<u>787,853</u>	<u>149,620</u>	<u>937,473</u>
Total deferred inflows of resources			
CalPERS Miscellaneous	817,940	155,334	973,274
CalPERS Safety	748,121	-	748,121
Total deferred inflows of resources	<u>\$ 1,566,061</u>	<u>\$ 155,334</u>	<u>\$ 1,721,395</u>
Pension expenses:			
CalPERS Miscellaneous	\$ 744,994	\$ 141,482	\$ 886,476
CalPERS Safety	4,379,318	-	4,379,318
Total net pension expenses	<u>\$ 5,124,312</u>	<u>\$ 141,482</u>	<u>\$ 5,265,794</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, 2019

Note 9 – Pension Plans (Continued)

B. General Information about the Pension Plans (Continued)

Employees Covered by Benefit Terms

At the June 30, 2018 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	30	5	44	27	18
Transferred employees	57	11	16	24	4
Separated employees	34	2	16	11	6
Retired employees and beneficiaries	178	-	2	163	-
Total	<u>299</u>	<u>18</u>	<u>78</u>	<u>225</u>	<u>28</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	9.409%	8.099%	6.842%	20.556%	12.141%

Contributions

For the year ended June 30, 2019, 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>\$ 1,139,534</u>	<u>\$ 2,108,590</u>	<u>\$ 3,248,124</u>

City of Placentia
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 9 – Pension Plans (Continued)

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

Proportionate Share of Net Pension Liability and Pension Expense

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

	<u>Plan Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability/(Asset)</u>
Miscellaneous			
Balance at: 6/30/17 (Valuation date)	\$ 53,911,699	\$ 39,816,871	\$ 14,094,828
Balance at: 6/30/18 (Measurement date)	<u>54,634,435</u>	<u>40,682,189</u>	<u>13,952,246</u>
Net changes during 2017-2018	722,736	865,318	(142,582)
Safety			
Balance at: 6/30/17 (Valuation date)	\$ 89,476,340	\$ 62,459,293	\$ 27,017,047
Balance at: 6/30/18 (Measurement date)	<u>92,144,778</u>	<u>65,913,238</u>	<u>26,231,540</u>
Net changes during 2017-2018	2,668,438	3,453,945	(785,507)

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, 2018, 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, 2017 rolled forward to June 30, 2018 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 the June 30, 2017 measurement date (June 30, 2018 reporting date) and 2018 measurement date (June 30, 2019 reporting date) was as follows:

	<u>Miscellaneous</u>	<u>Safety</u>	<u>Total</u>
Proportion - June 30, 2018	0.35755%	0.45215%	0.80970%
Proportion - June 30, 2019	<u>0.37021%</u>	<u>0.44706%</u>	<u>0.81727%</u>
Change - Increase/(Decrease)	<u>0.01266%</u>	<u>-0.00509%</u>	<u>0.00757%</u>

City of Placentia
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

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, 2019, the City recognized pension expense of \$886,476 and \$4,379,318, for the Miscellaneous and Safety plans, respectively. At June 30, 2019, 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	\$ 1,139,534	\$ -
Difference between expected and actual experience	353,155	-
Changes of assumptions	1,200,773	-
Net difference between projected and actual earnings on pension plan investments	68,976	-
Employer contributions in excess/(under) proportionate share of contributions	-	937,473
Adjustments due to difference in proportions	-	35,801
Total	<u>\$ 2,762,438</u>	<u>\$ 973,274</u>

Safety Plan		
	Deferred outflows of Resources	Deferred inflows of Resources
Contribution made after the measurement date	\$ 2,108,590	\$ -
Difference between expected and actual experience	561,489	-
Changes of assumptions	2,226,524	-
Net difference between projected and actual earnings on pension plan investments	177,600	-
Employer contributions in excess/(under) proportionate share of contributions	576,042	-
Adjustments due to difference in proportions	-	748,121
Total	<u>\$ 5,650,245</u>	<u>\$ 748,121</u>

Aggregate Total		
	Deferred outflows of Resources	Deferred inflows of Resources
Contribution made after the measurement date	\$ 3,248,124	\$ -
Difference between expected and actual experience	914,644	-
Changes of assumptions	3,427,297	-
Net difference between projected and actual earnings on pension plan investments	246,576	-
Employer contributions in excess/(under) proportionate share of contributions	576,042	937,473
Adjustments due to difference in proportions	-	783,922
Total	<u>\$ 8,412,683</u>	<u>\$ 1,721,395</u>

City of Placentia
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

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, \$1,139,534 and \$2,108,590, respectively, were 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, 2020. 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
2020	\$ 901,844	\$ 2,396,309	\$ 3,298,153
2021	410,167	1,353,949	1,764,116
2022	(536,888)	(775,032)	(1,311,920)
2023	(125,493)	(181,692)	(307,185)
2024	-	-	-
Thereafter	-	-	-
Total	\$ 649,630	\$ 2,793,534	\$ 3,443,164

Actuarial Assumptions

The total pension liabilities in the June 30, 2017 actuarial valuations were determined using the following actuarial assumptions:

Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.625%
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, 2017 valuation were based on the results of a January 2015 actuarial experience study for the period 1997 to 2014. 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, 2019

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.

<u>Asset Class</u>	<u>New Strategic Allocation</u>	<u>Real Return Years 1 - 10¹</u>	<u>Real Return Years 11 +²</u>
Global equity	50.00%	4.80%	5.98%
Fixed income	28.00%	1.00%	2.62%
Inflation assets	0.00%	0.77%	1.81%
Private equity	8.00%	6.30%	7.23%
Real assets	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	-0.92%

¹ An expected inflation of 2.0% was used for this period.

² An expected inflation of 2.92% 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, 2019

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	\$ 21,342,711	\$ 13,952,246	\$ 7,851,539
Safety	\$ 38,934,289	\$ 26,231,540	\$ 15,823,913
Total	\$ 60,277,000	\$ 40,183,786	\$ 23,675,452

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, 2019, the City had no outstanding amounts owed to the pension plan for contributions for the year ended June 30, 2019.

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	\$ 1,053,326	\$ 59,562	\$ 1,112,888
Total deferred outflows of resources	\$ 1,053,326	\$ 59,562	\$ 1,112,888
Total OPEB liability	\$ 26,729,504	\$ 1,511,486	\$ 28,240,990
Total OPEB liability	\$ 26,729,504	\$ 1,511,486	\$ 28,240,990
Deferred inflows of Resources:			
Change in assumption	\$ 2,964,407	\$ 167,630	\$ 3,132,037
Total deferred inflows of resources	\$ 2,964,407	\$ 167,630	\$ 3,132,037
OPEB Expense	\$ 703,253	\$ 314,774	\$ 1,018,027

City of Placentia
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 10 – Other Postemployment Benefit Plan (Continued)

B. General Information about OPEB

Plan Description

The City provides single employer post-employment defined 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, 2018, the date of the latest actuarial valuation:

Active plan members	126
Retirees	105
Total	231

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, 2019, the City's average contribution rate was 8.03% of covered 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, 2018. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2018. The total OPEB liability at June 30, 2019 was \$28,240,990.

City of Placentia
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 10 – Other Postemployment Benefit Plan (Continued)

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

Actuarial Assumptions

The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Assumptions:

Discount Rate	3.87% (Bond Buyer 20-Bond Index)
Inflation	2.75% annually
Aggregate payroll increases	3.00%
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-2017
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
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

The actuarial assumptions used in the June 30, 2018 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 3.87% 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.

Change in the Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2017 (Measurement Date)	\$ 28,835,000
Changes Recognized for the Measurement Period:	
Service Cost	569,606
Interest on the total OPEB liability	1,032,870
Changes of assumptions	(1,089,486)
Benefit payments	(1,107,000)
Net Changes during July 1, 2017 to June 30, 2018	(594,010)
Balance at June 30, 2018 (Measurement Date)	\$ 28,240,990

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% (2.87%)	Current Discount Rate (3.87%)	Discount Rate + 1% (4.87%)
\$ 32,303,108	\$ 28,240,990	\$ 24,943,659

City of Placentia
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 10 – Other Postemployment Benefit Plan (Continued)

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

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%
\$ 24,607,625	\$ 28,240,990	\$ 32,743,883

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

For the fiscal year ended June 30, 2019, the City recognized OPEB expense of \$1,018,027. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred outflows of Resources	Deferred inflows of Resources
Changes of assumptions	\$ -	\$ 3,132,037
Employer contributions made subsequent to the measurement date	1,112,888	-
Total	\$ 1,112,888	\$ 3,132,037

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 July 1, 2017, the beginning of the measurement period, for employees covered by the OPEB plan benefit terms as of the valuation date.

\$1,112,888 was reported as a deferred outflow of resources related to OPEB resulting from the City’s contributions subsequent to the measurement date and will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Measurement Period Ended June 30	Deferred Outflows/ (Inflows) of Resources
2020	\$ (584,449)
2021	(584,449)
2022	(584,449)
2023	(584,449)
2024	(584,449)
Thereafter	(209,792)
	\$ (3,132,037)

City of Placentia
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

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 (“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.

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
<i>Workers' Compensation</i>						
2016-2017	\$ 1,880,283	\$ 1,442,926	\$ (755,866)	\$ 2,567,343	\$ 641,836	\$ 1,410,212
2017-2018	2,567,343	534,595	(1,174,785)	1,927,153	481,788	1,445,365
2018-2019	1,927,153	944,772	(663,980)	2,207,945	551,986	1,655,959
<i>General Liability</i>						
2016-2017	\$ 155,560	\$ 8,248	\$ (112,189)	\$ 51,619	\$ 12,905	\$ 116,670
2017-2018	51,619	38136	(20,740)	69,015	17,254	51,761
2018-2019	69,015	19,428	(64,542)	23,901	5,975	17,926

City of Placentia
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 12 – Classification of Fund Balances

At June 30, 2019, fund balances are classified in the governmental funds as follows:

	General Fund	Housing Successor Special Revenue Fund	Placentia Regional Navigation Center Special Revenue Fund	Nonmajor Governmental Funds	Total
Nonspendable					
Inventory	\$ 40,121	\$ -	\$ -	\$ -	\$ 40,121
Prepaid items	41,868	-	-	-	41,868
Loans receivable	4,624,306	-	-	-	4,624,306
Total nonspendable	<u>4,706,295</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,706,295</u>
Restricted					
Public safety	-	-	-	369,324	369,324
Public works	-	-	-	83,144	83,144
Community development	-	-	-	70,278	70,278
Community services	-	-	14,782	-	14,782
Debt service	571,396	-	-	489,642	1,061,038
Grant programs	-	-	-	145,035	145,035
Transportation	-	-	-	983,489	983,489
Park development	-	-	-	19,697	19,697
Street maintenance	-	-	-	486,594	486,594
Air quality	-	-	-	190,270	190,270
Housing	-	1,667,440	-	999,186	2,666,626
Total restricted	<u>571,396</u>	<u>1,667,440</u>	<u>14,782</u>	<u>3,836,659</u>	<u>6,090,277</u>
Committed					
Measure U - infrastructure	705,162	-	-	-	705,162
Measure U - employee retention	282,065	-	-	-	282,065
Measure U - OPEB	141,032	-	-	-	141,032
Metrolink station	3,400,000	-	-	-	3,400,000
Total committed	<u>4,528,259</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,528,259</u>
Unassigned	<u>543,287</u>	<u>-</u>	<u>-</u>	<u>(1,045,092)</u>	<u>(501,805)</u>
Total fund balances	<u>\$ 10,349,237</u>	<u>\$ 1,667,440</u>	<u>\$ 14,782</u>	<u>\$ 2,791,567</u>	<u>\$ 14,823,026</u>

Note 13 – Commitments and Contingencies

A. Commitments

The City had several outstanding or planned construction and other projects as of June 30, 2019. These projects are evidenced by contractual commitments with contractors or other agencies and include:

Project	Commitment
Golden Avenue Bridge	\$ 201,261
Metrolink Station and Parking Structure	4,483,852
TOD Sewer Project	58,604
Total	<u>\$ 4,743,717</u>

City of Placentia
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 13 – Commitments and Contingencies (Continued)

A. Commitments (Continued)

The City has various outstanding purchase commitments. Total commitments at June 30, 2019 are as follows:

	Outstanding Purchase Commitments
Governmental funds:	
General Fund	\$ 164,872
Nonmajor governmental funds	156,403
	\$ 321,275

Purchase commitments are related to the City Capital Improvement Projects, which include the Koch Park Roof Replacement Project, Natural Gas Aerial Lift Truck, and the Malvern Avenue/Chapman Avenue Traffic Signal Synchronization Program.

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 – Other Required Fund Disclosures

A. Expenditures in Excess of Appropriation

Excess of expenditures over appropriations occurred in individual funds during the year ended June 30, 2019 as follows:

	Expenditures	Appropriation	Expenditure in Excess of Appropriations
Special Revenue Funds:			
Housing Successor	\$ 39,358	\$ -	\$ (39,358)
Street Lighting	380,455	378,250	(2,205)
Asset Seizure	129,362	120,360	(9,002)
Traffic Offender	48,865	48,864	(1)
Landscape Maintenance District 92-1	438,806	433,630	(5,176)
Housing and Community Development	386,017	371,744	(14,273)
TOD Impact Fee	194,408	-	(194,408)
General Plan Update Fee	118,811	-	(118,811)
Debt Service Funds:			
2011 Gas Tax COP	484,380	484,144	(236)

City of Placentia
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 14 – Other Required Fund Disclosures (Continued)

B. Deficit Net Position and Fund Balances

Funds with deficit net position/fund balance at June 30, 2019 are as follows:

	Deficit Fund Balance
Capital Projects Fund:	
City Capital Projects	\$ (597,713)
Proprietary Fund:	
Refuse	\$ (578,970)
Special Revenue Funds:	
Housing and Community Development	\$ (201,293)
Public, Educational, and Government (PEG)	(29,719)
TOD Impact Fee	(211,305)
Citywide Development Impact Fee	(5,062)
	\$ (442,317)

At June 30, 2019, the City had an unrestricted net position deficit of \$(52,913,876) on the Statement of Activities. This deficit was created from the implementation of GASB Statement 68 (Net Pension Liability) in fiscal year 2015 and the implementation of GASB Statement 75 (Total OPEB Liability) in 2018. The City expects to eliminate the deficit via increased pension and OPEB contributions consistent with the amortization schedules provided by the City’s pension and OPEB administrators.

Note 15 – Subsequent Events

A. Financing of Fire Apparatus for Placentia Fire and Life Safety Department

On July 9, 2019, the City Council voted to purchase up to \$3,400,000 of fire apparatus equipment for the Placentia Fire and Life Safety Department. Subsequently, on September 5, 2019, the City entered into a loan agreement for \$3,400,000 with Branch Banking and Trust Company to finance the fire apparatus equipment at an interest rate of 2.69% over ten years. On November 19, 2019, the City Council approved a second loan, not to exceed \$1,795,000 for additional fire equipment. The terms include an interest rate of 2.65% over ten years.

B. Limitation of Medical Contributions

On July 23, 2019, the City Council approved an updated Memorandum of Understanding (“MOU”) with the Placentia City Employees Association (“PCEA”). The MOU capped the City’s medical contributions at the 2019 contribution levels for active employees and retirees eligible under the 1995 Insurance Benefits Agreement with PCEA.

On September 10, 2019, the City Council approved an updated MOU with the Placentia Police Management Association (“PPMA”). The MOU capped the City’s medical contributions at the 2019 contribution levels for active employees and retirees eligible under the 1995 Insurance Benefits Agreement with PPMA.

On September 24, 2019, the City Council approved benefits for unrepresented employees that included caps on medical contributions at the 2019 rates for active employees and retirees.

On November 19, 2019, the City Council approved an updated MOU with the Placentia Police Officers Association (“PPOA”). The MOU capped the City’s medical contributions at the 2019 contribution levels for active employees and retirees eligible under the 1995 Insurance Benefits agreement with PPOA.

**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, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues:				
Taxes	\$ 27,992,681	\$ 28,867,000	\$ 29,671,258	\$ 804,258
Intergovernmental	23,400	384,000	353,354	(30,646)
Licenses and permits	1,767,700	1,899,700	1,922,689	22,989
Fines and forfeitures	417,000	406,000	438,581	32,581
Investment income	69,000	160,000	164,724	4,724
Charges for services	1,510,707	1,024,400	1,070,702	46,302
Leases and rents	1,764,269	1,781,000	1,230,532	(550,468)
Miscellaneous	134,986	1,013,500	944,964	(68,536)
Total Revenues	33,679,743	35,535,600	35,796,804	261,204
Expenditures:				
Current:				
General government	8,285,433	8,027,522	7,823,527	203,995
Public safety	18,010,499	17,920,887	17,861,015	59,872
Public works	3,833,886	4,237,116	3,435,887	801,229
Community development	1,043,733	978,561	997,888	(19,327)
Community services	1,481,995	1,381,582	1,343,251	38,331
Capital outlay	235,660	1,329,161	719,324	609,837
Debt service:				
Principal retirement	1,106,000	1,106,000	1,545,000	(439,000)
Interest and fiscal charges	337,693	337,693	293,723	43,970
Total Expenditures	34,334,899	35,318,522	34,019,615	1,298,907
REVENUE OVER (UNDER) EXPENDITURES	(655,156)	217,078	1,777,189	1,560,111
Other Financing Sources (Uses):				
Transfers in	922,533	805,027	714,708	(90,319)
Transfers out	(334,875)	(254,875)	(246,098)	8,777
Transfer from Successor Agency	-	-	76,093	76,093
Total Other Financing Sources (Uses)	587,658	550,152	544,703	(5,449)
NET CHANGE IN FUND BALANCE	\$ (67,498)	\$ 767,230	2,321,892	\$ 1,554,662
FUND BALANCE:				
Beginning of Year			8,027,547	
End of Year			<u>\$ 10,349,439</u>	

City of Placentia
Required Supplementary Information (Unaudited)
Housing Successor Special Revenue Fund
For the Year Ended June 30, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Investment income	\$ -	\$ -	\$ 2,782	\$ 2,782
Lease revenue	15,192	15,192	13,082	(2,110)
Miscellaneous	(9,622)	(9,622)	95,090	104,712
Total Revenues	<u>5,570</u>	<u>5,570</u>	<u>110,954</u>	<u>105,384</u>
Expenditures:				
Current:				
Community development	-	-	39,358	(39,358)
Total Expenditures	<u>-</u>	<u>-</u>	<u>39,358</u>	<u>(39,358)</u>
NET CHANGE IN FUND BALANCE	<u>\$ 5,570</u>	<u>\$ 5,570</u>	71,596	<u>\$ 144,742</u>
FUND BALANCE:				
Beginning of Year			<u>1,595,844</u>	
End of Year			<u>\$ 1,667,440</u>	

City of Placentia
Required Supplementary Information (Unaudited)
Budgetary Comparison Schedule – Placentia Regional Navigation Center Special Revenue Fund
For the Year Ended June 30, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ -	\$ 5,650,000	\$ 2,836,094	\$ (2,813,906)
Investment income	-	-	14,782	14,782
Total Revenues	-	5,650,000	2,850,876	(2,799,124)
Expenditures:				
Current:				
Community services	-	1,150,000	2,836,094	(1,686,094)
Capital outlay	-	4,500,000	-	4,500,000
Total Expenditures	-	5,650,000	2,836,094	2,813,906
NET CHANGE IN FUND BALANCE	\$ -	\$ -	14,782	\$ (5,613,030)
FUND BALANCE:				
Beginning of Year			-	
End of Year			\$ 14,782	

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City of Placentia
Required Supplementary Information (Unaudited)
Notes to the Budgetary Comparison Schedule
For the Year Ended June 30, 2019

Budgetary Control and Accounting Policy

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

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

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

City of Placentia
Schedule of the City's Proportionate Share of the Net Pension Liabilities and Related Ratios
Last Ten Years
For the Year Ended June 30, 2019

Miscellaneous Plan

Measurement period, year ended ¹	<u>6/30/2018</u>	<u>6/30/2017</u>	<u>6/30/2016</u>	<u>6/30/2015</u>	<u>6/30/2014</u>
Plan's proportion of the net pension liability	0.14479%	0.14212%	0.14024%	0.13337%	0.13850%
Plan's proportionate share of the net pension liability	\$ 13,952,246	\$ 14,094,828	\$ 12,135,165	\$ 9,154,245	\$ 8,617,803
Plan's covered payroll	\$ 4,198,243	\$ 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 payroll	332.34%	345.80%	293.06%	284.25%	232.14%
Plan's fiduciary net position	\$ 40,682,189	\$ 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	74.46%	73.86%	75.85%	81.65%	83.03%
Plan's proportionate share of aggregate employer contributions	\$ 932,993	\$ 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, 2019

	Safety Plan				
Measurement period, year ended ¹	<u>6/30/2018</u>	<u>6/30/2017</u>	<u>6/30/2016</u>	<u>6/30/2015</u>	<u>6/30/2014</u>
Plan's proportion of the net pension liability	0.27222%	0.27242%	0.28572%	0.30267%	0.30596%
Plan's proportionate share of the net pension liability	\$ 26,231,540	\$ 27,017,047	\$ 24,723,412	\$ 20,774,757	\$ 19,038,500
Plan's covered payroll	\$ 4,009,816	\$ 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 payroll	654.18%	693.99%	596.76%	509.82%	440.32%
Plan's fiduciary net position	\$ 65,913,238	\$ 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	71.53%	69.81%	70.17%	74.32%	76.36%
Plan's proportionate share of aggregate employer contributions	\$ 3,034,432	\$ 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 Pension Contributions
Last Ten Years
For the Year Ended June 30, 2019

Miscellaneous Plan

Fiscal year ¹	<u>2018-19</u>	<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>	<u>2013-14</u>
Contractually determined contribution (actuarially determined)	\$ 1,139,534	\$ 932,993	\$ 785,438	\$ 667,441	\$ 383,155	\$ 412,406
Contributions in relation to the actuarially determined contributions	(1,139,534)	(932,993)	(785,438)	(667,441)	(383,155)	(412,406)
Contribution deficiency (excess)	<u>\$ -</u>					
Covered payroll	\$ 4,324,190	\$ 4,198,243	\$ 4,075,964	\$ 4,140,888	\$ 3,220,454	\$ 3,712,315
Contributions as a percentage of covered payroll	26.35%	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:	6/30/2017	6/30/2016	6/30/2015	6/30/2014	6/30/2013	6/30/2012
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The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2016-17 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 2015 CalPERS Experience study for the period from 1997 to 2014.
Mortality	The probabilities of mortality are based on the 2015 CalPERS Experience Study for the period from 1997 to 2014. 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 Pension Contributions (Continued)
Last Ten Years
For the Year Ended June 30, 2019

Safety Plan						
Fiscal year	<u>2018-19</u>	<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>	<u>2013-14</u> ¹
Contractually determined contribution (actuarially determined)	\$ 2,108,590	\$ 3,034,432	\$ 2,753,462	\$ 2,568,441	\$ 2,175,167	\$ 2,157,763
Contributions in relation to the actuarially determined contributions	(2,108,590)	(3,034,432)	(2,753,462)	(2,568,441)	(2,175,167)	(2,157,763)
Contribution deficiency (excess)	<u>\$ -</u>					
Covered payroll	\$ 4,130,110	\$ 4,009,816	\$ 3,893,025	\$ 4,142,921	\$ 4,074,947	\$ 4,323,789
Contributions as a percentage of covered payroll	51.05%	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:	6/30/2017	6/30/2016	6/30/2015	6/30/2014	6/30/2013	6/30/2012
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The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2016-17 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 2015 CalPERS Experience study for the period from 1997 to 2014.
Mortality	The probabilities of mortality are based on the 2015 CalPERS Experience Study for the period from 1997 to 2014. 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 Fiscal Years
For the Year Ended June 30, 2019

Measurement period, year ending: ¹	<u>6/30/2018</u>	<u>6/30/2017</u>
Total OPEB liability		
Service cost	\$ 569,606	\$ 675,000
Interest	1,032,870	899,000
Changes of benefit terms	-	-
Differences between expected and actual experience	-	-
Changes of assumptions	(1,089,486)	(3,058,000)
Benefit payments, including refunds of member contributions	<u>(1,107,000)</u>	<u>(1,116,000)</u>
Net change in total OPEB liability	(594,010)	(2,600,000)
Total OPEB liability - beginning	<u>28,835,000</u>	<u>31,435,000</u>
Total OPEB liability - ending (a)	<u><u>\$ 28,240,990</u></u>	<u><u>\$ 28,835,000</u></u>
OPEB fiduciary net position		
Contributions - employer	\$ 1,112,888	\$ 1,116,000
Net investment income	-	-
Benefit payments, including refunds of member contributions	(1,112,888)	(1,116,000)
Administrative expense	<u>-</u>	<u>-</u>
Net change in plan fiduciary net position	-	-
Plan fiduciary net position - beginning	<u>-</u>	<u>-</u>
Plan fiduciary net position - ending (b)	<u>-</u>	<u>-</u>
Plan net OPEB liability - ending (a) - (b)	<u><u>\$ 28,240,990</u></u>	<u><u>\$ 28,835,000</u></u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%
Covered payroll	\$ 11,810,189	\$ 9,367,000
Plan net OPEB liability as a percentage of covered payroll	239%	308%

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

City of Placentia
Schedule of City's OPEB Contributions
Last Ten Fiscal Years
For the Year Ended June 30, 2019

Fiscal year ¹	<u>2018-19</u>	<u>2017-18</u>
Actuarially determined contribution	\$ 1,112,888	\$ 1,107,000
Contributions in relation to the actuarially determined contribution	(1,112,888)	(1,107,000)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 11,810,189	\$ 11,466,203
Contributions as a percentage of covered payroll	9.42%	9.65%

¹ Historical information is presented only for measurement periods for which GASB 75 is applicable.

Notes to Schedule

Valuation date: 6/30/2017 6/30/2017

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2016-17 were from the June 30, 2013 public

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method/period	Level percentage of payroll
Inflation	2.75% annually
Salary increases	Varies by entry age and service
Payroll growth	3.00%
Discount rate	3.87% (Bond Buyer 20-Bond Index)
Mortality, retirement, disability, termination	CalPERS Experience Study 1997-2015
Mortality improvement	Post-retirement mortality projected fully generational with Scale MP-2017

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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.

NONMAJOR GOVERNMENTAL FUNDS (Continued)

SBI 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.

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 Impact Fee 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.

General Plan Update Fee Fund - to account for the accumulation of General Plan update fees that are charged on building permits. Expenditures are restricted to update the City General Plan or other specific plans.

Technology Impact Fee Fund - to account for the accumulation of technology fees charged on building permits. Expenditures are restricted for the acquisition and construction of technology improvements.

OCATT Fund - to account for public safety staff assigned to the Orange County Auto Theft Task Force (OCATT). Activities include auto theft, including, but not limited to, prevention, intervention, and suppression activities.

City Capital Projects Fund - 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.

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, 2019

Special Revenue Funds

	Miscellaneous Grants	Park Development	Street Lighting	Measure M
ASSETS				
Cash and investments	\$ 133,917	\$ 19,697	\$ 31,979	\$ 471,714
Receivables:				
Accounts	-	-	-	-
Taxes	-	-	454	86,352
Grants	15,246	-	-	-
Loans and notes	-	-	-	-
Land held for resale	-	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Total assets	\$ 149,163	\$ 19,697	\$ 32,433	\$ 558,066
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 469	\$ -	\$ 32,432	\$ 71,567
Accrued liabilities	3,659	-	-	-
Due to other funds	-	-	-	-
Total liabilities	4,128	-	32,432	71,567
Deferred inflows of resources:				
Unavailable revenues	-	-	-	-
Total deferred inflows of resources	-	-	-	-
Fund balances:				
Restricted	145,035	19,697	1	486,499
Unassigned (deficit)	-	-	-	-
Total fund balances	145,035	19,697	1	486,499
Total liabilities, deferred inflows of resources, and fund balances	\$ 149,163	\$ 19,697	\$ 32,433	\$ 558,066

(Continued)

City of Placentia
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2019

	Special Revenue Funds			
	Storm Drain Construction	Thoroughfare Construction	Asset Seizure	Traffic Offender
ASSETS				
Cash and investments	\$ 23,960	\$ 25,105	\$ 224,824	\$ 5,581
Receivables:				
Accounts	-	-	-	-
Taxes	-	-	-	-
Grants	-	-	-	-
Loans and notes	-	-	-	-
Land held for resale	-	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Total assets	\$ 23,960	\$ 25,105	\$ 224,824	\$ 5,581
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ 1,260	\$ -
Accrued liabilities	-	-	41	-
Due to other funds	-	-	-	-
Total liabilities	-	-	1,301	-
Deferred inflows of resources:				
Unavailable revenues	-	-	-	-
Total deferred inflows of resources	-	-	-	-
Fund balances:				
Restricted	23,960	25,105	223,523	5,581
Unassigned (deficit)	-	-	-	-
Total fund balances	23,960	25,105	223,523	5,581
Total liabilities, deferred inflows of resources, and fund balances	\$ 23,960	\$ 25,105	\$ 224,824	\$ 5,581

(Continued)

City of Placentia
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2019

	Special Revenue Funds			
	Supplemental Law Enforcement	Air Quality	Landscape Maintenance District 92-1	Housing and Community Development
ASSETS				
Cash and investments	\$ 107,209	\$ 173,940	\$ 54,213	\$ -
Receivables:				
Accounts	-	-	-	-
Taxes	-	17,740	1,835	-
Grants	-	-	-	107,140
Loans and notes	-	-	-	-
Land held for resale	-	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Total assets	\$ 107,209	\$ 191,680	\$ 56,048	\$ 107,140
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ 1,410	\$ 39,150	\$ 52,545
Accrued liabilities	-	-	4,305	-
Due to other funds	-	-	-	255,888
Total liabilities	-	1,410	43,455	308,433
Deferred inflows of resources:				
Unavailable revenues	-	-	-	-
Total deferred inflows of resources	-	-	-	-
Fund balances:				
Restricted	107,209	190,270	12,593	-
Unassigned (deficit)	-	-	-	(201,293)
Total fund balances	107,209	190,270	12,593	(201,293)
Total liabilities, deferred inflows of resources, and fund balances	\$ 107,209	\$ 191,680	\$ 56,048	\$ 107,140

(Continued)

City of Placentia
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2019

	Special Revenue Funds			
	Gasoline Tax	Sewer Construction	PEG	Affordable Housing In-Lieu
ASSETS				
Cash and investments	\$ -	\$ 21,485	\$ -	\$ 54,158
Receivables:				
Accounts	-	-	4,760	-
Taxes	97,977	-	-	-
Grants	-	-	-	-
Loans and notes	-	-	-	-
Land held for resale	-	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Total assets	<u>\$ 97,977</u>	<u>\$ 21,485</u>	<u>\$ 4,760</u>	<u>\$ 54,158</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 25,143	\$ -	\$ 277	\$ -
Accrued liabilities	-	-	-	-
Due to other funds	72,739	-	34,202	-
Total liabilities	<u>97,882</u>	<u>-</u>	<u>34,479</u>	<u>-</u>
Deferred inflows of resources:				
Unavailable revenues	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:				
Restricted	95	21,485	-	54,158
Unassigned (deficit)	-	-	(29,719)	-
Total fund balances	<u>95</u>	<u>21,485</u>	<u>(29,719)</u>	<u>54,158</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 97,977</u>	<u>\$ 21,485</u>	<u>\$ 4,760</u>	<u>\$ 54,158</u>

(Continued)

City of Placentia
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2019

Special Revenue Funds

	SB1 Gas Tax	NOC Public Safety Grant	Community Based Transitional Housing Grant	TOD Impact Fee
ASSETS				
Cash and investments	\$ 811,531	\$ 51,201	\$ 970,616	\$ 53
Receivables:				
Accounts	-	-	-	-
Taxes	172,658	-	-	-
Grants	-	-	-	-
Loans and notes	-	-	-	-
Land held for resale	-	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Total assets	\$ 984,189	\$ 51,201	\$ 970,616	\$ 53
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 700	\$ 10,024	\$ 4,254	\$ 25,038
Accrued liabilities	-	8,166	21,334	-
Due to other funds	-	-	-	186,320
Total liabilities	700	18,190	25,588	211,358
Deferred inflows of resources:				
Unavailable revenues	-	-	-	-
Total deferred inflows of resources	-	-	-	-
Fund balances:				
Restricted	983,489	33,011	945,028	-
Unassigned (deficit)	-	-	-	(211,305)
Total fund balances	983,489	33,011	945,028	(211,305)
Total liabilities, deferred inflows of resources, and fund balances	\$ 984,189	\$ 51,201	\$ 970,616	\$ 53

(Continued)

City of Placentia
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2019

Special Revenue Funds

	Citywide Development Impact Fee	General Plan Update Fee	Technology Impact Fee	OCATT
ASSETS				
Cash and investments	\$ 12,148	\$ 27,566	\$ 58,449	\$ -
Receivables:				
Accounts	-	-	-	-
Taxes	-	-	-	-
Grants	-	-	-	-
Loans and notes	-	-	-	-
Land held for resale	-	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Total assets	<u>\$ 12,148</u>	<u>\$ 27,566</u>	<u>\$ 58,449</u>	<u>\$ -</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 4,879	15,737	\$ -	\$ -
Accrued liabilities	-	-	-	-
Due to other funds	12,331	-	-	-
Total liabilities	<u>17,210</u>	<u>15,737</u>	<u>-</u>	<u>-</u>
Deferred inflows of resources:				
Unavailable revenues	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:				
Restricted	-	11,829	58,449	-
Unassigned (deficit)	(5,062)	-	-	-
Total fund balances	<u>(5,062)</u>	<u>11,829</u>	<u>58,449</u>	<u>-</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 12,148</u>	<u>\$ 27,566</u>	<u>\$ 58,449</u>	<u>\$ -</u>

(Continued)

City of Placentia
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2019

	Capital Projects Fund	Debt Service Fund	Total Other Governmental Funds
	City Capital Projects	2011 Gas Tax COP	
ASSETS			
Cash and investments	\$ -	\$ -	\$ 3,279,346
Receivables:			
Accounts	-	-	4,760
Taxes	-	-	377,016
Grants	236,261	-	358,647
Loans and notes	-	-	-
Land held for resale	-	-	-
Restricted assets:			
Cash and investments with fiscal agents	-	489,642	489,642
Total assets	<u>\$ 236,261</u>	<u>\$ 489,642</u>	<u>\$ 4,509,411</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 42,470	\$ -	\$ 327,355
Accrued liabilities	-	-	37,505
Due to other funds	555,243	-	1,116,723
Total liabilities	<u>597,713</u>	<u>-</u>	<u>1,481,583</u>
Deferred inflows of resources:			
Unavailable revenues	236,261	-	236,261
Total deferred inflows of resources	<u>236,261</u>	<u>-</u>	<u>236,261</u>
Fund balances:			
Restricted	-	489,642	3,836,659
Unassigned (deficit)	(597,713)	-	(1,045,092)
Total fund balances	<u>(597,713)</u>	<u>489,642</u>	<u>2,791,567</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 236,261</u>	<u>\$ 489,642</u>	<u>\$ 4,509,411</u>

(Continued)

City of Placentia
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2019

	Special Revenue Funds			
	Miscellaneous Grants	Park Development	Street Lighting	Measure M
REVENUES:				
Intergovernmental	\$ 226,491	\$ -	\$ -	\$ 1,118,907
Fines and forfeitures	-	-	-	-
Investment earnings	-	455	-	8,230
Charges for services	-	-	154,358	-
Lease revenue	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	226,491	455	154,358	1,127,137
EXPENDITURES:				
Current:				
General government	6,487	-	-	-
Public safety	53,886	-	-	-
Public works	25,000	-	380,455	509,203
Community development	-	1,820	-	-
Community services	88,226	-	-	45,285
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	255,188
Interest and fiscal charges	-	-	-	62,578
Total expenditures	173,599	1,820	380,455	872,254
REVENUES OVER (UNDER) EXPENDITURES	52,892	(1,365)	(226,097)	254,883
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	226,098	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	226,098	-
NET CHANGES IN FUND BALANCES	52,892	(1,365)	1	254,883
FUND BALANCES:				
Beginning of year	92,143	21,062	-	231,616
End of year	\$ 145,035	\$ 19,697	\$ 1	\$ 486,499

(Continued)

City of Placentia
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2019

	Special Revenue Funds			
	Storm Drain Construction	Thoroughfare Construction	Asset Seizure	Traffic Offender
REVENUES:				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Fines and forfeitures	-	-	174,999	-
Investment earnings	507	598	5,161	208
Charges for services	-	-	-	143
Lease revenue	-	-	-	-
Miscellaneous	-	-	5,687	-
Total revenues	<u>507</u>	<u>598</u>	<u>185,847</u>	<u>351</u>
EXPENDITURES:				
Current:				
General government	-	-	-	-
Public safety	-	-	109,002	-
Public works	-	41,793	-	-
Community development	-	-	-	-
Community services	-	-	-	-
Capital outlay	-	-	20,360	48,865
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>-</u>	<u>41,793</u>	<u>129,362</u>	<u>48,865</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>507</u>	<u>(41,195)</u>	<u>56,485</u>	<u>(48,514)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGES IN FUND BALANCES	507	(41,195)	56,485	(48,514)
FUND BALANCES:				
Beginning of year	23,453	66,300	167,038	54,095
End of year	<u>\$ 23,960</u>	<u>\$ 25,105</u>	<u>\$ 223,523</u>	<u>\$ 5,581</u>

(Continued)

City of Placentia
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2019

	Special Revenue Funds			
	Supplemental Law Enforcement	Air Quality	Landscape Maintenance District 92-1	Housing and Community Development
REVENUES:				
Intergovernmental	\$ 172,963	\$ 68,426	\$ -	\$ 274,635
Fines and forfeitures	-	-	-	-
Investment earnings	1,975	3,600	52	-
Charges for services	-	-	437,296	-
Lease revenue	-	-	-	-
Miscellaneous	-	-	-	1
Total revenues	<u>174,938</u>	<u>72,026</u>	<u>437,348</u>	<u>274,636</u>
EXPENDITURES:				
Current:				
General government	-	-	-	-
Public safety	-	11,318	-	-
Public works	-	3,513	438,806	254,449
Community development	-	-	-	131,568
Community services	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	50,192	-	-
Interest and fiscal charges	-	428	-	-
Total expenditures	<u>-</u>	<u>65,451</u>	<u>438,806</u>	<u>386,017</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>174,938</u>	<u>6,575</u>	<u>(1,458)</u>	<u>(111,381)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	(100,000)	-	-	(75,359)
Total other financing sources (uses)	<u>(100,000)</u>	<u>-</u>	<u>-</u>	<u>(75,359)</u>
NET CHANGES IN FUND BALANCES	74,938	6,575	(1,458)	(186,740)
FUND BALANCES:				
Beginning of year	32,271	183,695	14,051	(14,553)
End of year	<u>\$ 107,209</u>	<u>\$ 190,270</u>	<u>\$ 12,593</u>	<u>\$ (201,293)</u>

(Continued)

City of Placentia
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2019

	Special Revenue Funds			
	Gasoline Tax	Sewer Construction	PEG	Affordable Housing In-Lieu
REVENUES:				
Intergovernmental	\$ 1,098,408	\$ -	\$ -	\$ -
Fines and forfeitures	-	-	-	-
Investment earnings	3,614	455	-	1,170
Charges for services	-	-	25,286	-
Lease revenue	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	1,102,022	455	25,286	1,170
EXPENDITURES:				
Current:				
General government	-	-	54,875	3,487
Public safety	-	-	-	-
Public works	276,238	-	-	-
Community development	-	-	-	-
Community services	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	276,238	-	54,875	3,487
REVENUES OVER (UNDER) EXPENDITURES	825,784	455	(29,589)	(2,317)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	(825,689)	-	-	-
Total other financing sources (uses)	(825,689)	-	-	-
NET CHANGES IN FUND BALANCES	95	455	(29,589)	(2,317)
FUND BALANCES:				
Beginning of year	-	21,030	(130)	56,475
End of year	\$ 95	\$ 21,485	\$ (29,719)	\$ 54,158

(Continued)

City of Placentia
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2019

Special Revenue Funds

	SB1 Gas Tax	NOC Public Safety Grant	Community Based Transitional Housing Grant	TOD Impact Fee
REVENUES:				
Intergovernmental	\$ 967,432	\$ 413,500	\$ -	\$ -
Fines and forfeitures	-	-	-	-
Investment earnings	9,010	-	-	-
Charges for services	-	-	-	1,492
Lease revenue	-	-	-	-
Miscellaneous	-	-	-	53
Total revenues	976,442	413,500	-	1,545
EXPENDITURES:				
Current:				
General government	-	-	-	-
Public safety	-	295,163	307,636	-
Public works	73,917	-	-	192,977
Community development	-	-	-	-
Community services	-	10,761	81,836	-
Capital outlay	-	258,545	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	1,431
Total expenditures	73,917	564,469	389,472	194,408
REVENUES OVER (UNDER) EXPENDITURES	902,525	(150,969)	(389,472)	(192,863)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
NET CHANGES IN FUND BALANCES	902,525	(150,969)	(389,472)	(192,863)
FUND BALANCES:				
Beginning of year	80,964	183,980	1,334,500	(18,442)
End of year	\$ 983,489	\$ 33,011	\$ 945,028	\$ (211,305)

(Continued)

City of Placentia
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2019

	Special Revenue Funds			
	Citywide Development Impact Fee	General Plan Update Fee	Technology Impact Fee	OCATT
REVENUES:				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Fines and forfeitures	-	-	-	-
Investment earnings	1,353	26	598	-
Charges for services	20,513	110,648	57,839	-
Lease revenue	-	-	-	-
Miscellaneous	-	-	12	-
Total revenues	21,866	110,674	58,449	-
EXPENDITURES:				
Current:				
General government	-	-	-	-
Public safety	80,285	-	-	-
Public works	101,680	118,845	-	-
Community development	-	-	-	-
Community services	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	181,965	118,845	-	-
REVENUES OVER (UNDER) EXPENDITURES	(160,099)	(8,171)	58,449	-
OTHER FINANCING SOURCES (USES):				
Transfers in	-	20,000	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	20,000	-	-
NET CHANGES IN FUND BALANCES	(160,099)	11,829	58,449	-
FUND BALANCES:				
Beginning of year	155,037	-	-	-
End of year	\$ (5,062)	\$ 11,829	\$ 58,449	\$ -

(Continued)

City of Placentia
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2019

	Capital Projects Fund	Debt Service Fund	Total Other Governmental Funds
	City Capital Projects	2011 Gas Tax COP	
REVENUES:			
Intergovernmental	\$ -	\$ -	\$ 4,340,762
Fines and forfeitures	-	-	174,999
Investment earnings	-	9,002	46,014
Charges for services	125,000	-	932,575
Lease revenue	-	-	-
Miscellaneous	-	-	5,753
Total revenues	125,000	9,002	5,500,103
EXPENDITURES:			
Current:			
General government	-	-	64,849
Public safety	-	-	857,290
Public works	224,845	-	2,641,721
Community development	-	-	133,388
Community services	-	-	226,108
Capital outlay	-	-	327,770
Debt service:			
Principal retirement	-	255,000	560,380
Interest and fiscal charges	-	229,380	293,817
Total expenditures	224,845	484,380	5,105,323
REVENUES OVER (UNDER) EXPENDITURES	(99,845)	(475,378)	394,780
OTHER FINANCING SOURCES (USES):			
Transfers in	-	478,339	724,437
Transfers out	-	-	(1,001,048)
Total other financing sources (uses)	-	478,339	(276,611)
NET CHANGES IN FUND BALANCES	(99,845)	2,961	118,169
FUND BALANCES:			
Beginning of year	(497,868)	486,681	2,673,398
End of year	\$ (597,713)	\$ 489,642	\$ 2,791,567

(Concluded)

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, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 174,685	\$ 175,532	\$ 226,491	\$ 50,959
Miscellaneous	33,000	33,000	-	(33,000)
Total Revenues	<u>207,685</u>	<u>208,532</u>	<u>226,491</u>	<u>17,959</u>
Expenditures:				
Current:				
General government	-	6,610	6,487	123
Public safety	77,559	77,559	53,886	23,673
Public works	32,500	32,500	25,000	7,500
Community services	88,000	88,000	88,226	(226)
Total Expenditures	<u>198,059</u>	<u>204,669</u>	<u>173,599</u>	<u>31,070</u>
NET CHANGE IN FUND BALANCE	<u>\$ 9,626</u>	<u>\$ 3,863</u>	52,892	<u>\$ 49,029</u>
FUND BALANCE:				
Beginning of Year			<u>92,143</u>	
End of Year			<u>\$ 145,035</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, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Investment income	\$ -	\$ -	\$ 455	\$ 455
Total Revenues	<u>-</u>	<u>-</u>	<u>455</u>	<u>455</u>
Expenditures:				
Current:				
Community development	-	1,820	1,820	-
Total Expenditures	<u>-</u>	<u>1,820</u>	<u>1,820</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ (1,820)</u>	<u>(1,365)</u>	<u>\$ 455</u>
FUND BALANCE:				
Beginning of Year			<u>21,062</u>	
End of Year			<u>\$ 19,697</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, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for services	\$ 155,000	\$ 155,000	\$ 154,358	\$ (642)
Total Revenues	<u>155,000</u>	<u>155,000</u>	<u>154,358</u>	<u>(642)</u>
Expenditures:				
Current:				
Public works	378,250	378,250	380,455	(2,205)
Total Expenditures	<u>378,250</u>	<u>378,250</u>	<u>380,455</u>	<u>(2,205)</u>
REVENUE OVER (UNDER) EXPENDITURES	<u>(223,250)</u>	<u>(223,250)</u>	<u>(226,097)</u>	<u>(2,847)</u>
Other Financing Sources (Uses):				
Transfers in	234,875	234,875	226,098	(8,777)
Total Other Financing Sources (Uses)	<u>234,875</u>	<u>234,875</u>	<u>226,098</u>	<u>(8,777)</u>
NET CHANGE IN FUND BALANCE	<u>\$ 11,625</u>	<u>\$ 11,625</u>	<u>1</u>	<u>\$ (11,624)</u>
FUND BALANCE:				
Beginning of Year			-	
End of Year			<u>\$ 1</u>	

City of Placentia
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Measure M Special Revenue Fund
For the Year Ended June 30, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 882,249	\$ 882,249	\$ 1,118,907	\$ 236,658
Investment income	-	-	8,230	8,230
Miscellaneous	-	27,000	-	(27,000)
Total Revenues	<u>882,249</u>	<u>909,249</u>	<u>1,127,137</u>	<u>217,888</u>
Expenditures:				
Current:				
Public works	524,000	782,616	509,203	273,413
Community services	55,800	55,800	45,285	10,515
Debt service:				
Principal retirement	230,000	230,000	255,188	(25,188)
Interest and fiscal charges	37,000	37,000	62,578	(25,578)
Total Expenditures	<u>846,800</u>	<u>1,105,416</u>	<u>872,254</u>	<u>233,162</u>
NET CHANGE IN FUND BALANCE	<u>\$ 35,449</u>	<u>\$ (196,167)</u>	254,883	<u>\$ 451,050</u>
FUND BALANCE:				
Beginning of Year			<u>231,616</u>	
End of Year			<u>\$ 486,499</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, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Investment income	\$ -	\$ -	\$ 507	\$ 507
Total Revenues	<u>-</u>	<u>-</u>	<u>507</u>	<u>507</u>
Expenditures:				
Current:				
Public works	20,000	20,000	-	20,000
Total expenditures	<u>20,000</u>	<u>20,000</u>	<u>-</u>	<u>20,000</u>
NET CHANGE IN FUND BALANCE	<u>\$ (20,000)</u>	<u>\$ (20,000)</u>	507	<u>\$ 20,507</u>
FUND BALANCE:				
Beginning of Year			<u>23,453</u>	
End of Year			<u>\$ 23,960</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, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Investment income	\$ -	\$ -	\$ 598	\$ 598
Total Revenues	<u>-</u>	<u>-</u>	<u>598</u>	<u>598</u>
Expenditures:				
Current:				
Public works	-	58,134	41,793	16,341
Total expenditures	<u>-</u>	<u>58,134</u>	<u>41,793</u>	<u>16,341</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ (58,134)</u>	<u>(41,195)</u>	<u>\$ 16,939</u>
FUND BALANCE:				
Beginning of Year			<u>66,300</u>	
End of Year			<u>\$ 25,105</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, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Fines and forfeitures	\$ -	\$ -	\$ 174,999	\$ 174,999
Investment income	-	-	5,161	5,161
Miscellaneous	-	-	5,687	5,687
Total Revenues	-	-	185,847	185,847
Expenditures:				
Current:				
Public safety	100,000	100,000	109,002	(9,002)
Capital outlay	-	20,360	20,360	-
Total Expenditures	100,000	120,360	129,362	(9,002)
NET CHANGE IN FUND BALANCE	\$ (100,000)	\$ (120,360)	56,485	\$ 176,845
FUND BALANCE:				
Beginning of Year			167,038	
End of Year			<u>\$ 223,523</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, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Investment income	\$ 50	\$ 50	\$ 208	\$ 158
Charges for services	900	900	143	(757)
Total Revenues	<u>950</u>	<u>950</u>	<u>351</u>	<u>(599)</u>
Expenditures:				
Capital outlay	-	48,864	48,865	(1)
Total Expenditures	<u>-</u>	<u>48,864</u>	<u>48,865</u>	<u>(1)</u>
NET CHANGE IN FUND BALANCE	<u>\$ 950</u>	<u>\$ 950</u>	(48,514)	<u>\$ (49,464)</u>
FUND BALANCE:				
Beginning of Year			<u>54,095</u>	
End of Year			<u>\$ 5,581</u>	

City of Placentia
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Supplemental Law Enforcement Special Revenue Fund
For the Year Ended June 30, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 100,000	\$ 141,999	\$ 172,963	\$ 30,964
Investment income	-	-	1,975	1,975
Total Revenues	<u>100,000</u>	<u>141,999</u>	<u>174,938</u>	<u>32,939</u>
Expenditures:				
Current:				
Public safety	-	73,000	-	73,000
Total expenditures	<u>-</u>	<u>73,000</u>	<u>-</u>	<u>73,000</u>
REVENUE OVER (UNDER) EXPENDITURES	<u>100,000</u>	<u>68,999</u>	<u>174,938</u>	<u>(40,061)</u>
Other Financing Sources (Uses):				
Transfers out	(100,000)	(99,999)	(100,000)	(1)
Total Other Financing Sources (Uses)	<u>(100,000)</u>	<u>(99,999)</u>	<u>(100,000)</u>	<u>(1)</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ (31,000)</u>	<u>74,938</u>	<u>\$ 105,938</u>
FUND BALANCE:				
Beginning of Year			<u>32,271</u>	
End of Year			<u>\$ 107,209</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, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 91,000	\$ 91,000	\$ 68,426	\$ (22,574)
Investment income	-	-	3,600	3,600
Total Revenues	<u>91,000</u>	<u>91,000</u>	<u>72,026</u>	<u>(18,974)</u>
Expenditures:				
Current:				
Public safety	13,949	13,949	11,318	2,631
Public works	-	114,760	3,513	111,247
Capital outlay	76,000	76,000	-	76,000
Debt service:				
Principal retirement	54,000	54,000	50,192	3,808
Interest and fiscal charges	-	-	428	(428)
Total Expenditures	<u>143,949</u>	<u>258,709</u>	<u>65,451</u>	<u>193,258</u>
NET CHANGE IN FUND BALANCE	<u>\$ (52,949)</u>	<u>\$ (167,709)</u>	6,575	<u>\$ 174,284</u>
FUND BALANCE:				
Beginning of Year			<u>183,695</u>	
End of Year			<u>\$ 190,270</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, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Investment income	\$ 300	\$ 300	\$ 52	\$ (248)
Charges for services	427,700	427,700	437,296	9,596
Total Revenues	<u>428,000</u>	<u>428,000</u>	<u>437,348</u>	<u>9,348</u>
Expenditures:				
Current:				
Public works	432,630	433,630	438,806	(5,176)
Total Expenditures	<u>432,630</u>	<u>433,630</u>	<u>438,806</u>	<u>(5,176)</u>
NET CHANGE IN FUND BALANCE	<u>\$ (4,630)</u>	<u>\$ (5,630)</u>	(1,458)	<u>\$ 4,172</u>
FUND BALANCE:				
Beginning of Year			<u>14,051</u>	
End of Year			<u>\$ 12,593</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, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 364,313	\$ 472,223	\$ 274,635	\$ (197,588)
Miscellaneous	-	-	1	1
Total Revenues	<u>364,313</u>	<u>472,223</u>	<u>274,636</u>	<u>(197,587)</u>
Expenditures:				
Current:				
Public works	151,334	259,244	254,449	4,795
Community development	112,500	112,500	131,568	(19,068)
Total Expenditures	<u>263,834</u>	<u>371,744</u>	<u>386,017</u>	<u>(14,273)</u>
REVENUE OVER (UNDER) EXPENDITURES	<u>100,479</u>	<u>100,479</u>	<u>(111,381)</u>	<u>(211,860)</u>
Other Financing Sources (Uses):				
Transfers out	(100,479)	(100,479)	(75,359)	25,120
Total Other Financing Sources (Uses)	<u>(100,479)</u>	<u>(100,479)</u>	<u>(75,359)</u>	<u>25,120</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>(186,740)</u>	<u>\$ (186,740)</u>
FUND BALANCE:				
Beginning of Year			<u>(14,553)</u>	
End of Year			<u>\$ (201,293)</u>	

City of Placentia
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Gasoline Tax Special Revenue Fund
For the Year Ended June 30, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ -	\$ 970	\$ -	\$ (970)
Intergovernmental	1,151,315	1,132,839	1,098,408	(34,431)
Investment income	2,000	2,000	3,614	1,614
Total Revenues	<u>1,153,315</u>	<u>1,135,809</u>	<u>1,102,022</u>	<u>(33,787)</u>
Expenditures:				
Current:				
Public works	303,715	303,715	276,238	27,477
Total expenditures	<u>303,715</u>	<u>303,715</u>	<u>276,238</u>	<u>27,477</u>
REVENUE OVER (UNDER) EXPENDITURES	<u>849,600</u>	<u>832,094</u>	<u>825,784</u>	<u>(61,264)</u>
Other Financing Sources (Uses):				
Transfers out	(849,600)	(832,094)	(825,689)	6,405
Total Other Financing Sources (Uses)	<u>(849,600)</u>	<u>(832,094)</u>	<u>(825,689)</u>	<u>6,405</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>95</u>	<u>\$ 95</u>
FUND BALANCE:				
Beginning of Year			<u>-</u>	
End of Year			<u>\$ 95</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, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Investment income	\$ -	\$ -	\$ 455	\$ 455
Total Revenues	<u>-</u>	<u>-</u>	<u>455</u>	<u>455</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>455</u>	<u>\$ 455</u>
FUND BALANCE:				
Beginning of Year			<u>21,030</u>	
End of Year			<u>\$ 21,485</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, 2019

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
Revenues:				
Charges for services	\$ 90,000	\$ 45,000	\$ 25,286	\$ (19,714)
Total Revenues	90,000	45,000	25,286	(19,714)
Expenditures:				
Current:				
General government	98,909	59,517	54,875	4,642
Total Expenditures	98,909	59,517	54,875	4,642
NET CHANGE IN FUND BALANCE	\$ (8,909)	\$ (14,517)	(29,589)	\$ (15,072)
FUND BALANCE:				
Beginning of Year			(130)	
End of Year			\$ (29,719)	

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, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Investment earnings	\$ -	\$ -	\$ 1,170	\$ 1,170
Charges for services	75,000	75,000	-	(75,000)
Total Revenues	<u>75,000</u>	<u>75,000</u>	<u>1,170</u>	<u>(73,830)</u>
Expenditures:				
Current:				
General government	98,500	98,500	3,487	95,013
Total Expenditures	<u>98,500</u>	<u>98,500</u>	<u>3,487</u>	<u>95,013</u>
NET CHANGE IN FUND BALANCE	<u>\$ (23,500)</u>	<u>\$ (23,500)</u>	<u>(2,317)</u>	<u>\$ 21,183</u>
FUND BALANCE:				
Beginning of Year			<u>56,475</u>	
End of Year			<u>\$ 54,158</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, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 874,549	\$ 836,537	\$ 967,432	\$ 130,895
Investment income	-	-	9,010	9,010
Total Revenues	<u>874,549</u>	<u>836,537</u>	<u>976,442</u>	<u>139,905</u>
Expenditures:				
Current:				
Public works	867,965	917,501	73,917	843,584
Total Expenditures	<u>867,965</u>	<u>917,501</u>	<u>73,917</u>	<u>843,584</u>
NET CHANGE IN FUND BALANCE	<u>\$ 6,584</u>	<u>\$ (80,964)</u>	902,525	<u>\$ 983,489</u>
FUND BALANCE:				
Beginning of Year			<u>80,964</u>	
End of Year			<u>\$ 983,489</u>	

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, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 310,000	\$ 409,400	\$ 413,500	\$ 4,100
Total Revenues	<u>310,000</u>	<u>409,400</u>	<u>413,500</u>	<u>4,100</u>
Expenditures:				
Current:				
Public safety	310,000	283,059	295,163	(12,104)
Community service	-	11,500	10,761	739
Capital outlay	-	285,458	258,545	26,913
Total Expenditures	<u>310,000</u>	<u>580,017</u>	<u>564,469</u>	<u>15,548</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ (170,617)</u>	(150,969)	<u>\$ 19,648</u>
FUND BALANCE:				
Beginning of Year			<u>183,980</u>	
End of Year			<u>\$ 33,011</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, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Expenditures:				
Current:				
Public safety	\$ 297,550	\$ 297,550	\$ 307,636	\$ (10,086)
Community development	261,700	261,700	-	261,700
Community service	89,666	103,666	81,836	21,830
Total Expenditures	<u>648,916</u>	<u>662,916</u>	<u>389,472</u>	<u>273,444</u>
NET CHANGE IN FUND BALANCE	<u>\$ (648,916)</u>	<u>\$ (662,916)</u>	(389,472)	<u>\$ 273,444</u>
FUND BALANCE:				
Beginning of Year			<u>1,334,500</u>	
End of Year			<u>\$ 945,028</u>	

City of Placentia
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
TOD Impact Fee Special Revenue Fund
For the Year Ended June 30, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Investment income	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	1,492	1,492
Total Revenues	-	-	1,545	1,545
Expenditures:				
Current:				
Public works	-	-	192,977	(192,977)
Debt service:				
Interest and fiscal charges	-	-	1,431	(1,431)
Total Expenditures	-	-	194,408	(194,408)
NET CHANGE IN FUND BALANCE	\$ -	\$ -	(192,863)	\$ (192,863)
FUND BALANCE:				
Beginning of Year			(18,442)	
End of Year			(211,305)	

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, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Investment income	\$ -	\$ -	\$ 1,353	\$ 1,353
Charges for services	5,527,259	1,057,047	20,513	(1,036,534)
Total Revenues	<u>5,527,259</u>	<u>1,057,047</u>	<u>21,866</u>	<u>(1,035,181)</u>
Expenditures:				
Current:				
Public safety	326,415	62,720	80,285	(17,565)
Public works	1,425,898	40,500	101,680	(61,180)
Capital outlay	137,000	137,000	-	137,000
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	167,428	-	-	-
Total Expenditures	<u>2,056,741</u>	<u>240,220</u>	<u>181,965</u>	<u>58,255</u>
NET CHANGE IN FUND BALANCE	<u>\$ 3,470,518</u>	<u>\$ 816,827</u>	(160,099)	<u>\$ (976,926)</u>
FUND BALANCE:				
Beginning of Year			<u>155,037</u>	
End of Year			<u>\$ (5,062)</u>	

City of Placentia
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
General Plan Update Fee Special Revenue Fund
For the Year Ended June 30, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Investment income	\$ -	\$ -	\$ 26	\$ 26
Charges for services	85,000	85,000	110,648	25,648
Total Revenues	<u>85,000</u>	<u>85,000</u>	<u>110,674</u>	<u>25,674</u>
Expenditures:				
Current:				
Public works	-	-	118,845	(118,845)
Total Expenditures	<u>-</u>	<u>-</u>	<u>118,845</u>	<u>(118,845)</u>
REVENUE OVER (UNDER) EXPENDITURES	<u>85,000</u>	<u>85,000</u>	<u>(8,171)</u>	<u>(93,171)</u>
Other Financing Sources (Uses):				
Transfers in	-	20,000	20,000	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>20,000</u>	<u>20,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>\$ 85,000</u>	<u>\$ 105,000</u>	<u>11,829</u>	<u>\$ (93,171)</u>
FUND BALANCE:				
Beginning of Year			<u>-</u>	
End of Year			<u>\$ 11,829</u>	

City of Placentia
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Technology Impact Fee Special Revenue Fund
For the Year Ended June 30, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Investment income	\$ -	\$ -	\$ 598	\$ 598
Charges for services	50,000	50,000	57,839	7,839
Miscellaneous	-	-	12	12
Total Revenues	<u>50,000</u>	<u>50,000</u>	<u>58,449</u>	<u>8,449</u>
NET CHANGE IN FUND BALANCE	<u>\$ 50,000</u>	<u>\$ 50,000</u>	58,449	<u>\$ 8,449</u>
FUND BALANCE:				
Beginning of Year			-	
End of Year			<u>\$ 58,449</u>	

City of Placentia
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
OATT Special Revenue Fund
For the Year Ended June 30, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 103,705	\$ 103,705	\$ -	\$ (103,705)
Total Revenues	<u>103,705</u>	<u>103,705</u>	<u>-</u>	<u>(103,705)</u>
Expenditures:				
Current:				
Public safety	103,705	103,705	-	103,705
Total Expenditures	<u>103,705</u>	<u>103,705</u>	<u>-</u>	<u>103,705</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
FUND BALANCE:				
Beginning of Year			<u>-</u>	
End of Year			<u>\$ -</u>	

City of Placentia
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
City Capital Projects Fund
For the Year Ended June 30, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 30,000	\$ 1,651,545	\$ -	\$ (1,651,545)
Charges for services	-	-	125,000	125,000
Total Revenues	<u>30,000</u>	<u>1,651,545</u>	<u>125,000</u>	<u>(1,526,545)</u>
Expenditures:				
Current:				
Public works	5,600,000	1,706,665	224,845	1,481,820
Capital outlay	30,000	-	-	-
Total Expenditures	<u>5,630,000</u>	<u>1,706,665</u>	<u>224,845</u>	<u>1,481,820</u>
REVENUE OVER (UNDER) EXPENDITURES	<u>(5,600,000)</u>	<u>(55,120)</u>	<u>(99,845)</u>	<u>(44,725)</u>
Other Financing Sources (Uses):				
Transfers in	-	125,000	-	(125,000)
Total Other Financing Sources (Uses)	<u>-</u>	<u>125,000</u>	<u>-</u>	<u>(125,000)</u>
NET CHANGE IN FUND BALANCE	<u>\$ (5,600,000)</u>	<u>\$ 69,880</u>	<u>(99,845)</u>	<u>\$ (169,725)</u>
FUND BALANCE:				
Beginning of Year			<u>(497,868)</u>	
End of Year			<u>\$ (597,713)</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, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Investment income	\$ 50	\$ 50	\$ 9,002	\$ 8,952
Total Revenues	<u>50</u>	<u>50</u>	<u>9,002</u>	<u>8,952</u>
Expenditures:				
Debt service:				
Principal retirement	255,000	255,000	255,000	-
Interest and fiscal charges	229,144	229,144	229,380	(236)
Total Expenditures	<u>484,144</u>	<u>484,144</u>	<u>484,380</u>	<u>(236)</u>
REVENUE OVER (UNDER) EXPENDITURES	<u>(484,094)</u>	<u>(484,094)</u>	<u>(475,378)</u>	<u>8,716</u>
Other Financing Sources:				
Transfers in	484,744	484,744	478,339	(6,405)
Total Other Financing Sources (Uses)	<u>484,744</u>	<u>484,744</u>	<u>478,339</u>	<u>(6,405)</u>
NET CHANGE IN FUND BALANCE	<u>\$ 650</u>	<u>\$ 650</u>	2,961	<u>\$ 2,311</u>
FUND BALANCE:				
Beginning of Year			<u>486,681</u>	
End of Year			<u>\$ 489,642</u>	

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INTERNAL SERVICE FUND FINANCIAL STATEMENTS

City of Placentia
Combining Statement of Net Position
All Internal Service Funds
June 30, 2019

ASSETS	Risk Management	Health and Welfare	Equipment Replacement	Total
Current assets:				
Cash and investments	\$ 2,264,951	\$ -	\$ 34,481	\$ 2,299,432
Receivable:				
Accounts	-	62,307	-	62,307
Taxes	-	-	-	-
Due from other funds	-	-	-	-
Cash and investments with fiscal agent	-	7,009	-	7,009
Total current assets	2,264,951	69,316	34,481	2,368,748
Noncurrent assets:				
Capital assets, nondepreciable	-	-	-	-
Capital assets, net of accumulated depreciation	-	-	4,312	4,312
Total noncurrent assets	-	-	4,312	4,312
Total assets	2,264,951	69,316	38,793	2,373,060
DEFERRED OUTFLOWS OF RESOURCES				
Deferred pension related items	-	-	-	-
Total deferred outflows of resources	-	-	-	-
LIABILITIES				
Current Liabilities:				
Accounts payable	33,105	17,701	-	50,806
Accrued liabilities	-	-	-	-
Unearned revenues	-	-	-	-
Due to other funds	-	17,292	-	17,292
Accrued compensated absences	-	-	-	-
Accrued claims and judgments - due within one year	557,961	-	-	557,961
Total current liabilities	591,066	34,993	-	626,059
Noncurrent liabilities:				
Accrued compensated absences	-	-	-	-
Accrued claims and judgments - due in more than one year	1,673,885	-	-	1,673,885
Net pension liability	-	-	-	-
Total noncurrent liabilities	1,673,885	-	-	1,673,885
Total liabilities	2,264,951	34,993	-	2,299,944
DEFERRED INFLOWS OF RESOURCES				
Deferred pension related items	-	-	-	-
Total deferred inflows of resources	-	-	-	-
NET POSITION				
Investment in capital assets	-	-	4,312	4,312
Unrestricted	-	34,323	34,481	68,804
Total net position	\$ -	\$ 34,323	\$ 38,793	\$ 73,116

City of Placentia
Combining Statement for All Internal Service Funds of
Revenues, Expenses, and Changes in Net Position
For the Year Ended June 30, 2019

	Governmental Activities			Total
	Risk Management	Health and Welfare	Equipment Replacement	
OPERATING REVENUES:				
Reimbursements	\$ -	\$ -	\$ 106	\$ 106
Sales and service charges	1,142,506	1,148,983	-	2,291,489
Total operating revenues	1,142,506	1,148,983	106	2,291,595
OPERATING EXPENSES:				
Administration	64,175	-	-	64,175
Reinsurance premiums	-	104,032	-	104,032
Claims	689,471	-	-	689,471
Medical and dental premiums	-	987,460	-	987,460
Liability insurance premiums	608,152	7,197	-	615,349
Maintenance	-	-	-	-
Landfill and contractor charges	-	-	-	-
Depreciation expense	-	-	7,646	7,646
Total operating expenses	1,361,798	1,098,689	7,646	2,468,133
OPERATING INCOME (LOSS)	(219,292)	50,294	(7,540)	(176,538)
NONOPERATING INCOME (LOSS):				
Gain (loss) on disposal of capital assets	-	-	20,106	20,106
Total Nonoperating Income (Loss)	-	-	20,106	20,106
CHANGES IN NET POSITION	(219,292)	50,294	12,566	(156,432)
NET POSITION:				
Beginning of the year	219,292	(15,971)	26,227	229,548
End of the year	<u>\$ -</u>	<u>\$ 34,323</u>	<u>\$ 38,793</u>	<u>\$ 73,116</u>

City of Placentia
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2019

	Risk Management	Health and Welfare	Equipment Replacement	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers and users	\$ 1,142,506	\$ 1,086,676	\$ 106	\$ 2,229,288
Cash paid to suppliers for goods and services	(581,790)	(1,095,778)	-	(1,677,568)
Cash paid to employees for services	(64,175)	-	-	(64,175)
Cash paid for insurance claims	(689,471)	-	-	(689,471)
Net cash provided (used) by operating activities	(192,930)	(9,102)	106	(201,926)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Cash transfers in (out)	-	9,976	-	9,976
Net cash provided by (used in) noncapital financing activities	-	9,976	-	9,976
Net decrease in cash and cash equivalents	(192,930)	874	20,212	(171,844)
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO STATEMENT OF NET POSITION:				
Beginning of year	2,457,881	6,135	14,269	2,478,285
End of year	<u>\$ 2,264,951</u>	<u>\$ 7,009</u>	<u>\$ 34,481</u>	<u>\$ 2,306,441</u>
CASH AND CASH EQUIVALENTS:				
Cash and investments	\$ 2,264,951	\$ -	\$ 34,481	\$ 2,299,432
Cash and investments with fiscal agent	-	7,009	-	7,009
Total cash and cash equivalents	<u>\$ 2,264,951</u>	<u>\$ 7,009</u>	<u>\$ 34,481</u>	<u>\$ 2,306,441</u>
Reconciliation of Operating Income (Loss) to to Net Cash Provided by (used in) Operating Activities:				
Operating income (loss)	\$ (219,292)	\$ 50,294	\$ (7,540)	\$ (176,538)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Changes in assets and liabilities:				
Increase/(decrease) in accounts payable	(209,317)	2,911	-	(206,406)
Increase/(decrease) in accrued liabilities	-	-	-	-
Increase/(decrease) in claims payable	235,679	-	-	235,679
Net cash provided by (used in) operating activities	<u>\$ (192,930)</u>	<u>\$ (9,102)</u>	<u>\$ 106</u>	<u>\$ (201,926)</u>

AGENCY FUNDS FINANCIAL STATEMENTS

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City of Placentia
Combining Statement of Assets and Liabilities
Agency Funds
June 30, 2019

	Special Deposits	Community Facilities District	Public Safety CFD 2014-01	Total
Assets:				
Cash and investments	\$ 643,124	\$ 47,530	\$ 25,258	\$ 715,912
Taxes receivable	-	150	-	150
Miscellaneous receivables	-	-	410	410
Total Assets	<u>\$ 643,124</u>	<u>\$ 47,680</u>	<u>\$ 25,668</u>	<u>\$ 716,472</u>
Liabilities:				
Deposits payable	643,124	47,680	25,668	716,472
Total Liabilities	<u>\$ 643,124</u>	<u>\$ 47,680</u>	<u>\$ 25,668</u>	<u>\$ 716,472</u>

City of Placentia
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2019

	Balance June 30, 2018	Additions	Deletions	Balance June 30, 2019
<u>Special Deposits</u>				
Assets:				
Cash and investments	\$ 614,584	\$ 551,354	\$ (522,814)	\$ 643,124
Total Assets	\$ 614,584	\$ 551,354	\$ (522,814)	\$ 643,124
Liabilities:				
Deposits payable	\$ 614,584	\$ 551,354	\$ (522,814)	\$ 643,124
Total Liabilities	\$ 614,584	\$ 551,354	\$ (522,814)	\$ 643,124
	Balance June 30, 2018	Additions	Deletions	Balance June 30, 2019
<u>Community Facilities District</u>				
Assets:				
Cash and investments	\$ 35,622	\$ 11,908	\$ -	\$ 47,530
Taxes receivable	-	150	-	150
Total Assets	\$ 35,622	\$ 12,058	\$ -	\$ 47,680
Liabilities:				
Deposits payable	\$ 35,622	\$ 12,058	\$ -	\$ 47,680
Total Liabilities	\$ 35,622	\$ 12,058	\$ -	\$ 47,680
	Balance June 30, 2018	Additions	Deletions	Balance June 30, 2019
<u>Public Safety CFD 2014-01</u>				
Assets:				
Cash and investments	\$ 12,995	\$ 12,263	\$ -	\$ 25,258
Miscellaneous receivables	52	358	-	410
Total Assets	\$ 13,047	\$ 12,621	\$ -	\$ 25,668
Liabilities:				
Deposits payable	\$ 13,047	\$ 12,621	\$ -	\$ 25,668
Total Liabilities	\$ 13,047	\$ 12,621	\$ -	\$ 25,668

City of Placentia
Combining Statement of Changes in Assets and Liabilities (Continued)
Agency Funds
For the Year Ended June 30, 2019

	Balance June 30, 2018	Additions	Deletions	Balance June 30, 2019
<u>Total</u>				
Assets:				
Cash and investments	\$ 663,201	\$ 575,525	\$ (522,814)	\$ 715,912
Taxes receivable	-	150	-	150
Miscellaneous receivables	52	358	-	410
Total Assets	<u>\$ 663,253</u>	<u>\$ 576,033</u>	<u>\$ (522,814)</u>	<u>\$ 716,472</u>
Liabilities:				
Deposits payable	\$ 663,253	\$ 576,033	\$ (522,814)	\$ 716,472
Total Liabilities	<u>\$ 663,253</u>	<u>\$ 576,033</u>	<u>\$ (522,814)</u>	<u>\$ 716,472</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.	160 - 169
Revenue Capacity - These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	170 - 175
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 future.	176 - 178
Demographic and Economic Information - These schedules offer demographics and economic indicators to help the reader understand the environment within which the City's financial activities take place.	179 - 181
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.	183 - 187

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

	Fiscal Year				
	2010	2011	2012	2013	2014
Governmental activities					
Net investment in capital assets	\$ 58,119	\$ 60,198	\$ 70,726	\$ 78,273	\$ 74,238
Restricted	-	8,717	2,981	3,630	2,901
Unrestricted	(9,756)	(12,267)	(7,936)	(14,229)	(9,273)
Total governmental activities net position	<u>\$ 48,363</u>	<u>\$ 56,648</u>	<u>\$ 65,771</u>	<u>\$ 67,674</u>	<u>\$ 67,866</u>
Business-type activities					
Net investment in capital assets	\$ 12,543	\$ 13,277	\$ 12,686	\$ 12,275	\$ 11,760
Unrestricted	5,076	(1,041)	(874)	(1,115)	(680)
Total business-type activities net position	<u>\$ 17,619</u>	<u>\$ 12,236</u>	<u>\$ 11,812</u>	<u>\$ 11,160</u>	<u>\$ 11,080</u>
Primary government					
Net investment in capital assets	\$ 70,662	\$ 73,475	\$ 83,412	\$ 90,548	\$ 85,998
Restricted	-	8,717	2,981	3,630	2,901
Unrestricted	(4,680)	(13,308)	(8,810)	(15,344)	(9,953)
Total primary government net position	<u>\$ 65,982</u>	<u>\$ 68,884</u>	<u>\$ 77,583</u>	<u>\$ 78,834</u>	<u>\$ 78,946</u>

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

	Fiscal Year				
	2015	2016	2017	2018	2019
Governmental activities					
Net investment in capital assets	\$ 66,333	\$ 66,799	\$ 67,960	\$ 67,915	\$ 72,176
Restricted	7,027	7,681	6,199	5,819	6,090
Unrestricted	(34,145)	(30,490)	(32,780)	(52,089)	(50,858)
Total governmental activities net position	<u>\$ 39,215</u>	<u>\$ 43,990</u>	<u>\$ 41,379</u>	<u>\$ 21,645</u>	<u>\$ 27,408</u>
Business-type activities					
Net investment in capital assets	\$ 11,280	\$ 10,765	\$ 10,303	\$ 9,778	\$ 9,275
Unrestricted	1,289	845	1,066	(1,514)	(2,055)
Total business-type activities net position	<u>\$ 12,569</u>	<u>\$ 11,610</u>	<u>\$ 11,369</u>	<u>\$ 8,264</u>	<u>\$ 7,220</u>
Primary government					
Net investment in capital assets	\$ 77,613	\$ 77,564	\$ 78,263	\$ 77,693	\$ 81,451
Restricted	7,027	7,681	6,199	5,819	6,090
Unrestricted	(32,856)	(29,645)	(31,714)	(53,603)	(52,913)
Total primary government net position	<u>\$ 51,784</u>	<u>\$ 55,600</u>	<u>\$ 52,748</u>	<u>\$ 29,909</u>	<u>\$ 34,628</u>

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

	Fiscal Year				
	2010	2011	2012	2013	2014
Expenses					
Governmental activities:					
General government	\$ 8,664	\$ 4,974	\$ 10,833	\$ 10,516	\$ 9,673
Public safety	15,770	18,342	16,104	16,965	16,915
Public works	4,222	6,466	6,525	6,506	5,720
Community development	1,850	1,145	1,034	1,011	1,142
Community services	-	-	-	-	-
Redevelopment	1,755	2,077	658	-	-
SERAF	843	174	-	-	-
Interest on long-term debt	1,718	1,892	1,414	603	667
Total governmental activities	<u>34,822</u>	<u>35,070</u>	<u>36,568</u>	<u>35,601</u>	<u>34,117</u>
Business-type activities:					
Refuse	2,579	2,779	2,880	2,933	2,950
Compressed natural gas	425	464	100	137	-
Sewer maintenance	1,029	1,404	1,114	1,143	1,071
Total business-type activities	<u>4,033</u>	<u>4,647</u>	<u>4,094</u>	<u>4,213</u>	<u>4,021</u>
Total primary government expenses	<u>\$ 38,855</u>	<u>\$ 39,717</u>	<u>\$ 40,662</u>	<u>\$ 39,814</u>	<u>\$ 38,138</u>
Program Revenues					
Governmental activities:					
Charges for services					
General government	\$ 1,556	\$ 3,003	\$ 2,091	\$ 2,268	\$ 2,408
Public safety	947	1,740	1,556	1,570	1,282
Public works	1,131	1,204	1,548	1,539	3,238
Community development	505	427	776	317	590
Community services	-	-	-	-	-
Operating grants	3,883	2,608	2,137	1,656	700
Capital grants and contributions	3,377	2,128	1,605	1,256	1,634
Total governmental activities program revenues	<u>11,399</u>	<u>11,110</u>	<u>9,713</u>	<u>8,606</u>	<u>9,852</u>
Business-type activities:					
Charges for services					
Refuse	3,015	2,432	2,730	2,749	2,865
Compressed natural gas	417	541	76	335	119
Sewer maintenance	898	778	858	876	884
Total business-type activities program revenues	<u>4,831</u>	<u>3,751</u>	<u>3,664</u>	<u>3,960</u>	<u>3,868</u>
Total primary government program revenues	<u>\$ 16,230</u>	<u>\$ 14,861</u>	<u>\$ 13,377</u>	<u>\$ 12,566</u>	<u>\$ 13,720</u>
Net (expense)/revenue					
Governmental activities	\$ (23,423)	\$ (23,960)	\$ (26,855)	\$ (26,995)	\$ (24,265)
Business-type activities	798	(896)	(430)	(253)	(153)
Total primary government net expenses	<u>\$ (22,625)</u>	<u>\$ (24,856)</u>	<u>\$ (27,285)</u>	<u>\$ (27,248)</u>	<u>\$ (24,418)</u>

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

	Fiscal Year				
	2015	2016	2017	2018	2019
Expenses					
Governmental activities:					
General government	\$ 9,248	\$ 5,343	\$ 10,579	\$ 10,046	\$ 9,346
Public safety	15,689	18,556	19,188	18,114	20,547
Public works	6,644	7,445	7,246	4,328	2,466
Community development	1,845	1,373	1,904	1,068	1,502
Community services	-	1,263	1,318	1,690	4,401
Redevelopment	-	-	-	-	-
SERAF	-	-	-	-	-
Interest on long-term debt	861	837	783	717	588
Total governmental activities	<u>34,287</u>	<u>34,817</u>	<u>41,018</u>	<u>35,963</u>	<u>38,850</u>
Business-type activities:					
Refuse	2,795	2,555	2,571	3,034	3,164
Compressed natural gas	-	-	-	-	-
Sewer maintenance	1,069	1,418	954	1,943	1,593
Total business-type activities	<u>3,864</u>	<u>3,973</u>	<u>3,525</u>	<u>4,977</u>	<u>4,757</u>
Total primary government expenses	<u>\$ 38,151</u>	<u>\$ 38,790</u>	<u>\$ 44,543</u>	<u>\$ 40,940</u>	<u>\$ 43,607</u>
Program Revenues					
Governmental activities:					
Charges for services					
General government	\$ 2,053	\$ 1,956	\$ 2,136	\$ 2,206	\$ 2,356
Public safety	1,469	1,340	1,092	1,078	742
Public works	854	679	597	670	1,100
Community development	277	1,211	1,074	1,251	1,011
Community services	-	221	194	314	213
Operating grants	1,407	4,744	4,637	4,575	7,709
Capital grants and contributions	3,216	145	465	4,528	1,117
Total governmental activities program revenues	<u>9,276</u>	<u>10,296</u>	<u>10,195</u>	<u>14,622</u>	<u>14,251</u>
Business-type activities:					
Charges for services					
Refuse	2,874	2,890	2,958	3,039	3,148
Compressed natural gas	25	-	-	-	-
Sewer maintenance	819	688	722	760	722
Total business-type activities program revenues	<u>3,718</u>	<u>3,578</u>	<u>3,680</u>	<u>3,799</u>	<u>3,870</u>
Total primary government program revenues	<u>\$ 12,994</u>	<u>\$ 13,874</u>	<u>\$ 13,875</u>	<u>\$ 18,421</u>	<u>\$ 18,121</u>
Net (expense)/revenue					
Governmental activities	\$ (25,011)	\$ (24,521)	\$ (30,823)	\$ (21,341)	\$ (24,598)
Business-type activities	(146)	(395)	155	(1,178)	(887)
Total primary government net expenses	<u>\$ (25,157)</u>	<u>\$ (24,916)</u>	<u>\$ (30,668)</u>	<u>\$ (22,519)</u>	<u>\$ (25,485)</u>

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

	Fiscal Year				
	2010	2011	2012	2013	2014
General Revenues and					
Other Changes in Net Position					
Governmental activities:					
Taxes					
Property	\$ 12,553	\$ 13,416	\$ 12,452	\$ 11,389	\$ 11,804
Sales and use	3,930	5,063	4,225	4,160	4,512
Utility users	2,694	2,767	2,851	2,863	2,800
Franchise	1,203	2,453	2,056	2,186	2,228
Other	1,762	771	805	998	1,029
Miscellaneous	153	126	1,386	1,359	1,336
Investment income	39	595	199	197	24
Other	715	2,339	1,047	2,918	708
Special item	2,500	-	-	-	-
Extraordinary item	-	-	10,880	-	-
Transfers	566	831	76	248	4
Total governmental activities	<u>26,115</u>	<u>28,361</u>	<u>35,977</u>	<u>26,318</u>	<u>24,445</u>
Business-type activities					
Investment income	6	8	8	5	2
Special item	-	-	-	-	-
Gain on disposal of assets	-	-	-	-	-
Other	-	-	75	75	75
Transfers	(566)	(831)	(76)	(478)	(4)
Total business-type activities	<u>(560)</u>	<u>(823)</u>	<u>7</u>	<u>(398)</u>	<u>73</u>
Total primary government	<u>\$ 25,555</u>	<u>\$ 27,538</u>	<u>\$ 35,984</u>	<u>\$ 25,920</u>	<u>\$ 24,518</u>
Change in Net Position					
Governmental activities	\$ 2,155	\$ 1,506	\$ 8,982	\$ 2,053	\$ (566)
Business-type activities	(1,456)	(1,253)	(246)	(551)	(73)
Total primary government	<u>\$ 699</u>	<u>\$ 253</u>	<u>\$ 8,736</u>	<u>\$ 1,502</u>	<u>\$ (639)</u>

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

	Fiscal Year				
	2015	2016	2017	2018	2019
General Revenues and					
Other Changes in Net Position					
Governmental activities:					
Taxes					
Property	\$ 12,449	\$ 13,259	\$ 13,972	\$ 14,560	\$ 15,478
Sales and use	6,284	6,848	7,020	6,948	8,184
Utility users	2,874	2,750	2,637	2,545	2,461
Franchise	2,338	2,332	2,244	2,270	2,340
Other	1,177	1,258	1,365	1,316	1,267
Miscellaneous	1,451	35	41	125	136
Investment income	576	34	31	72	227
Other	-	-	-	-	-
Special item	(2,764)	-	-	-	-
Extraordinary item	-	(1,035)	-	-	-
Transfers	165	646	402	251	268
Total governmental activities	<u>24,550</u>	<u>26,127</u>	<u>27,712</u>	<u>28,087</u>	<u>30,361</u>
Business-type activities					
Investment income	5	7	7	24	34
Special item	2,764	-	-	-	-
Gain on disposal of assets	-	-	-	-	-
Other	75	75	-	-	-
Transfers	(165)	(646)	(402)	(251)	(192)
Total business-type activities	<u>2,679</u>	<u>(564)</u>	<u>(395)</u>	<u>(227)</u>	<u>(158)</u>
Total primary government	<u>\$ 27,229</u>	<u>\$ 25,563</u>	<u>\$ 27,317</u>	<u>\$ 27,860</u>	<u>\$ 30,203</u>
Change in Net Position					
Governmental activities	\$ 29	\$ (4,696)	\$ 6,371	\$ 6,746	\$ 5,763
Business-type activities	2,284	(409)	(1,573)	(1,405)	(1,045)
Total primary government	<u>\$ 2,313</u>	<u>\$ (5,105)</u>	<u>\$ 4,798</u>	<u>\$ 5,341</u>	<u>\$ 4,718</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	2019
General Fund									
Nonspendable	\$ 5,823	\$ 4,774	\$ 4,368	\$ 3,450	\$ 4,104	\$ 3,881	\$ 3,354	\$ 4,955	\$ 4,706
Restricted	-	-	-	439	1,030	1,030	1,024	1,019	571
Committed	-	-	-	-	119	3,600	3,600	3,400	4,528
Assigned	500	-	-	-	185	286	40	-	-
Unassigned	(294)	1,997	1,385	1,001	2,510	72	56	(1,346)	543
Total General Fund	\$ 6,029	\$ 6,771	\$ 5,753	\$ 4,890	\$ 7,948	\$ 8,869	\$ 8,074	\$ 8,028	\$ 10,349
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	5,518
Assigned	505	-	-	-	485	-	-	-	-
Unassigned	(1,636)	(2,441)	(2,196)	(761)	-	-	(368)	(531)	(1,045)
Total All Other Governmental Funds	9,745	5,773	1,522	2,253	6,484	6,651	4,807	4,269	4,473
Total All Governmental Funds	\$ 15,774	\$ 12,544	\$ 7,275	\$ 7,143	\$ 14,432	\$ 15,520	\$ 12,881	\$ 12,297	\$ 14,823

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

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				
	2010	2011	2012	2013	2014
Revenues					
Property Tax	\$ 13,559	\$ 13,415	\$ 12,451	\$ 11,389	\$ 11,804
Sales Tax	3,930	5,063	5,611	5,519	5,848
Other Tax	4,654	6,116	5,712	6,047	6,138
Intergovernmental	5,295	5,036	3,742	3,143	3,531
Licenses and permits	2,448	1,397	1,730	1,211	1,618
Fines and forfeitures	819	604	753	842	575
Investment income	83	595	423	161	210
Charges for services	1,464	2,343	2,370	1,800	1,912
Other	342	4,138	1,786	4,598	2,087
Total Revenues	<u>32,594</u>	<u>38,707</u>	<u>34,578</u>	<u>34,710</u>	<u>33,723</u>
Expenditures					
Current:					
General Government	3,584	3,958	4,690	4,275	4,409
Public Safety	15,602	15,322	15,978	16,845	16,853
Public Works	2,850	5,864	6,617	10,826	5,760
Community development	1,826	983	1,033	1,011	1,142
Community services	-	-	-	-	-
Redevelopment	1,755	1,775	659	-	-
SERAF	843	174	-	-	-
Capital Outlay	3,940	392	441	347	79
Debt Service					
Principal	1,430	1,420	1,186	355	723
Interest	1,749	1,759	1,617	594	577
Other debt service	-	-	-	-	-
Total Expenditures	<u>33,579</u>	<u>31,647</u>	<u>32,221</u>	<u>34,253</u>	<u>29,543</u>
Excess of Revenues Over/(Under) Expenditures	<u>(985)</u>	<u>7,060</u>	<u>2,357</u>	<u>457</u>	<u>4,180</u>
Other Financing Sources/(Uses)					
Transfers In	14,707	12,063	10,869	12,072	6,998
Transfers Out	(18,693)	(14,263)	(17,020)	(17,827)	(11,310)
Proceeds from long-term debt	1	5,784	399	-	-
Other	2,500	-	193	-	-
Total Other Financing Sources	<u>(1,485)</u>	<u>3,584</u>	<u>(5,559)</u>	<u>(5,755)</u>	<u>(4,312)</u>
Extraordinary Items	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	<u>\$ (2,470)</u>	<u>\$ 10,644</u>	<u>\$ (3,202)</u>	<u>\$ (5,298)</u>	<u>\$ (132)</u>
Ratio of Total Debt Service Expenditures to Total Noncapital Expenditures	12.01%	11.32%	9.67%	2.88%	4.62%

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				
	2015	2016	2017	2018	2019
Revenues					
Property Tax	\$ 12,449	\$ 13,259	\$ 13,972	\$ 14,551	\$ 15,478
Sales Tax	6,284	7,257	7,020	6,948	10,646
Other Tax	6,316	6,318	6,222	6,043	3,548
Intergovernmental	4,033	2,998	3,572	6,487	7,530
Licenses and permits	1,690	1,733	1,572	1,702	1,922
Fines and forfeitures	733	1,154	1,297	592	613
Investment income	177	34	32	69	228
Charges for services	2,228	2,216	1,743	2,197	2,003
Other	2,424	2,108	1,892	2,151	2,289
Total Revenues	<u>36,334</u>	<u>37,077</u>	<u>37,322</u>	<u>40,740</u>	<u>44,258</u>
Expenditures					
Current:					
General Government	6,432	6,571	10,450	8,109	7,889
Public Safety	16,500	17,880	18,436	19,156	18,718
Public Works	4,246	4,824	5,050	5,951	6,078
Community development	1,824	952	1,858	1,291	1,171
Community services	-	1,191	1,292	1,526	4,405
Redevelopment	-	-	-	-	-
SERAF	-	-	-	-	-
Capital Outlay	2,042	1,262	2,340	2,971	1,047
Debt Service					
Principal	1,070	1,333	1,654	1,855	2,105
Interest	813	837	783	717	587
Other debt service	-	-	-	-	-
Total Expenditures	<u>32,927</u>	<u>34,850</u>	<u>41,863</u>	<u>41,576</u>	<u>42,000</u>
Excess of Revenues Over/(Under) Expenditures	<u>3,407</u>	<u>2,227</u>	<u>(4,541)</u>	<u>(836)</u>	<u>2,258</u>
Other Financing Sources/(Uses)					
Transfers In	4,939	7,000	8,010	4,778	1,515
Transfers Out	(4,552)	(6,354)	(7,607)	(4,527)	(1,247)
Proceeds from long-term debt	-	251	-	-	-
Other	(2,764)	-	-	-	-
Total Other Financing Sources	<u>(2,377)</u>	<u>897</u>	<u>403</u>	<u>251</u>	<u>268</u>
Extraordinary Items	<u>-</u>	<u>(2,035)</u>	<u>1,500</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	<u>\$ 1,030</u>	<u>\$ 1,089</u>	<u>\$ (2,638)</u>	<u>\$ (585)</u>	<u>\$ 2,526</u>
Ratio of Total Debt Service Expenditures to Total Noncapital Expenditures	6.49%	6.91%	6.57%	7.14%	7.04%

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	-
2018-19	15,477,587	10,646,104	3,547,567	1,922,689	438,581	-

* 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
2018-19	164,724	1,230,532	353,354	1,070,821	944,874	35,796,833

* 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		
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
2019	6,564,402	544	210,294	6,775,240	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									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
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									
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	0.0171	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									
Metropolitan Water District	0.0043	0.0037	0.0037	0.0035	0.0035	0.0035	0.0035	0.0035	0.0035	0.0035
Placentia Yorba Linda Unified	0.0616	0.0580	0.0585	0.062	0.0653	0.0582	0.0567	0.0548	0.0553	0.0526
N. Orange County Community College	0.0166	0.0176	0.0174	0.019	0.0170	0.0170	0.0304	0.0289	0.0293	0.0283
Total Rate	1.0825	1.0793	1.0796	1.0845	1.0858	1.0787	1.0906	1.0871	1.0881	1.0844

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 Taxpayers
Current and Nine Years Ago
(amounts expressed in thousands)

	2019			<u>Taxpayer</u>	2010		
	Taxable Assessed Value	Estimated Total Tax	Percent of Total City Taxable Assessed Value		Taxable Assessed Value	Estimated Total Tax	Percent of Total City Taxable Assessed Value
Fairfield Placentia Place LLC	\$ 106,687	\$ 1,067	1.57%	OC of SD Holdings	\$ 83,296	\$ 833	1.68%
Placentia 422	57,661	577	0.85%	Placentia 422	50,948	509	1.03%
Villa Angelina Apartment Fund LTD	55,167	552	0.81%	Villa Tierra Apartments LLC	33,489	335	0.67%
MG Union Place Apartments LLC	45,135	451	0.67%	Inland Western Placentia LLC	24,406	244	0.49%
Sedona-Placentia Owner LLC	38,226	382	0.56%	Donahue Schriber Realty Group	24,066	241	0.48%
Placentia-Linda Hospital Inc.	37,719	377	0.56%	Reef Imperial Rose Inc.	23,373	234	0.47%
Arlon Graphics LLC	35,725	357	0.53%	Placentia-Linda Hospital Inc.	21,190	212	0.43%
Western B West California LLC	34,382	344	0.51%	Realty Associates Fund VIII LP	19,768	198	0.40%
Placentia Place Apartments LLC	29,042	290	0.43%	Greka Oil and Gas Inc.	14,592	146	0.29%
Reef Imperial Rose Inc.	28,091	281	0.41%	Western B West California LLC	14,312	143	0.29%
	\$ 467,835	\$ 4,678	6.91%		\$ 309,440	\$ 3,094	6.23%

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
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
2019	18,264,702	10,124,750	55.43%	N/A	N/A	N/A

Note:

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

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

Fiscal Year	Governmental Activities			Business-Type Activities		Percent of Assessed Valuation	Per Capita	Percent of Personal Income
	Tax Allocation Bonds and Notes	Capital Leases	Certificates of Participation	Capital Leases	Total Primary Government			
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%
2019	-	1,144	7,680	-	8,824	0.130%	168.61	0.49%

City of Placentia
Direct and Overlapping Governmental Activity Debt
As of June 30, 2019

2018-19 Assessed Valuation:	\$ 6,775,070
Successor Agency Incremental Valuation:	<u>342,392</u>
Adjusted Assessed Valuation:	\$ 6,432,678

DIRECT DEBT:	Total Debt 06/30/18	% Applicable (1)	City's Share of Debt 6/30/18
Capital Leases	\$ 1,144,309	100.00%	\$ 1,144,309
Certificates of Participation	7,680,000	100.00%	7,680,000
			<u>\$ 8,824,309</u>
 <u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>			
Placentia -Yorba Linda Unified 2002, 2008, and 2012 Bond	\$ 231,032,981	22.234%	\$ 51,367,873
Metropolitan Water District	9,743,755	1.224%	<u>119,264</u>
TOTAL OVERLAPPING DEBT			\$ 51,487,137
 TOTAL DIRECT AND OVERLAPPING DEBT			 \$ 60,311,446

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

Ratios of Direct vs. Overlapping Debt

Direct Debt	14.63%
Overlapping Debt	85.37%
Total Debt	100.00%

Ratios of Debt to Assessed Valuation

Direct Debt	0.14%
Overlapping Debt	0.80%
Total Debt	0.94%

City of Placentia
Legal Debt Margin Information
Last Ten Fiscal Years

Legal Debt Margin Calculation for the Current Year

Assessed value	\$	6,965,133,526
Debt limit (3.75% of assessed value)		261,192,507
Debt applicable to limit		-
Legal debt margin - Current Year	\$	261,192,507

Fiscal Year	Debt Limit	Debt Applicable to Limit	Legal Debt Margin	Debt as Percentage of Limit
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%
2019	261,192,507	-	261,192,507	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
Demographics 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
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%
2018	52,333	1,805,719	34,504	3.0%

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

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

	Fiscal Year				
	2009	2010	2011	2012	2013
General Merchandise	\$ 6,247	\$ 6,554	\$ 6,339	\$ 6,227	\$ 6,482
Food Stores	15,229	15,107	16,462	17,718	17,541
Eating and Drinking Places	61,515	60,571	61,511	61,816	62,479
Building Materials	23,746	28,216	36,868	39,460	37,884
Auto Dealers and Supplies	50,272	63,210	66,736	69,200	78,924
Service Stations	49,182	51,876	68,726	83,112	80,210
Other Retail Stores	59,203	55,636	56,075	55,311	63,164
All Other Outlets	172,339	174,333	182,705	192,626	197,944
Total	\$ 437,733	\$ 455,503	\$ 495,422	\$ 525,470	\$ 544,628

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				
	2014	2015	2016	2017	2018
General Merchandise	\$ 6,459	\$ 6,635	\$ 6,759	\$ 7,178	\$ 7,440
Food Stores	17,898	18,529	17,919	17,102	17,530
Eating and Drinking Places	66,582	79,730	84,676	85,373	83,083
Building Materials	48,092	38,156	55,996	60,664	68,803
Auto Dealers and Supplies	85,659	105,341	107,146	104,963	82,789
Service Stations	78,562	70,961	62,495	68,101	74,924
Other Retail Stores	64,434	60,419	70,775	74,578	75,597
All Other Outlets	213,510	255,719	240,166	234,501	245,115
Total	\$ 581,196	\$ 635,490	\$ 645,932	\$ 652,460	\$ 655,281

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									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
City Clerk	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	6.00	8.00	7.00	7.00	11.50	9.50
Finance	7.00	7.00	7.00	7.00	7.00	6.00	7.00	7.00	8.00	8.00
Development Services	3.00	3.00	3.00	3.00	-	-	4.00	4.75	6.50	8.50
Police	62.00	62.00	67.00	68.00	62.00	67.00	69.50	74.50	80.00	76.00
Public Works	24.00	22.00	22.00	22.00	19.00	18.00	19.00	20.25	20.75	20.00
Community Services	5.00	4.00	4.00	4.00	4.00	4.00	6.00	6.50	7.25	7.00
Total	109.00	107.00	112.00	113.00	99.00	105.00	114.50	122.00	136.00	129.00

City of Placentia
Operating Indicators by Function
Last Ten Fiscal Years

Function/Program	Fiscal Year				
	2010	2011	2012	2013	2014
Police					
Physical arrests	1,517	2,170	2,067	1,289	1,600
Parking citations	11,138	7,971	8,211	6,970	7,147
Traffic citations	5,496	5,628	4,819	3,366	3,330
Community Development					
Building Permits	536	646	657	776	808
Building and Zoning Inspections	140	112	133	145	97
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	57	57	57	57
Culture and Recreation					
Recreation Classes	616	585	659	704	710

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

Function/Program	Fiscal Year				
	2015	2016	2017	2018	2019
Police					
Physical arrests	1,732	1,373	1,250	1,381	1,282
Parking citations	11,141	12,729	13,161	2,359	7,398
Traffic citations	2,498	2,060	1,824	2,659	7,707
Community Development					
Building Permits	1,411	1,472	1,268	1,347	1,263
Building and Zoning Inspections	178	133	128	87	92
Public Works					
Feet of Sewer Main Cleaned	401,280	401,280	249,134	385,510	318,118
Streetsweeping Miles	21,684	21,684	21,684	7,955	7,955
Traffic Signals Maintained	57	57	57	61	61
Culture and Recreation					
Recreation Classes	787	747	727	645	610

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

Function/Program	Fiscal Year				
	2010	2011	2012	2013	2014
Public Safety					
Police Stations	1	1	1	1	1
Sworn Officers	50	50	46	47	46
Patrol Vehicles	26	26	26	26	26
Fire Stations	2	2	2	2	2
Highways and Streets					
Miles of Streets	107	107	107	107	107
Street Trees	9,214	9,214	9,214	9,214	9,214
Traffic Signals	229	229	229	229	229
Street Lights	3,656	3,656	3,656	3,656	3,656
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				
	2015	2016	2017	2018	2019
Public Safety					
Police Stations	1	1	1	1	1
Sworn Officers	46	46	46	51	51
Patrol Vehicles	26	26	26	32	32
Fire Stations	2	2	2	2	2
Highways and Streets					
Miles of Streets	107	107	107	107	132
Street Trees	9,214	9,214	9,214	9,139	7,175
Traffic Signals	229	229	229	230	230
Street Lights	3,656	3,656	3,656	3,660	3,660
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	100.9
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, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon January 14, 2020.

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*.

**200 E. Sandpointe Avenue, Suite 600, Santa Ana, California 92707
Tel: 949-777-8800 • Fax: 949-777-8850 • www.pungroup.com**

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.

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

Santa Ana, California
January 14, 2020



Prepared by the Finance Department
of the City of Placentia