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James A. Kay
Manager, Regulatory Affairs

January 25, 2017 10 CFR 50.71

U. S. Nuclear Regulatory Commission
ATTN: Document Control Desk
Washington, D. C. 20555-0001

Subject: **Docket Nos. 50-361 and 50-362**
Annual Corporate Financial Reports
San Onofre Nuclear Generating Station (SONGS) Units 2 and 3

Dear Sir or Madam:

In accordance with the requirements of 10 CFR Part 50, Section 50.71(b), enclosed are copies of the annual financial reports for the licensees of the San Onofre Nuclear Generation Station, Units 2 and 3, who do not submit a Form 10-Q with the Securities and Exchange Commission or a Form 1 with the Federal Energy Regulatory Commission: the City of Riverside, California (for the fiscal year ending June 30, 2016); and the City of Anaheim, California (for the fiscal year ending June 30, 2016). Each report includes the appropriate certified financial statement required by Section 50.71(b).

There are no new commitments or required actions resulting from this letter.

If you have any questions or require additional information, please call me at (949) 368-7418.

Sincerely,

J. A. Kay

Enclosures

cc: K. M. Kennedy, Regional Administrator, NRC Region IV
M. G. Vaaler, NRC Project Manager, SONGS Units 2 and 3

M004
NRR

P. O. Box 128
San Clemente, CA 92672

Enclosure

Annual Financial Statements for Fiscal Year 2016

City of Anaheim

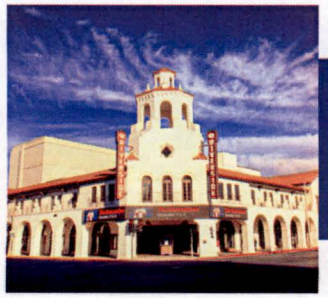
and

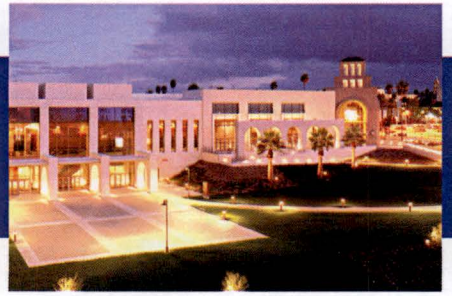
City of Riverside

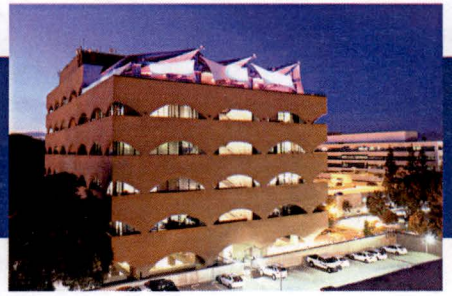
CITY OF RIVERSIDE

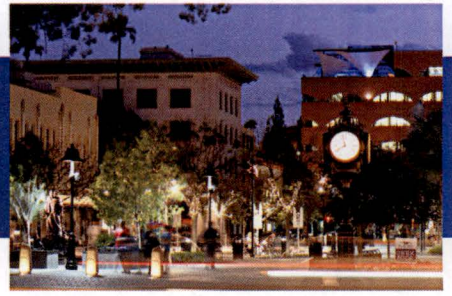
COMPREHENSIVE Annual Financial Report

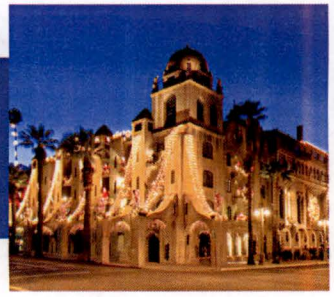
Year Ended June 30, 2016











CITY OF RIVERSIDE, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR FISCAL YEAR ENDED JUNE 30, 2016

Prepared by the Finance Department
Scott G. Miller, Chief Financial Officer/Treasurer

3900 Main Street, Riverside, California 92522 (951) 826-5660

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CITY OF
RIVERSIDE

CITY OF RIVERSIDE
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2016

TABLE OF CONTENTS

	Page
INTRODUCTORY SECTION	
Letter of Transmittal	i
GFOA Certificate of Achievement	vi
Legislative and City Officials	vii
Organization Chart	vii
FINANCIAL SECTION	
Independent Auditor's Report	1
Management's Discussion and Analysis	3
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	19
Statement of Activities	20
Fund Financial Statements:	
Balance Sheet – Governmental Funds	21
Reconciliation of the Balance Sheet of Governmental Funds to Statement of Net Position	22
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	23
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	24
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund	25
Statement of Net Position – Proprietary Funds	26
Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds	28
Statement of Cash Flows – Proprietary Funds	29
Statement of Net Position/(Deficit) Fiduciary Funds	31
Statement of Changes in Net Position/(Deficit) Fiduciary Fund – Private-Purpose Trust	32
Notes to Basic Financial Statements	33
Required Supplementary Information (Unaudited)	66
Combining and Individual Fund Statements and Schedules:	
Combining Balance Sheet – Nonmajor Governmental Funds	71
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	73
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Nonmajor Governmental Funds	75
Combining Statement of Net Position – Nonmajor Enterprise Funds	79
Combining Statement of Revenues, Expenses and Changes in Net Position – Nonmajor Enterprise Funds	81

CITY OF RIVERSIDE
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2016

TABLE OF CONTENTS

FINANCIAL SECTION (CONT.)

Combining Statement of Cash Flows – Nonmajor Enterprise Funds 82
Combining Statement of Net Position – Internal Service Funds 85
Combining Statement of Revenues, Expenses and Changes in Net Position – Internal Service Funds 86
Combining Statement of Cash Flows – Internal Service Funds 87
Combining Statement of Changes in Assets and Liabilities – Agency Fund 90
Capital Assets Used in the Operation of Governmental Funds:
Schedule by Source 92

STATISTICAL SECTION

Table		
1	Net Position by Component – Last Ten Fiscal Years	94
2	Changes in Net Position – Last Ten Fiscal Years	95
3	Fund Balances of Governmental Funds – Last Five FiscalYears	97
4	Changes in Fund Balances of Governmental Funds – Last Ten Fiscal Years	98
5	Business-Type Activities Electricity Revenues By Source – Last Ten Fiscal Years	100
6	Governmental Activities Tax Revenues By Source – Last Ten Fiscal Years	101
7	Taxable Sales by Category – Last Ten Calendar Years	102
8	Assessed Value and Estimated Actual Value of Taxable Property – Last Ten Fiscal Years	103
9	Direct and Overlapping Property Tax Rates – Last Ten Fiscal Years	104
10	Principal Property Taxpayers – Current Year and Nine Years Ago	105
11	Property Tax Levies and Collections – Last Ten Fiscal Years	106
12	Electricity Sold by Type of Customer – Last Ten Fiscal Years	107
13	Electricity Rates – Last Ten Fiscal Years	108
14	Top 10 Electricity Customers – Current Year and Nine Years Ago	109
15	Ratios of Outstanding Debt by Type – Last Ten Fiscal Years	110
16	Ratios of General Bonded Debt Outstanding – Last Ten Fiscal Years	111
17	Direct and Overlapping Governmental Activities Debt	112
18	Legal Debt Margin Information – Last Ten Fiscal Years	114
19	Pledged-Revenue Coverage Business Type Activity Debt – Last Ten Fiscal Years	115
20	Demographic and Economic Statistics – Last Ten Calendar Years	116
21	Principal Employers – Current Year and Nine Years Ago	117
22	Full-Time Equivalent City Government Employees by Function – Last Ten Fiscal Years	118
23	Operating Indicators by Function – Last Ten Fiscal Years	119
24	Capital Asset Statistics by Function – Last Ten Fiscal Years	120

November 9, 2016

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

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

This report consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a rational basis for making these representations, management has established a comprehensive internal control framework that is designed both to protect the City's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with accounting principles generally accepted in the United States of America. Because the cost of internal controls should not outweigh their benefits, internal controls have been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material 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 Macias Gini & O'Connell LLP, a firm of certified public accountants. The independent auditor concluded, based on the audit, that there was a reasonable basis for rendering an unmodified opinion on the City's financial statements for the fiscal year ended June 30, 2016. The independent auditor's report is presented as the first component of the financial section of this CAFR.

The independent audit of the financial statements of the City was part of the federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on internal controls and compliance with legal requirements, with emphasis on those involving the administration of federal awards/grants. These reports are available in the City's separately issued Single Audit Report.

Management has provided an overall analysis of the 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 this section. The City's MD&A can be found immediately following the independent auditor's report.

Profile of the City of Riverside

The City of Riverside, incorporated on October 11, 1883, is located in the western portion of Riverside County, about 60 miles east of Los Angeles. The City currently occupies a land area of 81.507 square miles.

The City operates under the council-manager form of government, with a seven-member council elected by ward for four-year overlapping terms. The mayor is elected at large for a four-year term and is the presiding officer of the Council, but does not have a vote except in the case of a tie. The City Council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and hiring the City Manager, City Attorney and City Clerk. The City Manager is responsible for carrying out the policies and ordinances of the Council, for overseeing the day-to-day operations of the City, and for appointing the heads of various departments. The Council is elected on a non-partisan basis.

The City provides a full range of services which include general government, public safety (police, fire, disaster preparedness and building inspection), construction and maintenance of highways and streets, economic development, culture and recreation, electric, water, airport, refuse, sewer, and senior citizen/handicap transportation. In addition to general City activities, the Council is financially accountable for the Riverside Housing Authority, Riverside Public Financing Authority, Riverside Municipal Improvements Corporation and the Successor Agency, which was formed to hold the assets of the former Redevelopment Agency; therefore, these entities are included as an integral part of the City's financial statements. Additional information on these legally separate entities can be found in note 1 in the Notes to Basic Financial Statements.

The annual budget serves as the foundation for the City's financial planning and control. The City Manager presents the proposed budget to the City Council for review at least thirty-five calendar days prior to the beginning of each fiscal year. The Council is required to hold public hearings on the proposed budget and to adopt a final budget no later than June 30, which is the close of the City's fiscal year. The appropriated budget is prepared by fund and department. Department heads may make transfers of appropriations within a department. Transfers of appropriations between departments, however, require the approval of the Council. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund, this comparison is presented on page 25 as part of the basic financial statements for the governmental funds. For governmental funds other than the general fund, with appropriated annual budgets, this comparison is presented in the governmental fund subsection of this report, which begins on page 75.

Local economy: The City is located in the Inland Empire, which consists of Riverside and San Bernardino Counties (the "MSA"). The population of the Inland Empire at approximately 4.2 million is larger than 24 states. The City leads the Inland Empire in most measures of economic power, including population, income, employment, bank deposits, assessed valuation, office space and college enrollment. The population of the City is 324,696 which places it as the 7th largest in Southern California.

Unemployment in the MSA is currently at 6.6% up from 6.5% for the same period last year with modest improvements in the real estate and home building sectors.

The MSA is projected to grow in future years because land values continue to remain well below those in Los Angeles, Orange and San Diego Counties. Among the City's challenges is a lack of available space for manufacturing and industrial development within current boundaries.

Goals and Vision: Through various strategic planning workshops the City Council identified the following seven strategic priorities for the City:

- **Enhanced Customer Service – Improved quality of life**
- **Economic Development – Continue to develop an economically vibrant City**
- **Community Services – Provide appealing, accessible and safe venues**
- **City Transportation Program – Continue to develop efficient transportation systems and provide affordable options for community mobility**
- **Improve Housing Diversity and Options**
- **Improve Teamwork and Communication**
- **Reduce Taxpayer Liability and Reduce Costs Wherever Possible**

As a result of the development of the seven strategic priorities, the Riverside 2.0 Strategic Plan was formed to implement the vision. The purpose of the Riverside 2.0 Strategic Plan is to advance the City of Riverside's mission statement: *The City of Riverside is committed to providing high quality municipal services to ensure safe, inclusive, and livable community.* Additionally, the Riverside 2.0 Strategic Plan is intended to advance *Seizing Our Destiny* which is Riverside's community-driven campaign that builds on the city's existing strengths to create an even better place to live, work and play for future generations. The Seizing Our Destiny Campaign was developed by City officials and civic leaders and encompasses a 20-year strategic vision that mobilizes the skills and resources of a broad cross-section of Riverside toward one common goal – a better community for us all. The goal, or Vision, has four primary aspects for Riverside:

- **Nurture Intelligent Growth**
- **Catalyst for Innovation**
- **Location of Choice**
- **Evolve as a Unified City**

The City is in the initial implementation phase of the Strategic Plan and provides the City Council with periodic updates until the goals of the Strategic Plan have been fully implemented which is anticipated to be in several years.

Long-term financial planning. For the Fiscal 2016-2017 and 2017-2018 Budget Cycle, the City's first two-year budget and five-year financial plan was presented. It is a process designed to bring enhanced transparency to the City's finances, operations and strategic goals both internally with employees and departments, and externally with the residents and businesses. For the first time, the City's budget included the five-year plan as a separate section which serves as a framework for policy decisions on the two-year budget as well as in the future. Among other things, the five-year plan allows the City to illustrate fiscal impacts of budget decisions in June 2016 on the General Fund Reserves through June 30, 2021.

Additionally, the City Council received the first comprehensive Five-Year Capital Improvement Program (CIP) document. The first two years included anticipated funding source for 87 projects in FY 2016/17 and 70 projects in FY 2017/18. The funded CIP projects are incorporated into the City's proposed FY 2016/18 Biennial Budget. The last three years of the CIP plan, from FY 2018/19 through 2020/21, contain projects that are anticipated to be funded during the term of the Five-Year CIP Plan.

The CIP two-year budget is $93 million for fiscal year (FY) 2016/17 and $65 million for FY 2017/18. The CIP five-year plan presents a $348 million planned CIP revenue and expenditure budget for FY 2016/17 through FY 2020/21. The proposed CIP responds to the needs of our residents to ensure the streets, public buildings, sewer, water, and electric infrastructure, and parks are well maintained and operated for optimum health and safety, added value, increased efficiency and functionality, enhanced attractiveness and beautification, and compliance to legal mandates. The CIP document places equal emphasis on planning for new projects as well as improving and preserving existing capital assets. In the next five years, $50.6 million has been programmed for Transportation and Railroad-Related projects; $4.8 million for Municipal Buildings and Facilities, such as library, police, and fire facilities; $4.6 million for Parks, Recreation, and Community Services projects; and $288 Million for upgrades to and expansion of the City's electric, water, sewer, and storm drain infrastructure.

Also for the first time, the City's CIP document includes a list of Unfunded CIP Projects. This is an initial attempt to identify and quantify the City's true CIP needs - not only in the short term, but also in the long term. Although the list is comprehensive and reflects a good assessment of the City's needs, it is by no means a complete list as more work needs to be done in the coming years to refine this list, create guidelines to prioritize projects, and prepare a strategic approach to fund and complete these unfunded projects.

Financial policies. Maintaining healthy reserves in the General Fund, and other Funds as well, is a critical component of the City's sound financial management practices. As a result, the City formally adopted a General Fund, Water Fund, and Electric Fund reserve policy; the City is in the process of adopting a Sewer Fund reserve policy. The policy establishes minimum required reserve balances for each of those funds. In the General Fund policy, there are two reserve categories with a goal to bring reserves to a total of 20% level by FY 2019-20. An Emergency reserve has been established equal to 10% of the General Fund expenditure budget and a Contingency reserve equal to 5% of the General Fund budget.

Emergency Reserve

The Emergency Reserve is established for the purpose of addressing any extremely unusual and infrequent occurrences, such as a major natural disaster or a major unforeseen settlement. Utilization of the emergency reserve requires declaration of an emergency by a two-thirds majority of the City Council, and specification of the maximum dollar amount to be used. In the event that the Emergency Reserve is accessed, staff must present a plan to the City Council following the termination of the emergency to return the Emergency Reserve to the 10% minimum level with an aspirational goal of 15% by FY 2019-20. The proposed timeline for restoring the reserve level must not exceed three years.

Contingency Reserve

The Contingency Reserve is established for the purpose of providing a "bridge" to facilitate a measured and thoughtful reduction in expenditures during times of economic downturn, rather than making immediate and drastic budget cuts without the time for proper evaluation. Utilization of the economic contingency reserve, including specification of the maximum dollar amount to be used, requires approval by a two-thirds majority of the City Council. Once utilization of the Economic Contingency Reserve has been terminated,

staff must present a plan to the City Council to return the Economic Contingency Reserve to the 5% minimum level over no more than a three year period.

Surplus Reserves

While it is anticipated that ongoing needs of the City will prevent the General Fund Reserve balance from greatly exceeding the total 15% (or 20%) requirement of the Emergency Reserve and Contingency Reserve, it is likely that excess funds will be on hand from time to time. These funds are termed Surplus Reserves in the policy. If at any time the Surplus Reserves exceed 10% of the general fund expenditure budget during a fiscal year (for a total of a 25% General Fund Reserve balance), staff must present a plan to the City Council with options for appropriate uses for the excess funds to bring the General Fund Reserve balance to the 25% level or below. These uses could include deferred capital projects, vehicle or equipment purchases, or other expenditures of a one-time nature.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting (Program) to the City for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2015. This was the twenty-seventh consecutive year that the City has received this prestigious award. The City received this award for publishing an easily readable and efficiently organized CAFR that satisfied both Generally Accepted Accounting Principles (GAAP) and applicable legal requirements.

This award is valid for a period of one year only. We believe that our current CAFR continues to meet the Program's requirements and we are submitting it to the GFOA again this year.

Budget Presentation Award: The City received the GFOA's Distinguished Budget Presentation Award for its annual budget document for the fiscal year beginning July 1, 2015. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communication device.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Finance Department. We would like to express our appreciation to all members of the department who assisted and contributed to its preparation. Credit also must be given to the Mayor and the City Council for their unfailing support for maintaining the highest standards of professionalism in the management of the City's finances.

Respectfully submitted,

Scott G. Miller, PhD.
Chief Financial Officer/Treasurer

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Riverside California

For its Comprehensive Annual Financial Report for the Fiscal Year Ended

June 30, 2015

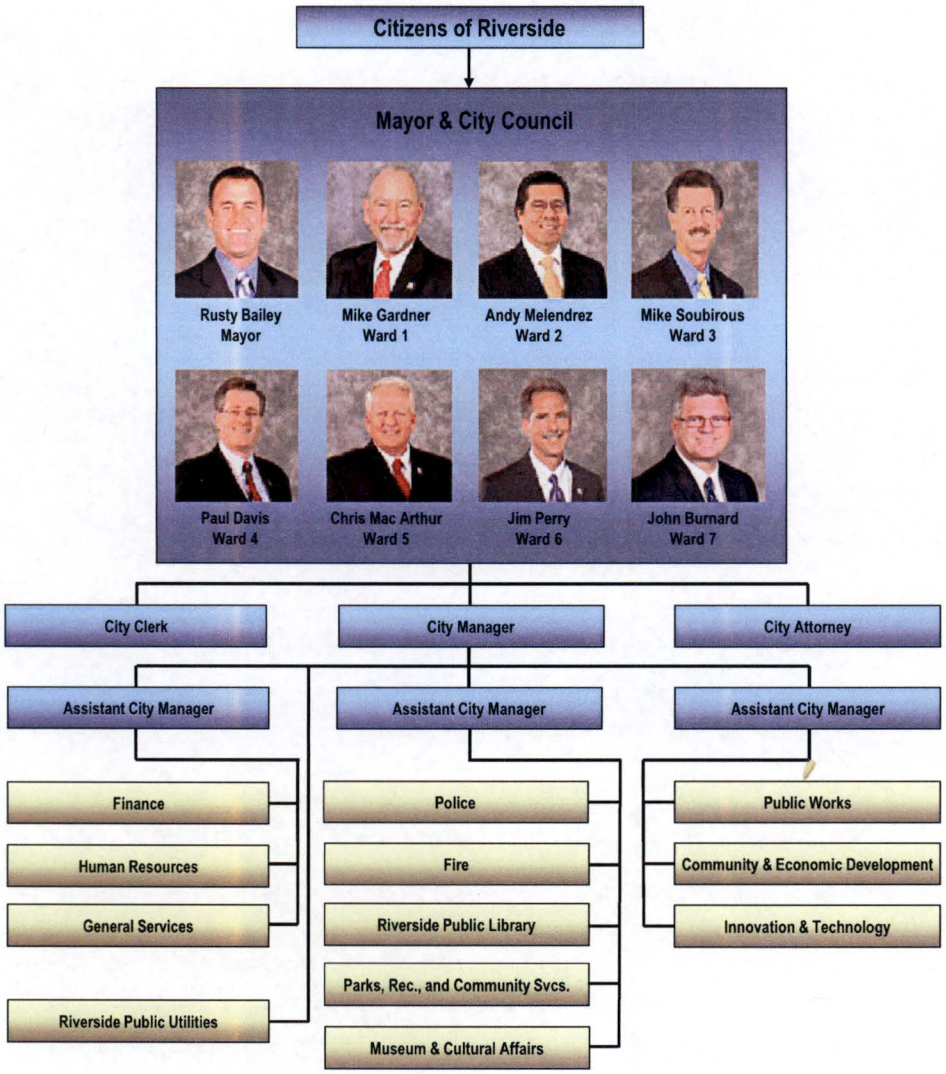
Executive Director/CEO

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Riverside for our Comprehensive Annual Financial Report for the fiscal year ended June 30, 2015.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to meet the Certificate of Achievement Program requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

ORGANIZATION CHART



LEGISLATIVE OFFICIALS

Rusty Bailey ..... Mayor
Mike Gardner ..... Councilmember – Ward 1
Andy Melendrez ..... Councilmember – Ward 2
Mike Soubirous ..... Councilmember – Ward 3
Paul Davis ..... Councilmember – Ward 4
Chris Mac Arthur ..... Councilmember – Ward 5
Jim Perry ..... Councilmember – Ward 6
John Burnard ..... Councilmember – Ward 7

CITY OFFICIALS

John A. Russo ..... City Manager*
Alex Nguyen ..... Assistant City Manager
Al Zelinka ..... Assistant City Manager
Marianna Marysheva ..... Assistant City Manager

Colleen J. Nicol ..... City Clerk*
Gary Geuss ..... City Attorney*
Sergio G. Diaz ..... Chief of Police
Lea Deesing ..... Chief Innovation Officer
Rafael Guzman ..... Community & Economic Development Director
Scott G. Miller ..... Chief Financial Officer/Treasurer
Michael Moore ..... Fire Chief
Kris Martinez ..... Public Works Director
Pia Rose ..... Interim Human Resources Director
Tonya Kennon ..... Library Director
Sarah Mundy ..... Museum & Cultural Affairs Director
Adolfo Cruz ..... Parks, Recreation & Community Svcs. Director
Girish Balachandran ..... General Manager - Public Utilities
Carl Carey ..... General Services Director

*Appointed by City Council

CITY OF
RIVERSIDE

mgo Certified Public Accountants

Century City
Los Angeles
Newport Beach
Oakland
Sacramento
San Diego
San Francisco
Walnut Creek
Woodland Hills

Independent Auditor's Report

Honorable Mayor and Members of the City Council
City of Riverside, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Riverside, California (the City), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the fiscal 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 on pages 3 -18, pension schedule of changes in net pension liability and related ratios during the measurement period on page 67, pension schedule of plan contributions on page 68 and other post-employment benefits schedules of funding progress on page 69, 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 combining and individual fund statements and schedules and other information, such as the introductory and statistical section as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 9, 2016 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Macias Gini & O'Connell LLP

Newport Beach, California
November 9, 2016

Management's Discussion and Analysis
(Unaudited)

As management of the City, we offer this narrative overview and analysis of financial activities for the fiscal year ended June 30, 2016. We encourage readers to consider the information presented here in conjunction with additional information furnished in our letter of transmittal, which can be found on page i of this report. All amounts, unless otherwise indicated, are expressed in thousands of dollars (0,000).

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements, comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to basic financial statements. This report also contains certain supplementary information.

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

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

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

The government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, highways and streets, and culture and recreation. The business-type activities of the City include Electric, Water, Sewer, Refuse, Public Parking, Airport and Transportation services.

The government-wide financial statements include the activities of the City and three blended component units, which consist of the Riverside Housing Authority, Riverside Public Financing Authority and the Riverside Municipal Improvements Corporation. Although legally separate, these entities function for all practical purposes as departments of the City and therefore have been blended as part of the primary government. The Successor Agency to the Redevelopment Agency of the City of Riverside (Successor Agency) is also included as a fiduciary component unit since it would be misleading to exclude the Successor Agency due to the nature and significance of the relationship between the City and the Successor Agency. The activity of the Successor Agency is reported with the City's fiduciary

funds, which is not included in the government-wide statements since the resources of those funds are *not* available to support the City's own programs.

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

The government-wide financial statements can be found on pages 19-20 of this report.

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

Governmental funds *Governmental funds* are used to account for the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources* as well as on balances of spendable resources available at the end of the fiscal year.

It is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. Reconciliations to facilitate this comparison are provided for both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances. The major reconciling items relate to capital assets and debt. In the Governmental Funds, acquisitions of capital assets are treated as "expenditures" because upon purchase of a capital asset, cash used for the acquisition is no longer available for other purposes. The issuance of debt provides cash, which is now available for specified purposes. Accordingly, at the end of the fiscal year, the unrestricted fund balances of the Governmental Funds reflect spendable resources available for appropriation by the City Council. Spendable balances are not presented on the face of the government-wide financial statements.

The City maintains thirteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and Capital Outlay Fund, which are major funds. Data from the other eleven governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* and can be found on pages 71-74 in this report.

The City adopted an annual appropriated budget for its General Fund for the Year ended June 30, 2016. A budgetary comparison statement has been provided to demonstrate compliance with this budget.

The governmental fund financial statements can be found on pages 21-25 of this report.

Proprietary funds The City maintains two different types of proprietary funds, enterprise and internal service 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 Electric, Water, Sewer, Refuse, Public Parking, Airport and Transportation services. *Internal service* funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for self-insured insurance programs, central stores and its fleet of vehicles. Because these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements. Internal service funds are presented as proprietary funds because both enterprise and internal service funds follow the accrual basis of accounting.

Proprietary funds provide the same type of information as the government-wide financial statements (*business-type activities*), only in more detail. The proprietary fund financial statements provide separate information for the Electric, Water and Sewer operations, all of which are considered to be major funds of the City. The four remaining proprietary funds noted above are combined into a single, aggregated presentation. All internal service funds are also combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the non-major proprietary funds and the internal service funds is provided in the form of *combining statements* and can be found on pages 79-88 in this report.

The basic proprietary fund financial statements can be found on pages 26-30 of this report.

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

The fiduciary fund financial statements can be found on page 31-32 of this report, and the combining statement for the agency fund can be found on page 90.

Notes to Basic Financial Statements The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The Notes to Basic Financial Statements begin on page 33 of this report.

Government-wide Financial Analysis

The following table presents a summarization of the City's assets, liabilities, deferred inflows and outflows, and net position for its governmental and business-type activities. As noted earlier, a government's net position may serve over time as a useful indicator of its financial position.

(Amounts presented in Thousands)

	Governmental Activities		Business type Activities		Total	
	2016	2015	2016	2015	2016	2015
Current and other assets	$ 273,925	$ 292,043	$ 736,950	$ 809,052	$ 1,010,875	$ 1,101,095
Capital assets, net	1,377,609	1,379,913	1,778,027	1,666,927	3,155,636	3,046,840
Total assets	1,651,534	1,671,956	2,514,977	2,475,979	4,166,511	4,147,935
Deferred Outflows of Resources	131,318	66,351	98,835	62,584	230,153	128,935
Current liabilities	76,188	66,211	162,967	153,836	239,155	220,047
Long-term liabilities	772,609	767,003	1,416,469	1,432,349	2,189,078	2,199,352
Total liabilities	848,797	833,214	1,579,436	1,586,185	2,428,233	2,419,399
Deferred Inflows of Resources	92,935	79,414	58,836	41,083	151,771	120,497
Net position:						
Net investment in capital assets	1,123,910	1,126,220	654,870	626,166	1,778,780	1,752,386
Restricted	106,488	105,847	85,526	75,660	192,014	181,507
Unrestricted	(389,278)	(406,388)	235,144	209,469	(154,134)	(196,919)
Total net position	$ 841,120	$ 825,679	$ 975,540	$ 911,295	$ 1,816,660	$ 1,736,974

The City's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $1,816,660 at June 30, 2016, an increase of $79,686 from June 30, 2015.

By far the largest portion of the City's net position of 98% reflects its investment in capital assets (i.e., land, buildings, machinery, equipment and infrastructure), net of any related debt that is still outstanding used to acquire those assets and net of unspent bond proceeds and cash held in bond reserve accounts. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending.

An additional portion of the City's net position 11% represents resources that are subject to external restrictions on how they may be used. The remaining unrestricted net position may be used to meet the government's ongoing obligations to citizens and creditors. Of this amount, $235,144 is held by the business-type activities and $(389,278) net deficit is held by the governmental activities.

Unrestricted net position in the amount of $(154,134), a decrease of 22% from prior year, is the change in resources available to fund City programs to citizens and debt obligations to creditors. The negative unrestricted net position is primarily the result of the reporting of the City's net pension liability in accordance with an accounting standards issued by the Government Accounting Standards Board (GASB) that relates to pension activity; Statement No. 68, "Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27.

Governmental activities increased the City's net position by $15,441 to $841,120 for the year ended June 30, 2016, accounting for 19% of the City's total increase in net position. The primary result of this increase is due to an increase in deferred outflows related to the City's pension obligations which are changes in total pension liability and fiduciary net position that are to be recognized in future pension expense. Governmental activities operating results is discussed on page 9 and business-type operating results is discussed on page 12.

On the following page is a condensed summary of activities of the City's governmental and business-type operations for the period ended June 30, 2016 with the prior fiscal year presented for comparative purposes. Also included in the following analysis are revenue and expense graphs to aid in understanding the results of the current year's activities.

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(Amount presented in Thousands)

	Governmental Activities		Business type Activities		Total	
	2016	2015	2016	2015	2016	2015
Revenues:						
Program Revenues:						
Charge for services	$ 46,354	$ 55,043	$ 493,094	$ 491,622	$ 539,448	$ 546,665
Operating Grants and Contributions	16,321	12,869	2,322	3,869	18,643	16,738
Capital Grants and Contributions	31,216	43,904	18,868	8,027	50,084	51,931
General Revenues:						
Sales taxes	60,976	59,437	-	-	60,976	59,437
Property taxes	55,545	54,864	-	-	55,545	54,864
Other taxes and fees	39,651	38,899	-	-	39,651	38,899
Investment income	729	3,233	6,888	5,319	7,617	8,552
Other	12,185	15,548	22,666	7,652	34,851	23,200
Total Revenues	262,977	283,797	543,838	516,489	806,815	800,286
Expenses:						
General government	24,483	26,587	-	-	24,483	26,587
Public safety	161,284	154,123	-	-	161,284	154,123
Highways and streets	38,836	36,563	-	-	38,836	36,563
Culture and recreation	47,762	45,594	-	-	47,762	45,594
Interest on long-term debt	16,387	17,025	-	-	16,387	17,025
Electric	-	-	307,925	309,874	307,925	309,874
Water	-	-	57,769	62,792	57,769	62,792
Sewer	-	-	39,978	35,593	39,978	35,593
Airport	-	-	1,799	1,809	1,799	1,809
Refuse	-	-	21,652	20,007	21,652	20,007
Transportation	-	-	4,113	4,385	4,113	4,385
Public parking	-	-	5,141	5,604	5,141	5,604
Total expenses	288,752	279,892	438,377	440,064	727,129	719,956
Increase (decrease) in net position	(25,775)	3,905	105,461	76,425	79,686	80,330
Transfers, net	41,216	42,681	(41,216)	(42,681)	-	-
Total changes in net position	15,441	46,586	64,245	33,744	79,686	80,330
Net position - beginning, as previously reported	825,679	1,200,922	-	1,045,049	825,679	2,245,971
Prior period adjustment	-	(421,829)	-	(167,498)	-	(589,327)
Net position - beginning, as restated	825,679	779,093	911,295	877,551	1,736,974	1,656,644
Net position - ending	$ 841,120	$ 825,679	$ 975,540	$ 911,295	$ 2,642,339	$ 1,736,974

Governmental activities. Total net position for governmental activities increased by $15,441 or 2% from prior year. Governmental activities net position in the prior fiscal year decreased by $375,243. Key elements of this year's activity in relation to the prior year are as follows:

Revenues:

- While variances between years exist for the various revenue categories, the total net decrease was approximately $21 million or 7%, which is largely attributable to a decrease capital grants and contributions. Capital grants and contributions decreased by approximately $12.7 million or 29%. The largest component of the decrease relates to capital outlay projects. Specifically, the City completed or was near completion on several major grade separation projects in the prior fiscal year. Also, as the City and much of the nation continue to spend at cautious levels sales, property and other taxes remained relatively flat with minimal increases in each category. The decrease in investment income is primarily the result of one time interest received in the prior year. The City received state mandated claims that had been pending for several years which included an interest component. The decrease in other revenues primarily relates to the prior year receipt of one time revenue in the amount of $2.9 million related to state mandated claims.

Expenses:

- While variances between years exist for the various expense functions, the total net increase was approximately $8.9 million or 3%. This is primarily related to an increase of approximately $5.2 million in public safety costs associated with approved labor contracts with three Police Department bargaining units. Increases in other expense categories were minimal and in line with anticipated results.

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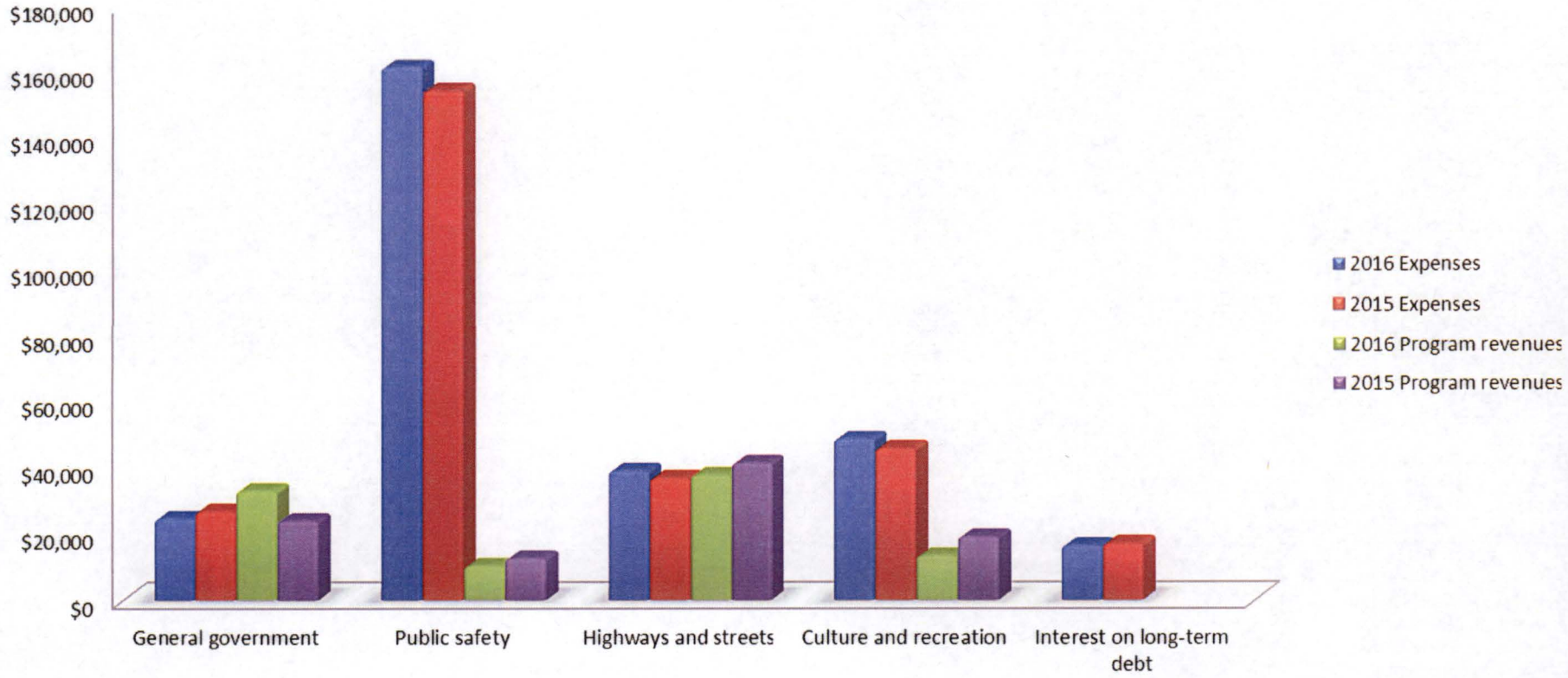
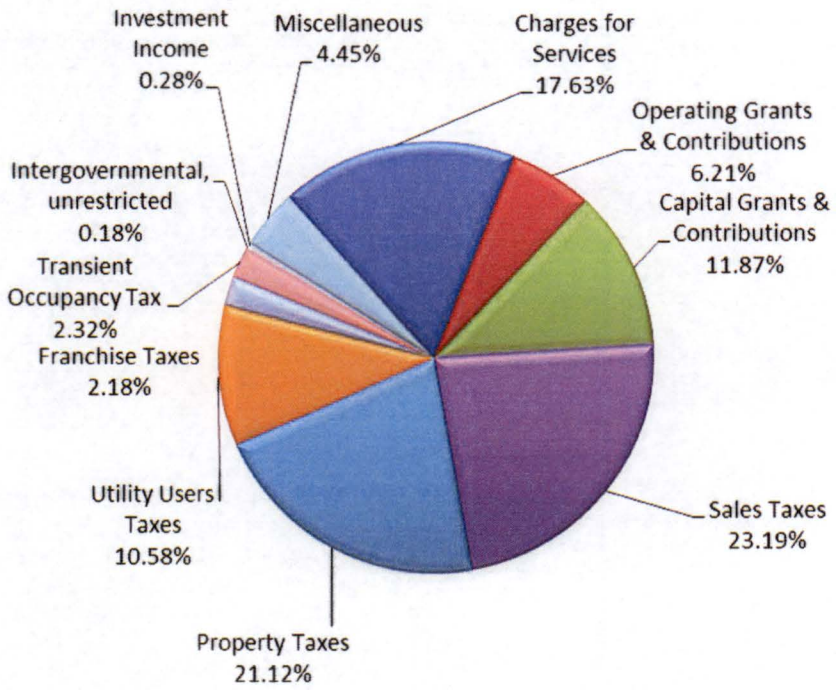
Program Revenues and Expenses – Governmental Activities – Fiscal Year Comparison 2016 vs. 2015

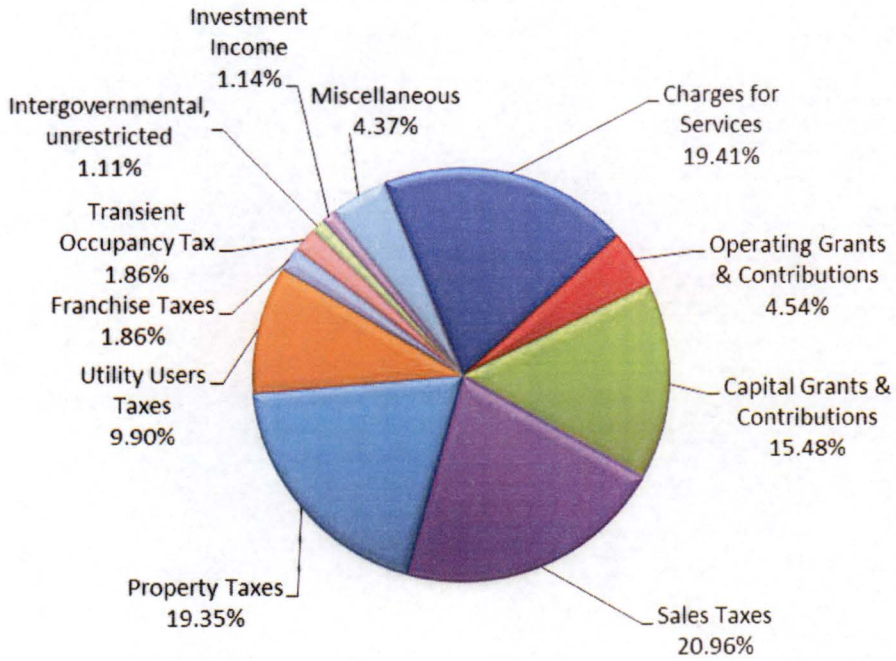


Revenues by Source – Governmental Activities – Fiscal Year Comparison 2016 vs. 2015

2016



2015

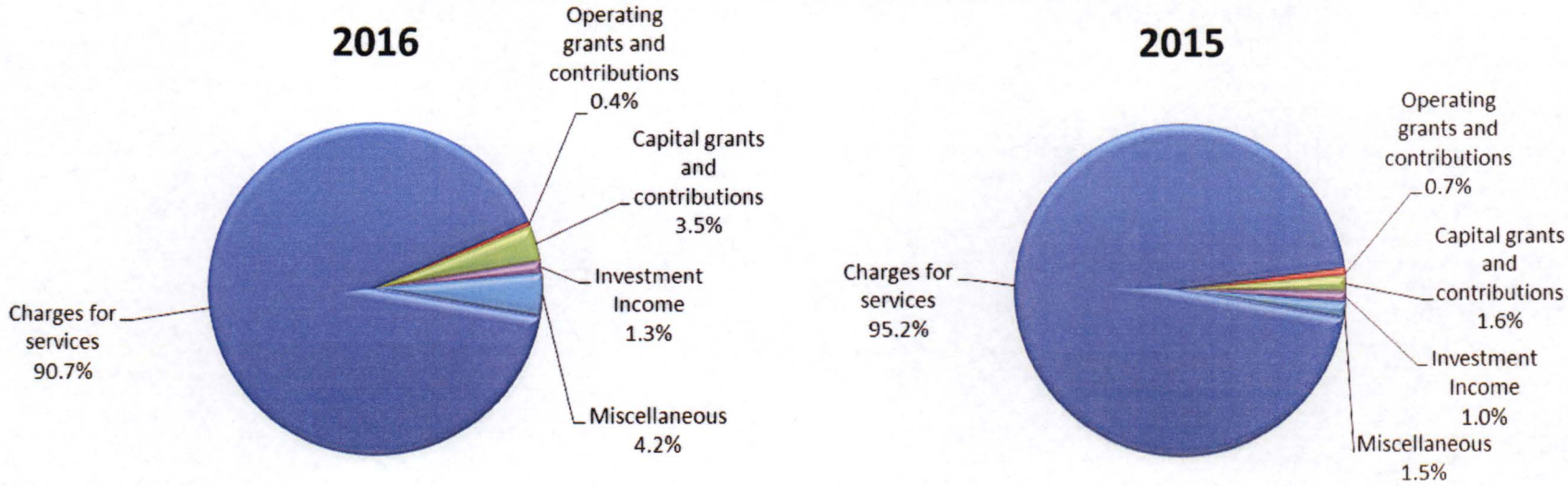


Business-type activities. The net position of business-type activities increased by $64,245 accounting for a 7% increase in total net position. The net position of business-type activities increased by $133,754 in the prior year. Key elements of this year's activity in relation to the prior year are as follows:

- Charges for services remained relatively flat along service lines while Capital Grants and Contributions increased $10,841 or 135%. The primary catalyst for the increase was the assignment of an easement and right-of-way for the construction of an Electric Energy Distribution and Telecommunication facility. Additionally, other general revenue increased $15,014 or 196% which is primarily attributable to settlement recovery related to San Onofre Nuclear Generating Station (SONGS) in the amount of $9,500; a $1,700 settlement recovery related to a fire damage at a substation, and liquidated damages of $2,300 for various project delays and a power purchase agreement that failed to move forward.

- Overall expenses remained relatively flat decreasing by $1,687 primarily as the result of decreased expenses in the Electric and Water Fund of $1,949 and $5,022, respectively, due to lower energy prices and decreases in facility rehabilitation and water conversation programs coupled with reduced maintenance and operating expenses due to drought conservation efforts. These decrease were offset by increases in the Sewer fund of $4,385 and the Refuse fund of $1,646 due to increased support services and waste hauling services, respectively.

Revenues by Source – Business-Type Activities – Fiscal Year Comparison



Financial Analysis of the City's Funds

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

The following table summarizes the balance sheet of the City's General, Capital Outlay, and Other Governmental Funds. As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

(Amounts presented in Thousands)	General Fund		Capital Outlay Fund		Other Governmental Funds		Total Governmental Funds	
	2016	2015	2016	2015	2016	2015	2016	2015
Total assets	$ 106,710	$ 112,678	$ 29,387	$ 51,122	$ 124,654	$ 125,524	$ 260,751	$ 289,324
Total liabilities	$ 33,042	$ 29,345	$ 5,132	$ 14,304	$ 12,702	$ 14,112	$ 50,876	$ 57,761
Deferred inflows of resources								
Unavailable revenue	8,090	3,682	5,582	18,205	37,535	38,001	51,207	59,888
Fund balances								
Nonspendable	23,094	23,642	-	-	1,619	1,625 *	24,713	25,267
Restricted	3,067	2,985	18,673	18,613	72,798	71,786 *	94,538	93,384
Assigned	9,922	13,965	-	-	-	-	9,922	13,965
Unassigned	29,495	39,059	-	-	-	- *	29,495	39,059
Total fund balance	65,578	79,651	18,673	18,613	74,417	73,411	158,668	171,675
Total liabilities, deferred inflows and fund balances	$ 106,710	$ 112,678	$ 29,387	$ 51,122	$ 124,654	$ 125,524	$ 260,751	$ 289,324

* Certain reclassifications have been made to prior year balances to conform with the current year's presentation

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of $158,668 a decrease of $13,007 compared to the prior year. Additionally, 16% of the fund balance $24,713 is *nonspendable*, which comprises the portion of fund balance that cannot be spent due to form. $94,538 or 60% of fund balance is *restricted*, which represents the portion of fund balance that is subject to externally enforceable limitations by law, enabling legislation or limitations imposed by creditors or grantors. $9,922 or 6% of fund balance is constrained by the City's intent to utilize fund balance for specific purposes, which is reported within the fund balance classification *assigned*. The remainder of the fund balance is *unassigned*, meaning it is available for spending at the City's discretion. The City's governmental funds reported combined total assets of $260,751 at June 30, 2016, a decrease of $28,573 compared to the prior year. Liabilities and deferred inflows of resources amounted to $102,083, a decrease of $15,566. The Capital Outlay Fund was the

primary contributor to the decrease in overall liabilities and deferred inflows. The Riverside Avenue grade separation project, a $30,000 project, was substantially completed in March of 2016. This project incurred a significant amount of expense at the end of the prior fiscal year which resulted in a corresponding increase in unavailable revenue that due to the timing of cash receipts was recorded, for accounting purposes, as a deferred inflow of resources. As a result of the timing of project cash receipts, cash flow was depleted in the fund resulting in a corresponding increase in due to other funds. As the project was substantially complete at June 30, 2016, a majority of the revenues have been received for this project.

The General Fund is the principal operating fund of the City. At the end of the current fiscal year, total fund balance equaled $65,578 in comparison to $79,651. The portion of fund balance classified as unassigned was $29,495 set aside for future economic contingencies.

Proprietary funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the Electric, Water and Sewer Funds at the end of the year amounted to $203,050, $36,569, and $5,093 respectively. The unrestricted net position for the Electric, Water and Sewer Funds in the prior year was $171,120, $41,524, and $8,272, respectively. The increase in unrestricted net position of the Electric Fund was the result of increased operating activities and several one-time non-operating revenues. The decrease in unrestricted net position for the Water and Sewer Funds is primarily a result of operating activities as described below.

Electric Fund operating results experienced an increase in charges for services of $6,909 or 2.0%, primarily from the effects of an increase in retail load as a result of warmer than normal temperature. Retail sales (residential, commercial, industrial, and other sales) represent 86.1% of total revenues. Retail sales, net of reserve/recovery were $304,486 and $299,607 for years ended June 30, 2016 and 2015, respectively. The increase in sales was primarily due to increased customer consumption. Operating expenses decreased $2,254 or 0.70%, which primarily relates to an increase in transmission charges due to increase in high voltage utility specific rate. The increase in non-operating revenues for the Electric fund is primarily the result of one-time revenues related to insurance settlement recoveries and liquidated damages received of $11,133 and $2,328, respectively. $9,457 of the insurance settlement recoveries related to SONGS outages caused by replacement steam generators with the remaining $1,676 insurance settlement related to fire damages sustained on substation equipment. Liquidated damages received in the amount of $2,328 related to renewable power purchase agreement for not meeting certain project milestones.

The Water Fund reported lower operating results, with retail sales lower than the previous year's results by $6,788. Retail sales (residential, commercial, industrial, and other sales) represent 87.9%% of total revenues. Retail sales, net of reserve/recovery were $50,195 and $56,983 for the years ended June 30, 2016 and 2015, respectively. The decrease in retail sales was primarily due to a decrease in retail consumption as a result of continued consumer conservation efforts due to the State of California drought conditions.

Net position of the Sewer Fund increased by $14,570 and $17,342 for the years ended June 30, 2016 and 2015, respectively. Although overall net position increased, the increase was at a slower rate than prior years. Operating revenues increased by $2,328 or 4.6% primarily as a result of an annual rate increase; however, operating expenses increased by $4,894 compared to prior year offsetting the increase in operating revenue.

General Fund Budgetary Highlights

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
Total Revenues	211,306	224,967	214,073	($10,894)
Expenditures:				
General Government	10,244	14,423	15,578	(1,155)
Public Safety	153,826	170,431	163,837	6,594
Highways & Streets	20,356	20,015	17,416	2,599
Culture & Recreation	37,740	41,462	39,413	2,049
Capital Outlay	218	15,727	8,139	7,588
Debt Service	18,148	49,268	48,978	290
Total Expenditures	240,532	311,326	293,361	17,965
Deficiency of Revenue Under Expenditures	(29,226)	(86,359)	(79,288)	7,071
Other Financing Sources	30,227	67,988	65,215	(2,773)
Net Change in Fund Balances	1,001	(18,371)	(14,073)	4,298
Beginning Fund Balance	79,651	79,651	79,651	-
Ending Fund Balance	80,652	$61,280	$65,578	$4,298

Final budgeted revenues increased from the amount originally budgeted as a result of grant related programs. In addition, final budgeted expenditures increased from the amount originally budgeted as a result of grant related appropriations made during the year.

Actual amounts differed from the final fund budget as follows:

Actual expenditures were less than final budgeted amounts by approximately $18 million. This is primarily associated with unspent appropriations for grants, capital projects and other special programs that were not completed during the year (which are carried over to the next fiscal year).

Capital Asset and Debt Administration

Capital assets. The City's investment in capital assets for governmental and business-type activities as of June 30, 2016 amounted to $3,155,636 (net of accumulated depreciation). This investment includes land, intangibles, buildings and improvements, machinery and equipment, park facilities, roads, highways, and bridges. The total increase in the City's net investment in capital assets for the current fiscal year was $108,796 (a decrease of $2,304 for governmental activities and an increase of $111,100 for business-type activities).

Major capital improvements during the current fiscal year included: new infrastructure, consisting primarily of street improvements of $34 million; $25 million in Water Utility upgrades primarily related to system expansion and improvements, and continued pipeline replacement programs; $82 million in Electric Utility capital improvements primarily related to the acquisition of the Mission Square Building and improvements to the Electric system in the form of substations, transformers, neighborhood streetlights and distribution line extensions and replacements to serve customers.

Construction in progress totaled $391,512 at June 30, 2016 an increase of $48,691 or 14.2%. Some of the major projects in process are various Sewer system improvements including continuing phase 1 of the Sewer plant expansion project which is near completion, the Santa Ana Trunk replacement project, and the Riverside Transmission Reliability Project (RTRP) and related reliability improvements to the Utility's 230 KV Transmission Substation. Depreciation expense during the fiscal year was $47,149 for governmental activities and $54,925 for business-type activities.

City of Riverside's Capital Assets
(net of depreciation)

(Amount presented in Thousands)

	Governmental Activities		Business Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Land	$342,792	$339,755	$63,839	$51,187	$406,631	$390,942
Construction in progress	41,535	34,120	349,977	308,701	391,512	342,821
Buildings	119,786	123,798	187,285	149,436	307,071	273,234
Improvements other than Buildings	205,750	209,870	1,101,988	1,088,239	1,307,738	1,298,109
Intangibles	25,075	22,430	40,710	35,262	65,785	57,692
Machinery and equipment	175	198	34,228	34,102	34,403	34,300
Infrastructure	642,496	649,742	-	-	642,496	649,742
Total	$1,377,609	$1,379,913	$1,778,027	$1,666,927	$3,155,636	$3,046,840

Additional information on the City's capital assets can be found in note 5 on page 43-44 of this report.

Long-term debt. At the end of the current fiscal year, the City had total debt outstanding of $2,189,078 which includes bonded debt of $1,543,245.

City of Riverside's Long-Term Debt

(Amounts presented in Thousands)

	Governmental Activities		Business Type Activities		Total	
	2016	2015	2016	2015	2016	2015
General Obligation Bonds	$12,567	$13,546	$ -	$ -	$12,567	$13,546
Pension Obligation Bonds	101,000	108,725	-	-	101,000	108,725
Certificates of Participation	181,429	187,212	-	-	181,429	187,212
Lease Revenue Bonds	39,398	40,891	-	-	39,398	40,891
Revenue Bonds	-	-	1,208,851	1,239,634	1,208,851	1,239,634
Loans Payable	43,482	45,574	-	-	43,482	45,574
Notes Payable	-	-	37,793	37,225	37,793	37,225
Capital Leases	12,006	14,966	4,694	1,720	16,700	16,686
Landfill Capping	-	-	5,686	5,922	5,686	5,922
Arbitrage Liability	-	-	-	15	-	15
Water Acquisition Rights	-	-	938	941	938	941
Compensated Absences	22,444	22,015	8,120	8,444	30,564	30,459
Claims liability	43,269	38,795	-	-	43,269	38,795
Judgment	-	3,334	-	-	-	3,334
OPEB Obligation	17,877	16,361	14,295	13,072	32,172	29,433
Total	$473,472	$491,419	$1,280,377	$1,306,973	$1,753,849	$1,798,392

The City's total debt decreased by $44,543 or 2.54% during the current fiscal year. The net decrease is primarily related to principal obligation payments on bonded debt offset by increases in the City's pension liability and related long term obligations.

The City's Water Utility maintains "AAA" and "AA+" ratings, from Standard & Poors and Fitch, respectively, for their revenue bonds, while the Electric Utility maintains "AA-" ratings from both rating agencies. The City's general obligation bond ratings are "AA-" and "AA," respectively.

State statutes limit the amount of general obligation debt a governmental entity may issue to 15 percent of its total adjusted assessed valuation. The legal debt limit was $693,844 at June 30, 2016, which applies only to general obligation debt. At June 30, 2016, the City had $12,567 of general obligation debt, resulting in available legal debt capacity of $681,277.

Additional information on the City's long-term debt can be found in note 6 beginning on page 44 of this report.

Economic Factors and Next Year's Budget and Rates

- ❑ Unemployment in the City of Riverside is 6.6% as compared to 6.5% for the prior year.
- ❑ The required employer contribution rates as a percentage of payroll for the City's retirement program will be changing effective July 1, 2016 as follows:
    - Miscellaneous Plan –21.012% to 22.978%.
    - Safety Plan – 31.549% to 34.836%.

At the time of the two-year budget preparation for the fiscal year 2016-17 and 2017-18 budget cycle, the economic outlook for the City was considered to be stable. However, there were significant structural shortfalls projected over the next five fiscal years in the General Fund. The City's administration has implemented balancing measures to address the fiscal challenges that will replenish the General Fund Reserve over a five year period. The General Fund Budget for fiscal year 2017 of approximately $277 million was adopted. It represents an increase from the prior year of approximately 8.2%, largely related to increased personnel costs associated with new labor agreements, increases related to the Riverside Convention Center and Municipal Auditorium and ambitious new projects such as Chow Alley.

Request 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 City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Department, 3900 Main Street City of Riverside, CA 92522.

CITY OF
RIVERSIDE

City of Riverside
Statement of Net Position
June 30, 2016
(amounts expressed in thousands)

Assets	Governmental Activities	Business-type Activities	Total
Cash and investments	$ 91,419	$ 373,933	$ 465,352
Receivables, net	98,545	53,677	152,222
Inventory	5,914	2,626	8,540
Prepaid items	1,479	28,471	29,950
Deposits	300	1,356	1,656
Internal balances	13,281	(13,281)	-
Restricted assets:			
Cash and cash equivalents	-	65,251	65,251
Cash and investments at fiscal agent	21,147	206,272	227,419
Other	-	999	999
Advances to Successor Agency Trust Fund	37,292	5,113	42,405
Land and improvements held for resale	4,548	-	4,548
Regulatory assets	-	12,533	12,533
Land and other capital assets not being depreciated	384,327	435,308	819,635
Capital assets (net of accumulated depreciation)	993,282	1,342,719	2,336,001
Total assets	1,651,534	2,514,977	4,166,511
Deferred Outflows of Resources			
Changes in derivative values	26,102	35,059	61,161
Charge on refunding	4,493	17,952	22,445
Pension contributions, changes in assumptions and differences in experience	100,723	45,824	146,547
Total deferred outflows of resources	131,318	98,835	230,153
Liabilities			
Accounts payable and other current liabilities	28,235	24,934	53,169
Accrued interest payable	3,168	15,341	18,509
Unearned revenue	4,375	1,621	5,996
Deposits	8,946	5,579	14,525
Derivative instruments	31,464	46,599	78,063
Decommissioning liability	-	68,893	68,893
Noncurrent liabilities:			
Due within one year	78,040	37,225	115,265
Due in more than one year	395,432	1,243,152	1,638,584
Net pension liability	299,137	136,092	435,229
Total liabilities	848,797	1,579,436	2,428,233
Deferred Inflows of Resources			
Regulatory charges	-	16,556	16,556
Pension contributions, changes in assumptions and differences in experience	92,935	42,280	135,215
Total deferred inflows of resources	92,935	58,836	151,771
Net Position			
Net investment in capital assets	1,123,910	654,870	1,778,780
Restricted for:			
Expendable:			
Capital projects	24,397	-	24,397
Debt service	-	56,880	56,880
Economic development	16,734	-	16,734
Landfill capping	-	413	413
Public works	18,191	-	18,191
Housing	45,547	-	45,547
Programs and regulatory requirements	-	28,233	28,233
Nonexpendable	1,619	-	1,619
Unrestricted	(389,278)	235,144	(154,134)
Total net position	$ 841,120	$ 975,540	$ 1,816,660

The notes to basic financial statements are an integral part of this statement.

City of Riverside
Statement of Activities
For the fiscal year ended June 30, 2016
(amounts expressed in thousands)

			Program Revenues			Net (Expense) Revenue and Changes in Net Position		
Functions/Programs	**Expenses**	**Indirect Expenses Allocation**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**	**Governmental Activities**	**Business type Activities**	**Total**
Governmental activities:								
General government	$ 24,483	$ (16,044)	$ 24,944	$ 7,649	$ 145	$ 24,299	$ -	$ 24,299
Public safety	161,284	8,664	3,243	7,053	-	(159,652)	-	(159,652)
Highways and streets	38,836	3,875	5,709	788	31,019	(5,195)	-	(5,195)
Culture and recreation	47,762	3,505	12,458	831	52	(37,926)	-	(37,926)
Interest on long-term debt	16,387	-	-	-	-	(16,387)	-	(16,387)
Total governmental activities	288,752	-	46,354	16,321	31,216	(194,861)	-	(194,861)
Business type activities:								
Electric	307,925	-	354,530	-	14,874	-	61,479	61,479
Water	57,769	-	57,250	-	3,133	-	2,614	2,614
Sewer	39,978	-	52,664	-	-	-	12,686	12,686
Airport	1,799	-	1,549	-	-	-	(250)	(250)
Refuse	21,652	-	21,806	-	-	-	154	154
Transportation	4,113	-	377	2,322	861	-	(553)	(553)
Public parking	5,141	-	4,918	-	-	-	(223)	(223)
Total business type activities	438,377	-	493,094	2,322	18,868	-	75,907	75,907
Total	$ 727,129	-	$ 539,448	$ 18,643	$ 50,084	$ (194,861)	$ 75,907	$ (118,954)

General revenues:			
Taxes:			
Sales	60,976	-	60,976
Property	55,545	-	55,545
Utility users	27,828	-	27,828
Franchise	5,730	-	5,730
Transient occupancy tax	6,093	-	6,093
Intergovernmental, unrestricted	477	-	477
Investment income	729	6,888	7,617
Miscellaneous	11,708	22,666	34,374
Subtotal	169,086	29,554	198,640
Transfers, net	41,216	(41,216)	-
Total general revenues and transfers	210,302	(11,662)	198,640
Change in net position	15,441	64,245	79,686
Net position - beginning	825,679	911,295	1,736,974
Net position - ending	$ 841,120	$ 975,540	$ 1,816,660

The notes to basic financial statements are an integral part of this statement.

City of Riverside
Balance Sheet
Governmental Funds
June 30, 2016
(amounts expressed in thousands)

Assets	General Fund	Capital Outlay Fund	Other Governmental Funds	Total Governmental Funds
Cash and investments	$ 33,511	$ 13,590	$ 32,344	$ 79,445
Cash and investments at fiscal agent	2,758	3,498	14,891	21,147
Receivables (net of allowance for uncollectibles)				
Interest	19	50	79	148
Property taxes	4,524	-	-	4,524
Sales tax	19,117	-	-	19,117
Utility billed	1,123	-	-	1,123
Accounts	12,674	4	30	12,708
Intergovernmental	5,388	12,245	4,518	22,151
Notes	1,597	-	37,091	38,688
Prepaid items	1,455	-	24	1,479
Deposits	300	-	-	300
Due from other funds	1,564	-	-	1,564
Advances to other funds	20,757	-	-	20,757
Advances to Successor Agency Trust Fund	582	-	32,470	33,052
Land & improvements held for resale	1,341	-	3,207	4,548
Total assets	$ 106,710	$ 29,387	$ 124,654	$ 260,751
Liabilities				
Accounts payable	$ 7,640	$ 2,092	$ 1,511	$ 11,243
Accrued payroll	14,985	-	-	14,985
Retainage payable	31	29	235	295
Intergovernmental	144	-	-	144
Unearned revenue	1,296	3,011	68	4,375
Deposits	8,946	-	-	8,946
Due to other funds	-	-	982	982
Advances from other funds	-	-	9,906	9,906
Total liabilities	33,042	5,132	12,702	50,876
Deferred Inflows of Resources				
Unavailable revenue	8,090	5,582	37,535	51,207
Total deferred inflows of resources	8,090	5,582	37,535	51,207
Fund Balances				
Nonspendable:				
Inventories, prepaids and deposits	1,755	-	-	1,755
Advances	21,339	-	-	21,339
Permanent fund principal	-	-	1,619	1,619
Restricted for:				
Housing and redevelopment	675	-	24,746	25,421
Debt service	1,776	-	26,221	27,997
Transportation and public works	-	18,673	18,203	36,876
Other purposes	616	-	3,628	4,244
Assigned to:				
General government	2,419	-	-	2,419
Public safety	1,860	-	-	1,860
Highways and streets	150	-	-	150
Culture and recreation	553	-	-	553
Continuing projects	4,940	-	-	4,940
Unassigned	29,495	-	-	29,495
Total fund balances	65,578	18,673	74,417	158,668
Total liabilities, deferred inflows of resources, and fund balances	$ 106,710	$ 29,387	$ 124,654	$ 260,751

The notes to basic financial statements are an integral part of this statement.

City of Riverside
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
June 30, 2016
(amounts expressed in thousands)

Total fund balances - governmental funds		$ 158,668
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets net of accumulated depreciation used in governmental activities that are not current financial resources and, therefore, are not reported in the funds.		1,370,553
Deferred refunding charges are not available resources and, therefore, are not reported in the funds.		4,493
Deferred amounts on pensions related to contributions after the measurement date		98,707
Deferred amounts on pensions related to the net difference between projected and actual earnings on pension plan investments		(91,075)
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.		51,207
Accrued interest payable for the current portion of interest due on various debt issues has not been reported in the governmental funds.		(3,168)
Long-term liabilities, as listed below, are not due and payable in the current period and therefore are not reported in the funds.		
Bonds	$ (150,675)	
Certificates of participation	(180,640)	
Capital leases	(12,006)	
Loan payable	(43,482)	
Bond premiums	(3,079)	
OPEB obligation	(17,043)	
Net pension liability	(293,148)	
Compensated absences	(21,993)	
		(722,066)
The City uses derivative instruments to hedge its exposure to changing interest rates through the use of interest rate swaps. The following related items have been reflected in the Statement of Net Position.		
Net fair value of interest rate swaps	$ (31,464)	
Deferred amount related to the hedgeable portion of the derivative instrumen	26,102	
		(5,362)
Internal service funds are used by management to charge the costs of insurance, centralized purchasing and fleet management to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the Statement of Net Position.		(20,837)
Net position of governmental activities		$841,120

The notes to basic financial statements are an integral part of this statement.

City of Riverside
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the fiscal year ended June 30, 2016
(amounts expressed in thousands)

	General Fund	Capital Outlay Fund	Other Governmental Funds	Total Governmental Funds
Revenues				
Taxes	$ 156,172	$ -	$ -	$ 156,172
Licenses and permits	9,077	-	2,534	11,611
Intergovernmental	10,006	25,917	15,973	51,896
Charges for services	26,443	-	-	26,443
Fines and forfeitures	1,937	-	4	1,941
Special assessments	4,424	409	2,206	7,039
Rental and investment income	1,868	366	2,136	4,370
Miscellaneous	4,146	831	7,601	12,578
Total revenues	214,073	27,523	30,454	272,050
Expenditures				
Current:				
General government	15,578	-	4,322	19,900
Public safety	163,837	-	963	164,800
Highways and streets	17,416	-	-	17,416
Culture and recreation	39,413	-	170	39,583
Capital outlay	8,139	24,445	20,624	53,208
Debt service:				
Principal	43,172	-	8,815	51,987
Interest	5,626	-	10,825	16,451
Bond issuance costs	180	-	-	180
Total expenditures	293,361	24,445	45,719	363,525
Excess (deficiency) of revenues over (under) expenditures	(79,288)	3,078	(15,265)	(91,475)
Other financing sources (uses)				
Transfers in	44,790	58	16,536	61,384
Transfers out	(16,747)	(3,156)	(265)	(20,168)
Issuance of long-term debt	31,145	-	-	31,145
Capital lease financings	5,846	-	-	5,846
Proceeds from the sale of capital assets	181	80	-	261
Total other financing sources (uses)	65,215	(3,018)	16,271	78,468
Net change in fund balances	(14,073)	60	1,006	(13,007)
Fund balances - beginning	79,651	18,613	73,411	171,675
Fund balances - ending	$ 65,578	$ 18,673	$ 74,417	$ 158,668

The notes to basic financial statements are an integral part of this statement.

City of Riverside
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the fiscal year ended June 30, 2016
(amounts expressed in thousands)

Net change in fund balances - total governmental funds		$ (13,007)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period, as listed below:		
Capital asset additions	$ 48,351	
Depreciation expense	(46,222)	2,129
The net effect of various miscellaneous transactions involving capital assets (i.e., sales and donations) is to decrease net position.		(3,681)
Revenues in the statement of activities that do not meet the "availability" criteria for revenue recognition and therefore are not reported as revenue in the funds.		(8,681)
The issuance of long-term debt (e.g., bonds, leases, notes) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds immediately report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The net effect of these differences in the treatment of long-term debt and related items is listed below:		
Principal repayments	$ 51,987	
Net pension liability	18,949	
Judgement payments	3,334	
Net OPEB obligation	(1,446)	
Compensated absences	(424)	
Interest	(842)	
Issuance of long-term debt	(31,145)	40,413
Internal service funds are used by management to charge the costs of insurance, centralized purchasing and fleet management to individual funds. The net revenue (expense) of certain activities of internal service funds is reported with governmental activities.		(1,732)
Change in net position of governmental activities		$ 15,441

The notes to basic financial statements are an integral part of this statement.

City of Riverside
Statement of Revenues, Expenditures and Changes In Fund Balance - Budget and Actual
General Fund
For the fiscal year ended June 30, 2016
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Taxes	$ 159,403	$ 159,403	$ 156,172	$ (3,231)
Licenses and permits	9,094	9,094	9,077	(17)
Intergovernmental	1,897	14,115	10,006	(4,109)
Charges for services	25,717	25,998	26,443	445
Fines and forfeitures	2,419	2,419	1,937	(482)
Special assessments	4,622	4,622	4,424	(198)
Rental and investment income	3,047	3,047	1,868	(1,179)
Miscellaneous	5,107	6,269	4,146	(2,123)
Total revenues	211,306	224,967	214,073	(10,894)
Expenditures				
General government:				
Mayor	1,039	1,102	947	155
Council	1,758	1,745	1,706	39
Manager	11,794	12,001	13,513	(1,512)
Attorney	5,221	5,582	4,763	819
Clerk	1,838	1,838	1,827	11
Community development	12,958	13,763	12,245	1,518
Human resources	3,615	3,930	3,481	449
General services	11,615	12,458	11,337	1,121
Finance	8,428	9,083	14,847	(5,764)
Innovation & technology	11,964	12,907	10,832	2,075
Subtotal	70,230	74,409	75,498	(1,089)
Allocated expenditures	(59,986)	(59,986)	(59,920)	(66)
Total general government	10,244	14,423	15,578	(1,155)

continued

The notes to the financial statements are an integral part of this statement.

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Public safety:				
Police	93,522	106,291	100,650	5,641
Fire	49,986	53,822	53,656	166
Animal regulation	3,409	3,409	3,092	317
Building and zoning inspection	2,386	2,386	1,907	479
Street lighting	4,523	4,523	4,532	(9)
Total public safety	153,826	170,431	163,837	6,594
Highways and streets	20,356	20,015	17,416	2,599
Culture and recreation				
Library	7,511	8,328	7,918	410
Museum & cultural affairs	12,630	12,904	12,925	(21)
Parks, recreation & community services	17,599	20,230	18,570	1,660
Total culture and recreation	37,740	41,462	39,413	2,049
Capital outlay	218	15,727	8,139	7,588
Debt service:				
Principal	12,309	43,249	43,172	77
Interest	5,839	5,839	5,626	213
Bond issuance costs	-	180	180	-
Total debt service	18,148	49,268	48,978	290
Total expenditures	240,532	311,326	293,361	17,965
Deficiency of revenue under expenditures	(29,226)	(86,359)	(79,288)	7,071
Other financing sources (uses)				
Transfers in	46,134	44,790	44,790	-
Transfers out	(16,062)	(16,908)	(16,747)	161
Issuance of long-term debt	-	31,145	31,145	-
Capital lease financings	-	8,806	5,846	(2,960)
Proceeds from the sale of capital assets	155	155	181	26
Total other financing sources	30,227	67,988	65,215	(2,773)
Net change in fund balance	1,001	(18,371)	(14,073)	4,298
Fund balance, beginning	79,651	79,651	79,651	-
Fund balance (deficit), ending	$ 80,652	$ 61,280	$ 65,578	$ 4,298

City of Riverside
Statement of Net Position
Proprietary Funds
June 30, 2016
(amounts expressed in thousands)

	Business-type Activities - Enterprise Funds					
Assets	**Electric**	**Water**	**Sewer**	**Other Enterprise Funds**	**Total Enterprise Funds**	**Governmental Activities-Internal Service Funds**
Current assets:						
Cash and investments	$ 249,247	$ 73,541	$ 45,764	$ 5,381	$ 373,933	$ 11,974
Receivables (net allowances for uncollectibles)						
Interest	650	182	123	17	972	33
Utility billed	14,379	3,221	2,907	1,027	21,534	-
Utility unbilled	15,909	3,048	2,062	747	21,766	-
Accounts	4,107	1,921	93	1,407	7,528	21
Intergovernmental	2	898	669	308	1,877	32
Inventory	1,097	-	1,529	-	2,626	5,914
Prepaid items	21,338	168	1	-	21,507	-
Deposits	1,356	-	-	-	1,356	-
Due from other funds	418	179	-	-	597	-
Restricted assets:						
Cash and cash equivalents:						
Rate stabilization cash and cash equivalents	-	-	14,500	-	14,500	-
Other restricted cash and cash equivalents	41,847	8,491	-	413	50,751	-
Public benefit programs receivable	897	102		-	999	-
Total current assets	351,247	91,751	67,648	9,300	519,946	17,974
Non-current assets:						
Restricted assets:						
Cash and investments at fiscal agent	92,393	-	113,879	-	206,272	-
Regulatory assets	4,395	705	1,746	5,687	12,533	-
Prepaid items - non-current	6,964	-	-	-	6,964	-
Advances to other funds	-	-	5,984	-	5,984	4,692
Advances to Successor Agency Trust Fund	5,113	-	-	-	5,113	4,240
Capital assets:						-
Land	21,439	20,483	2,737	19,180	63,839	458
Intangible assets, non-depreciable	10,651	10,841	-	-	21,492	-
Intangible assets, depreciable	18,961	2,353	119	-	21,433	219
Accumulated depreciation - intangible assets, depreciable	(1,825)	(360)	(30)	-	(2,215)	(44)
Buildings	60,183	19,609	199,684	35,903	315,379	4,065
Accumulated depreciation - buildings	(7,752)	(5,814)	(107,378)	(7,150)	(128,094)	(477)
Improvements other than buildings	903,206	594,374	107,276	29,054	1,633,910	1,308
Accumulated depreciation - improvements other than buildings	(315,576)	(186,004)	(20,046)	(10,296)	(531,922)	(269)
Machinery and equipment	39,094	13,215	13,802	23,162	89,273	10,343
Accumulated depreciation - machinery and equipment	(19,013)	(12,203)	(7,952)	(15,877)	(55,045)	(8,547)
Construction in progress	45,326	6,655	297,950	46	349,977	-
Total non-current assets	863,559	463,854	607,771	79,709	2,014,893	15,988
Total assets	1,214,806	555,605	675,419	89,009	2,534,839	33,962
Deferred Outflows of Resources						
Changes in derivative values	27,713	7,346	-	-	35,059	-
Charge on refunding	10,790	7,162	-	-	17,952	-
Pension contributions, changes in assumptions and differences in experience	26,232	9,515	6,173	3,904	45,824	2,016
Total deferred outflows of resources	64,735	24,023	6,173	3,904	98,835	2,016

Continued

City of Riverside
Statement of Net Position
Proprietary Funds
June 30, 2016
(amounts expressed in thousands)

	Business-type Activities - Enterprise Funds					
Liabilities	**Electric**	**Water**	**Sewer**	**Other Enterprise Funds**	**Total Enterprise Funds**	**Governmental Activities-Internal Service Funds**
Current liabilities:						
Accounts payable	15,861	2,325	5,433	832	24,451	1,568
Retainage payable	115	33	335	-	483	-
Unearned revenue	325	4	3	1,289	1,621	-
Deposits	5,040	539	-	-	5,579	-
Due to other funds	-	-	-	582	582	597
Capital leases - current	789	-	-	-	789	-
Water stock acquisitions - current	-	150	-	-	150	-
Notes payable - current	-	802	758	977	2,537	-
Landfill capping - current	-	-	-	200	200	-
Claims and judgments - current	-	-	-	-	-	11,315
Compensated absences - current	4,123	1,402	994	475	6,994	281
Current liabilities payable from restricted assets:						
Revenue bonds	13,320	5,180	8,055	-	26,555	-
Decommissioning liability	6,126	-	-	-	6,126	-
Accrued interest	5,405	1,687	8,249	-	15,341	-
Total current liabilities	51,104	12,122	23,827	4,355	91,408	13,761
Non-current liabilities:						
Revenue bonds	561,728	190,742	429,826	-	1,182,296	-
Notes payable	-	13,764	2,222	19,270	35,256	-
Capital leases	3,905	-	-	-	3,905	-
Advances from other funds	10,084	4,338	2,775	2,083	19,280	2,247
Decommissioning liability	62,767	-	-	-	62,767	-
Derivative instruments	34,201	12,398	-	-	46,599	-
Claims and judgments	-	-	-	-	-	31,954
Water stock acquisitions	-	788	-	-	788	-
Landfill capping	-	-	-	5,486	5,486	-
Compensated absences	764	196	111	55	1,126	170
OPEB obligation	7,264	3,032	2,152	1,847	14,295	834
Net pension liability	77,907	28,257	18,333	11,595	136,092	5,989
Total non-current liabilities	758,620	253,515	455,419	40,336	1,507,890	41,194
Total liabilities	809,724	265,637	479,246	44,691	1,599,298	54,955
Deferred Inflows of Resources						
Regulatory charges	-	-	16,556		16,556	-
Pension contributions, changes in assumptions and differences in experience	24,204	8,779	5,695	3,602	42,280	1,860
Total deferred inflows of resources	24,204	8,779	22,251	3,602	58,836	1,860
Net Position						
Net investment in capital assets	201,651	260,468	138,976	53,775	654,870	7,056
Restricted for debt service	16,289	5,949	34,642	-	56,880	-
Restricted for landfill capping	-	-	-	413	413	-
Restricted for programs and regulatory requirements	24,623	2,226	1,384	-	28,233	-
Unrestricted	203,050	36,569	5,093	(9,568)	235,144	(27,893)
Total net position (deficit)	$ 445,613	$ 305,212	$ 180,095	$ 44,620	$ 975,540	$ (20,837)

The notes to basic financial statements are an integral part of this statement.

City of Riverside
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the fiscal year ended June 30, 2016
(amounts expressed in thousands)

	Business-type Activities - Enterprise Funds					
	Electric	Water	Sewer	Other Enterprise Funds	Total Enterprise Funds	Governmental Activities-Internal Service Funds
Operating revenues:						
Charges for services	$ 354,530	$ 57,250	$ 52,664	$ 28,650	$ 493,094	$ 24,230
Operating expenses:						
Personnel services	39,789	10,358	8,574	8,133	66,854	3,835
Contractual services	6,849	2,230	2,706	5,554	17,339	1,111
Maintenance and operation	193,765	8,571	8,244	7,100	217,680	2,336
General	9,799	13,911	8,348	5,614	37,672	2,292
Materials and supplies	997	440	3,501	1,370	6,308	132
Claims/Insurance	793	397	490	237	1,917	15,557
Depreciation and amortization	30,953	13,510	7,025	3,843	55,331	927
Total operating expenses	282,945	49,417	38,888	31,851	403,101	26,190
Operating income (loss)	71,585	7,833	13,776	(3,201)	89,993	(1,960)
Non-operating revenues (expenses):						
Operating grants	-	-	-	2,322	2,322	-
Interest income	5,143	1,075	586	84	6,888	269
Other	18,191	1,802	379	1,076	21,448	3
Gain (loss) on retirement of capital assets	424	132	(2)	4	558	-
Capital improvement fees	-	-	660	-	660	-
Interest expense and fiscal charges	(24,980)	(8,352)	(1,090)	(854)	(35,276)	(71)
Total non-operating revenues (expenses)	(1,222)	(5,343)	533	2,632	(3,400)	201
Income (loss) before capital contributions and transfers	70,363	2,490	14,309	(569)	86,593	(1,759)
Cash capital contributions	2,435	2,245	-	861	5,541	27
Noncash capital contributions	12,439	888	-	-	13,327	-
Transfers in	-	3,333	261	718	4,312	-
Transfers out	(38,360)	(6,430)	-	(738)	(45,528)	-
Change in net position	46,877	2,526	14,570	272	64,245	(1,732)
Net position (deficit) - beginning	398,736	302,686	165,525	44,348	911,295	(19,105)
Net position (deficit) - ending	$ 445,613	$ 305,212	$ 180,095	$ 44,620	$ 975,540	$ (20,837)

The notes to basic financial statements are an integral part of this statement.

City of Riverside
Proprietary Funds
Statement of Cash Flows
For the fiscal year ended June 30, 2016
(amounts expressed in thousands)

	Electric	Water	Sewer	Other Enterprise Funds	Total Enterprise Funds	Governmental Activities-Internal Service Funds
Cash flows from operating activities:						
Cash received from customers and users	$ 354,041	$ 59,367	$ 52,847	$ 28,396	$ 494,651	$ 24,873
Cash paid to employees for services	(48,760)	(16,871)	(9,921)	(9,035)	(84,587)	194
Cash paid to other suppliers of goods or services	(210,879)	(22,775)	(21,080)	(20,561)	(275,295)	(20,963)
Other receipts	18,191	761	15,299	1,482	35,733	3
Net cash (used) provided by operating activities	112,593	20,482	37,145	282	170,502	4,107
Cash flows from noncapital financing activities:						
Transfers in	-	3,333	261	718	4,312	-
Transfers out	(38,360)	(6,430)	-	(738)	(45,528)	-
Operating grants	-	-	-	2,322	2,322	-
Receipts on interfund advances	929	82	5,467	(11)	6,467	2,153
Outflows on interfund advances	(635)	(274)	(175)	(234)	(1,318)	(415)
Net cash (used) provided by noncapital financing activities	(38,066)	(3,289)	5,553	2,057	(33,745)	1,738
Cash flows from capital and related financing activities:						
Purchase of capital assets	(65,534)	(15,042)	(43,167)	(2,373)	(126,116)	(175)
Proceeds from the sale of capital assets	483	148	(2)	4	633	-
Principal paid on long-term obligations	(16,499)	(5,263)	(8,928)	(940)	(31,630)	-
Interest paid on long-term obligations	(26,500)	(8,406)	(15,511)	(854)	(51,271)	(71)
Capital improvement fees	-	-	660	-	660	-
Capital contributions	2,830	2,271	-	861	5,962	27
Net cash (used) for capital and related financing activities	(105,220)	(26,292)	(66,948)	(3,302)	(201,762)	(219)
Cash flows from investing activities:						
Purchase of investments	(1,101)	-	(73)	9	(1,165)	(5)
Income from investments	5,363	1,204	586	84	7,237	269
Net cash (used) provided by investing activities	4,262	1,204	513	93	6,072	264
Net change in cash and cash equivalents	(26,431)	(7,895)	(23,737)	(870)	(58,933)	5,890
Cash and cash equivalents, beginning (including $90,101 for Electric, $6,063 for Water, $174,182 for Sewer and $650 for Other Enterprise Funds in restricted accounts.)	317,525	89,927	197,880	6,664	611,996	6,084
Cash and cash equivalents, ending (including $41,847 for Electric, $8,491 for Water, $128,379 for Sewer and $413 for Other Enterprise Funds in restricted accounts.)	$ 291,094	$ 82,032	$ 174,143	$ 5,794	$ 553,063	$ 11,974

Continued

City of Riverside
Proprietary Funds
Statement of Cash Flows
For the fiscal year ended June 30, 2016
(amounts expressed in thousands)

Continued

	Electric	Water	Sewer	Other Enterprise Funds	Total Enterprise Funds	Governmental Activities- Internal Service Funds
Reconciliation of operating income (loss) to net cash (used) provided by operating activities:						
Operating Income (loss)	$ 71,585	$ 7,833	$ 13,776	$ (3,201)	$ 89,993	$ (1,960)
Other receipts	18,191	761	379	1,076	20,407	3
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation and amortization	30,953	13,510	7,025	3,843	55,331	927
Changes in assets, liabilities and deferred inflows/outflows of resources:						
Utility billed receivable	1,055	91	(32)	100	1,214	-
Utility unbilled receivable	(859)	(352)	(122)	(28)	(1,361)	-
Accounts receivable	(565)	(891)	308	(197)	(1,345)	235
Intergovernmental receivable	-	371	29	(129)	271	408
Inventory	105	-	(114)	-	(9)	(30)
Prepaid and deposit items	(3,284)	(166)	1	-	(3,449)	-
Benefit programs receivable	115	2,940	-	-	3,055	-
Regulatory assets	7,160	-	(16)	406	7,550	-
Accounts payable	(1,642)	(1,322)	1,987	(104)	(1,081)	495
Accrued payroll	(1,627)	(536)	(320)	(261)	(2,744)	(132)
Retainage payable	(126)	(80)	335	(14)	115	-
Other payables	434	55	158	584	1,231	75
Deposits payable	528	94	-	(807)	(185)	-
Landfill capping	-	-	-	(236)	(236)	-
Claims and judgments	-	-	-	-	-	4,474
Net pension liability and related changes in deferred outflows and inflows of resources	(5,036)	(1,826)	(1,185)	(750)	(8,797)	(388)
Deferred regulatory charges	-	-	14,936	-	14,936	-
Decommissioning liability	(4,394)	-	-	-	(4,394)	-
Net cash (used) provided by operating activities	$ 112,593	$ 20,482	$ 37,145	$ 282	$ 170,502	$ 4,107
	-	-				
Schedule of noncash financing and investing activities:						
Capital Contributions - capital assets	$ 12,439	$ 888	$ -	$ -	$ 13,327	$ -
Increase in fair value of investments	(50)	-	-	-	(50)	-
Land purchase with note payable	-	3,082	-	-	3,082	-
Borrowing under capital lease	3,648	-	-	-	3,648	-

The notes to basic financial statements are an integral part of this statement.

City of Riverside
Statement of Net Position/(Deficit)
Fiduciary Funds
June 30, 2016
(amounts expressed in thousands)

	Successor Agency Private-Purpose Trust Fund	Agency Fund
Assets		
Cash and investments	$ 36,564	$ 3,085
Cash and investments at fiscal agent	13,207	5,156
Receivables:		
Interest	69	6
Accounts	82	-
Notes	21,081	-
Direct financing lease receivable	18,065	-
Deposits	2	-
Property tax receivables	-	52
Land and improvements held for resale	12,128	-
Capital assets:		
Land	185	-
Equipment	6	-
Accumulated depreciation - equipment	(6)	-
Total assets	101,383	8,299
Liabilities		
Accounts payable	118	35
Accrued interest	4,112	-
Advances from other funds	42,405	-
Bonds payable	226,290	-
Notes payable	5,093	-
Held for bond holders	-	8,264
Total liabilities	278,018	8,299
Deferred Inflows of Resources		
Deferred charge on refunding	1,374	-
Total deferred inflows of resources	1,374	-
Net Position/(Deficit)		
Held by Successor Agency	(178,009)	-
Total net position/(deficit)	$ (178,009)	$ -

The notes to basic financial statements are an integral part of this statement

City of Riverside
Statement of Changes in Net Position/(Deficit)
Fiduciary Fund - Private-Purpose Trust Fund
For the fiscal year ended June 30, 2016
(amounts expressed in thousands)

	Successor Agency Private-Purpose Trust Fund
Additions	
Property tax revenue	$ 37,283
Rental and investment income	299
Miscellaneous	73
Total additions	37,655
Deductions	
Professional services and other deductions	2,573
Redevelopment projects	548
Interest expense	11,285
Total deductions	14,406
Change in Net Position/(Deficit)	23,249
Net position/(deficit) - beginning	(201,258)
Net position/(deficit) - ending	$ (178,009)

The notes to basic financial statements are an integral part of this statement

1. Summary of Significant Accounting Policies

The City of Riverside (City) was incorporated on October 11, 1883 as a Charter City and operates under a Council-Manager form of Government. The more significant accounting policies reflected in the financial statements are summarized as follows:

A. Reporting Entity

The financial statements present the City and its component units, entities for which the City is financially accountable. Blended component units are legally separate entities, but in substance are part of the City's operations and their data is combined with that of the City's. The City has no component units that meet the criteria for discrete presentation. All of the City's component units have a June 30 year end.

Blended Component Units

Riverside Housing Authority (Housing Authority) was established in 2006 by the City. The Housing Authority's primary purpose is to provide safe and sanitary housing accommodations for persons with low or moderate income. The Housing Authority's activity has been combined with that of the primary government because City Council members serve as the Housing Authority's commissioners and because the City is financially accountable and operationally responsible for all matters.

Riverside Public Financing Authority (Public Financing Authority) was organized in December 1987 by the City and the Redevelopment Agency. Pursuant to Assembly Bill 1X 26 (as modified by the California Supreme Court on December 29, 2011) all redevelopment agencies were dissolved effective February 1, 2012. Subsequently, the City became the Successor Agency to the Redevelopment Agency. The Parking Authority of the City of Riverside was added as an additional member of the Public Financing Authority on August 14, 2012. The Public Financing Authority's activity has been combined with that of the primary government because City Council members serve as the Public Financing Authority's board members and because the Public Financing Authority exclusively provides financing assistance to the primary government. The City is also financially accountable and operationally responsible for all matters.

Riverside Municipal Improvements Corporation (Municipal Improvements Corporation) was created in 1978 and operates under provisions of the Nonprofit Public Benefit Corporation Law of the State of California. The Municipal Improvements Corporation's primary purpose is to provide financing assistance by obtaining land, property and equipment on behalf of the City. The activity of the Municipal Improvements Corporation has been combined with that of the primary government because three members of the City Council serve as the Municipal Improvements Corporation's directors and because the Municipal Improvements Corporation exists to serve exclusively the primary government. The City is financially accountable and operationally responsible for all matters.

Fiduciary Component Unit

Successor Agency to the Redevelopment Agency of the City of Riverside (Successor Agency) is a separate legal entity, which was formed to hold the assets and liabilities of the former Redevelopment Agency pursuant to City Council actions taken on March 15, 2011 and January 10, 2012. The activity of the Successor Agency is overseen by an Oversight Board comprised of individuals appointed by various government agencies and the City of Riverside as Successor Agency of the former Redevelopment Agency. The nature and significance of the relationship between the City and the Successor Agency is such that it would be misleading to exclude the Successor Agency from the City's financial statements. The Successor Agency is presented herein in the City's fiduciary funds as a private-purpose trust fund.

Complete financial statements are prepared for the Riverside Public Financing Authority and the Successor Agency to the Redevelopment Agency of the City of Riverside, which can be obtained from the City's Finance Department, 3900 Main Street, Riverside, California, 92522 or online at www.riversideca.gov.

B. Government-wide and Fund Financial Statements

The government-wide financial statements report information on all of the non-fiduciary activities of the City and its component units. Interfund activity has been removed from these statements except for utility charges, as this would distort the presentation of function costs and program revenues. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for support.

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues. Indirect expenses are allocated to the various functions based on a proportionate utilization of the services rendered. Such allocations consist of charges for accounting, human resources, information technology and other similar support services.

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

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide, proprietary and private-purpose trust fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Agency funds report only assets and liabilities and therefore have no measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied on the property. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met. An allowance for doubtful accounts is maintained for the utility and other miscellaneous receivables.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Revenues are considered to be available if they are generally collected within 60 days after year end, except for revenue associated with neglected property abatement which is eleven (11) months and except for grant revenue, including reimbursement received from Transportation Uniform Mitigation Fees, which is six (6) months and sales tax revenue which is seven (7) months, as described below. Grant revenue is recognized if received within six (6) months of year end to enable the matching of revenue with applicable expenditures. Expenditures generally are recorded when a liability is incurred under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

In 2004, the State temporarily began to exchange 25% of sales taxes for an equal amount of property taxes to securitize a short-term State bond issue. The State bond issue will remain outstanding for an uncertain number of years, but the bonds are currently estimated to retire in 2016. These in-lieu sales taxes will be paid to the City by the State on a different calendar than sales taxes, which are paid monthly, three months in arrears. The vast majority of the in-lieu amount will be paid during the applicable fiscal year; however, the final payment of the in-lieu sales taxes will not be paid until the January following the end of the applicable fiscal year. Since 2004, the final "true-up" payment has been reported in the fiscal year that the revenue was earned and thus provides consistency in the reporting of sales tax revenue.

Property taxes, special assessments, sales taxes, franchise taxes, licenses, charges for services, amounts due from other governments and interest associated with the current fiscal period are all considered to be susceptible to accrual. Other revenue items such as fines and permits are considered to be measurable and available only when the government receives cash, and are therefore not susceptible to accrual.

The government reports the following major governmental funds:

The General fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Capital Outlay fund accounts for the construction and installation of street and highway capital improvements for the City, including improvements funded by the ½ % sales tax approved by Riverside County in 1988.

The government reports the following major proprietary funds:

The Electric fund accounts for the activities of the City's electric distribution operations.

The Water fund accounts for the activities of the City's water distribution operations.

The Sewer fund accounts for the activities of the City's sewer systems.

Additionally, the government reports the following fund types:

Internal service funds account for self-insurance, central stores and central garage on a cost reimbursement basis.

Fiduciary funds include private-purpose trust and agency funds. The private-purpose trust fund accounts for assets and activities of the dissolved Redevelopment Agency, which is accounted for in the Successor Agency Trust. The agency fund is used to account for special assessments that service no-commitment debt.

The permanent fund is a governmental fund that is used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the City's Library programs. Non-expendable net position on the Statement of Net Position includes $1.6 million of permanent fund principal which are considered nonexpendable.

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The sewer fund also recognizes as operating revenue the portion of connection fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

D. Cash and Investments

The City values its cash and investments in accordance with the provisions of Governmental Accounting Standards Board Statement No. 72 (GASB 72), *Fair Value Measurement and Application*, which requires governmental entities to use valuation techniques that are appropriate under the circumstances and for which sufficient data are available to measure fair value. The techniques should be consistent with one or more of the following approaches: the market approach, the cost approach or the income approach.

Cash accounts of all funds are pooled for investment purposes to enhance safety and liquidity while maximizing interest earnings. Investments are stated at fair value except for investments in investment contracts which are recorded at contract value. All highly liquid investments (including restricted assets) with a maturity of 90 days or less when purchased are considered cash equivalents. Cash and investments held on behalf of proprietary funds by the City Treasurer are considered highly liquid and are classified as cash equivalents for the purpose of presentation in the Statement of Cash Flows.

E. Restricted Cash and Investments

Certain proceeds of long-term indebtedness, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net position because their use is limited by applicable bond covenants. Restricted cash and investments also include cash set aside for nuclear decommissioning, public benefit programs, regulatory requirements and rate stabilization because their use is legally restricted to a specific purpose. Unspent proceeds received from the City's landfill capping surcharge are also recorded as restricted assets.

F. Allowance for Doubtful Accounts

Management determines the allowance for doubtful accounts by analyzing customer accounts for all balances over 60 days old. The allowance for doubtful accounts is then adjusted at fiscal year-end based on the amount equal to the annual uncollectible accounts. Utility customer closed accounts are written off when deemed uncollectible. Recoveries to utility customer receivables previously written off are recorded when received. For non-utility accounts receivables, delinquent notices after 60 days are sent to customers with outstanding balances. After 120 days, accounts still outstanding are referred to the City's collection agency. As of June 30, 2016, the City had an allowance for doubtful account balance of $6,402.

G. Land and Improvements Held for Resale

Land and improvements held for resale were generally acquired for future development projects. The properties are carried at the lower of cost or net realizable value.

H. Inventory

Supplies are valued at cost using the average-cost method. Costs are charged to user departments when consumed rather than when purchased.

I. Prepaid Items

Payments to vendors for services benefiting future periods are recorded as prepaid items and expenditures are recognized when items are consumed.

J. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, right of way, and similar items), are reported in the applicable governmental activities and business-type activities of the government-wide financial statements and in the proprietary funds and the fiduciary private-purpose trust fund statements of net position. The government defines capital assets as assets with an initial, individual cost of more than five thousand dollars and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Costs include: labor; materials; interest during construction; allocated indirect charges such as engineering, construction and transportation equipment, retirement plan contributions and other fringe benefits. Donated capital assets are recorded at estimated fair market value at the date of donation. Intangible assets that cost more than one hundred thousand dollars with useful lives of at least three years are capitalized and are recorded at cost.

Interest incurred during the construction phase is reflected in the capitalized value of the asset constructed for proprietary funds. For the year ended June 30, 2016, business-type activities capitalized net interest costs of $21,232 in the government-wide and fund financial statements. Total interest expense incurred by the business-type activities (and the enterprise funds on the proprietary funds statements) before capitalization was $56,508.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets other than land are depreciated using the straight-line method. Estimated useful lives used to compute depreciation are as follows:

Buildings and Improvements	30-50 years
Improvements other than Buildings	20-99 years
Intangibles - Depreciable	3-15 years
Machinery and Equipment	3-15 years
Infrastructure	20-100 years

K. Compensated Absences

City employees receive 10 to 25 vacation days a year based upon length of service. A maximum of two years' vacation accrual may be accumulated and unused vacation is paid in cash upon separation.

City employees generally receive one day of sick leave for each month of employment with unlimited accumulation. Upon retirement or death, certain employees or their estates receive a percentage of unused sick leave paid in a lump sum based on longevity. The General, Electric and Water funds have been primarily used to liquidate such balances.

The liability associated with these benefits is reported in the government-wide statements. Vacation and sick leave of proprietary funds is recorded as an expense and as a liability of those funds as the benefits accrue to employees.

L. Derivative Instruments

The City's derivative instruments are accounted for in accordance with Government Accounting Standards Board Statement No. 53 (GASB 53), *Accounting and Financial Reporting for Derivative Instruments*, which requires the City to report its derivative instruments at fair value. Changes in fair value for effective hedges that are achieved with derivative instruments are reported as deferrals in the statements of net position.

The City uses derivative instruments to hedge its exposure to changing interest rates through the use of interest rate swaps. The City had debt that was layered with "synthetic fixed rate" swaps, which was refunded in 2008 and 2011. The balance of the deferral account for each swap is included as part of the deferred charge on refunding associated with the new bonds. The swaps were also employed as a hedge against the new debt. Hedge accounting was applied to that portion of the hedging relationship, which was determined to be effective. The negative fair value of the interest rate swaps related to the new hedging relationship has been recorded and deferred on the statement of net

position. See Note 10 for further discussion related to the City's interest rate swaps.

Various transactions permitted in the Utility's Power Resources Risk Management Policies may be considered derivatives, including energy and/or gas transactions for swaps, options, forward arrangements and congestion revenue rights. The City has determined that all of its contracts including congestion revenue rights fall under the scope of "normal purchases and normal sales" and are exempt from GASB 53.

M. Long-Term Obligations

Long-Term Debt

Long-term debt and other long-term obligations are reported as liabilities in the applicable governmental and business-type activities columns in the government-wide financial statements and in the proprietary funds and fiduciary private-purpose trust fund statements 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.

In the fund financial statements, government fund types recognize bond issuance costs as expenditures during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuance are reported as other financing uses.

Decommissioning

Federal regulations require the Electric Utility to provide for the future decommissioning of its ownership share of the nuclear units at San Onofre. The Electric Utility has established trust accounts to accumulate resources for the decommissioning of the nuclear power plant and restoration of the beachfront at San Onofre. Based on the most recent site specific cost estimate as of September 2014, submitted by Southern California Edison (SCE) and accepted by the Nuclear Regulatory Commission (NRC), the Electric Utility has fully funded the San Onofre Nuclear Generating Station ("SONGS") decommissioning liability.

The Electric Utility has set aside $80,494 in cash investments with the trustee and $4,951 in an internally designated decommissioning reserve as the Electric Utility's estimated share of the decommissioning cost of SONGS as of June 30, 2016. With the recent retirement of SONGS units 2 and 3, there is much uncertainty as to future unknown costs to decommission SONGS. Although management believes the current cost estimate is the upper bound of decommissioning obligations, the Electric Utility has conservatively decided to continue to set aside $1,581 per year in an internally designated cash reserve for unexpected costs not contemplated in the current estimates.
On February 23, 2016, the City Council adopted a resolution authorizing the commencement of SONGS decommissioning effective June 7, 2013. This resolution allows the Electric Utility to access the decommissioning trust funds to pay for its share of decommissioning costs. As of June 30, 2016, the Electric Utility has paid to date $14,936 in decommissioning obligations. The Electric Utility has submitted the necessary documents to the trustee and will begin drawing decommissioning trust funds to pay for the decommissioning costs as incurred. The Electric Utility anticipates receiving reimbursement from the trust starting in fiscal year ending June 30, 2017.

The plant site easement at San Onofre terminates May 2024. The plant must be decommissioned and the site restored by the time the easement terminates.

N. Claims and Judgments Payable

Claims and judgments payable are recognized when it is probable that a liability has been incurred and the amount of loss can be reasonably estimated. Such claims, including an estimate for claims incurred but not reported at year end, are recorded as liabilities in the self-insurance internal service fund. As of June 30, 2016, the City had an obligation related to claims and judgments which is reflected as a liability on the government-wide statements and is more fully described in Note 7.

O. Fund Equity

In the fund financial statements, governmental fund balance is made up of the following components:

- Nonspendable fund balance is the portion of fund balance that cannot be spent due to form. Examples include inventories, prepaid amounts, long-term loans, and notes receivable, unless the proceeds are restricted, committed or assigned. Also, amounts that must be maintained intact legally or contractually, such as the principal of a permanent fund are reported within the nonspendable category.

- Restricted fund balance is the portion of fund balance that is subject to externally enforceable limitations by law, enabling legislation or limitations imposed by creditors or grantors.
- Committed fund balance is the portion of fund balance that can only be used for specific purposes due to formal action of the City Council through adoption of a resolution prior to the end of the fiscal year. Once adopted, the limitation imposed by resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation. No amounts have been reported within this category of fund balance.
- Assigned fund balance reflects the City's intended use of resources. Intent can be expressed by the City Council or by an official to which the City Council delegates the authority. On February 22, 2011, the City Council approved a policy whereby the authority to assign fund balance was delegated to the City's chief financial officer, which authorized the assignment of fund balance for specific programs or purposes in accordance with City Council directives. The City also uses budget and finance policy to authorize the assignment of fund balance, which is done through the adoption of the budget and subsequent budget amendments throughout the year.
- Unassigned fund balance is the residual classification that includes all spendable amounts in the General Fund not contained in other classifications.

When expenditures are incurred for purposes for which both restricted and unrestricted (committed, assigned or unassigned) fund balances are available, the City's policy is to use restricted amounts before unrestricted amounts. Within unrestricted resources, committed resources are used first followed by assigned resources, and finally unassigned resources.

P. Net Position

Net position represents the difference between assets and deferred outflows less liabilities and deferred inflows. Net position invested in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the related acquisition, construction or improvement of those assets excluding unspent debt proceeds. Restricted net position represents restricted assets less liabilities and deferred inflows related to those assets. Restricted assets are recorded when there are limitations imposed on their use either through legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Restricted resources are used first to fund appropriations.

Q. Interfund Transactions

Interfund transactions are accounted for as revenues and expenditures or expenses. Transactions, which constitute reimbursements, are eliminated in the reimbursed fund and accounted for as expenditures or expenses in the fund to which the transaction is applicable.
During the year, transactions occur between individual funds for goods provided or services rendered. Related receivables and payables are classified as "due from/to other funds" on the accompanying fund level statements. The noncurrent portion of long-term interfund loans receivable are reported as advances and, for governmental fund types, are equally offset by nonspendable fund balance to indicate that the receivable is not in spendable form.

Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

R. Unearned Revenue

Unearned revenues arise when the government receives resources before it has a legal claim to them, as when grant monies are received prior to meeting all eligibility requirements. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, revenue is recognized.

S. Unavailable Revenue

Unavailable revenue arises only under a modified accrual basis of accounting. Accordingly, unavailable revenue is reported only in the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources (revenue) in the period that the amounts become available.

T. Deferred Outflows and Deferred Inflows of Resources

When applicable, the statement of net position and the balance sheet will report a separate section for deferred outflows of resources. 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 or expenditure until that time.

Conversely, deferred inflows of resources represent inflows of resources (acquisition of net position) that apply to future periods and that, therefore, are *not* recognized as an inflow of resources (revenue) until that time.

U. Regulatory Assets and Deferred Regulatory Charges

In accordance with GASB Statement No. 62, enterprise funds that are used to account for rate-regulated activities are permitted to defer certain expenses and revenues that would otherwise be recognized when incurred, provided that the City is recovering or expects to recover or refund such amounts in rates charged to its customers. Accordingly, regulatory assets and/or deferred regulatory charges have been recorded in the Electric, Water, Sewer and Refuse funds.

V. Property Tax Calendar

Under California law, general property taxes are assessed for up to 1% of the property's assessed value. General property taxes are collected by the counties along with other special district taxes and assessments and voter approved debt. General property tax revenues are collected and pooled by the county throughout the fiscal year and then allocated and paid to the county, cities and school districts based on complex formulas prescribed by State statutes.

Property taxes are calculated on assessed values as of January 1 for the ensuing fiscal year. On July 1 of the fiscal year the levy is placed and a lien is attached to the property. Property taxes are due in two installments. The first installment is due November 1 and is delinquent after December 10. The second installment is due February 1 and is delinquent after April 10. The City generally accrues only those taxes, which are received within sixty days after the year-end. Under the Teeter plan, the County of Riverside has responsibility for the collection of delinquent taxes and the City receives 100% of the levy.

W. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenditures. Specifically, the City has made certain estimates and assumptions relating to the revenues due and expenditures incurred through fiscal year end, collectability of its receivables, the valuation of property held for resale, the useful lives of capital assets, and the ultimate outcome of claims and judgments. Actual results may differ from those estimates and assumptions.

X. Pensions

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

Y. New Accounting Pronouncements

Effective July 1, 2015, the accompanying financial statements reflect the implementation of Governmental Accounting Standards Board Statement No. 72 (GASB 72), *Fair Value Measurement and Application*. The primary objective of GASB 72 is to address accounting and financial reporting issues related to fair value measurements. The definition of *fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. GASB 72 provides guidance for determining a fair value measurement for financial reporting purposes. Also, GASB 72 provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.

2. Legal Compliance - Budgets

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for all departments within the general, special revenue and capital project funds. Formal budgets are not employed for debt service funds because debt indenture provisions specify payments. The permanent fund is not budgeted.

Biannually, during the period December through February, department heads prepare estimates of required appropriations for the following two-year budget cycle. These estimates are compiled into a proposed operating budget that includes a summary of proposed expenditures and financial resources and historical data for the preceding budget cycle. The operating budget is presented by the City Manager to the City Council for review. Public hearings

are conducted to obtain citizen comments. The City Council generally adopts the budget during one of its June meetings. The City Manager is legally authorized to transfer budgeted amounts between divisions and accounts within the same department. Transfer of appropriations between departments or funds and increased appropriations must be authorized by the City Council. Expenditures may not legally exceed budgeted appropriations at the departmental level within a fund. All appropriations shall lapse at the end of the fiscal year to the extent they have not been expended or lawfully encumbered, except for appropriations for capital projects which shall continue to their completion.

3. Cash and Investments

Cash and investments at fiscal year-end consist of the following:

Investments	$ 522,129
Investments at fiscal agent	245,278
	767,407
Cash on hand and deposits with financial institutions	47,615
Non-negotiable certificates of deposit	1,012
	$ 816,034

The amounts are reflected in the statements of net position of the government-wide and fiduciary fund financial statements:

Cash and investments	$ 465,352
Restricted cash and cash equivalents	65,251
Restricted cash and investments at fiscal agent	227,419
Total per statement of net position	758,022
Fiduciary fund cash and investments	39,649
Fiduciary fund cash and investments with fiscal agent	18,363
	$ 816,034

The City follows the practice of pooling cash and investments of all funds except for funds required to be held by outside fiscal agents under the provisions of bond indentures, which are administered by outside agencies.

Interest income earned on pooled cash and investments is allocated monthly to funds based on the beginning and month-end balances. Interest income from cash and investments held at fiscal agents is credited directly to the related account. Bank deposits are covered by federal depository insurance for the first $250 or by collateral held in the pledging bank's trust department in the name of the City.

Authorized Investments

Under provisions of the City's investment policy, and in accordance with California Government Code Section 53601, the City Treasurer may invest or deposit in the following types of investments:

	Max Maturity	Max % of Portfolio
Local Agency Investment Fund (State Pool)	N/A	100%
Money Market Funds	N/A	20%
Mutual Funds	N/A	20%
Joint Powers Authority Pools	N/A	N/A
Corporate Medium Term Notes	5 Years	30%
Municipal Bonds	5 Years	30%
Negotiable Certificates of Deposit	5 Years	30%
Mortgage Pass-Through and Asset-Backed Securities	5 Years	20%
Certificates of Deposit Placement Services	5 Years	15%
Collateralized Time Deposits	5 Years	15%
Federally Insured Time Deposits	5 Years	15%
Supranational Securities	5 Years	15%
Federal Agency Securities	5 Years	N/A
U.S. Treasury Notes/Bonds	5 Years	N/A
Repurchase Agreements	1 Year	N/A
Commercial Paper of "prime" quality	270 Days	25%
Bankers' Acceptances	180 Days	10%
Reverse Repurchase Agreements	92 Days	20%

Investments in Corporate Medium Term Notes may be invested in securities rated "A" or better by at least two nationally recognized statistical rating agencies. No more than 5% of the market value of the portfolio may be invested in any single issuer.

Investments in Negotiable Certificates of Deposit exceeding federal deposit insurance limits shall be issued by institutions which have long-term debt obligations rated "A" (or the equivalent) or better and short-term debt obligations, if any, rated "A1" (or the equivalent) or better by at least two nationally recognized statistical rating agencies. No more than 5% of the market value of the portfolio may be invested in any single issuer of negotiable or non-negotiable certificates of deposit.

Investments in Commercial Paper may be invested in securities rated "A1" (or the equivalent) or higher by at least one nationally recognized statistical rating agency. In addition, debt other than Commercial Paper, if any, issued by corporations in this category must be rated at least "A" (or the equivalent) or better by at least one nationally recognized statistical rating agency. No more than 5% of the market value of the portfolio may be invested in any single issuer. For purposes of this issuer limitation, holdings of Commercial Paper shall be combined with holdings of Corporate Medium-Term Notes. No more than 25% of the total market value of the portfolio may be invested in Commercial Paper. No more than 10% of the outstanding Commercial Paper of any single issuer may be purchased.

The City's investment policy provides two exceptions to the above; one is for investments authorized by debt agreements (described below) and the other for funds reserved in the San Onofre Nuclear Generating Station Decommissioning Account for which the five-year maturity limitation may be extended to the term of the operating license.

Investments Authorized by Debt Agreements

Provisions of debt agreements, rather than the general provisions of the California Government CGASode or the City's investment policy, govern investments of debt proceeds held by bond fiscal agents. Permitted investments are specified in related trust agreements and include the following:

- Securities of the U.S. Government and its sponsored agencies
- Bankers' Acceptances rated in the single highest classification
- Commercial Paper rated AA or higher at the time of purchase
- Investments in money market funds rated in the single highest classification, except for certain debt proceeds which have no minimum rating requirement
- Municipal obligations rated Aaa/AAA or general obligations of states with ratings of at least A2/A or higher by both Moody's and S&P
- Investment Agreements

No maximum percentage of the related debt issue or maximum investment in one issuer is specified.

Disclosures Relating to Fair Value Measurement and Application

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure fair value of assets. Level 1 are quoted prices in an active market for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. The City does not value any of its investments using Level 1 and Level 3 inputs.

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

	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money Market Funds	$ 44,450	$ -	$ 44,450	$ -
Federal Agency Securities	10,622	-	10,622	-
U.S. Treasury Notes/Bonds	314,335	-	314,335	-
Corp. Medium Term Notes	36,154	-	36,154	-
Negotiable Certificates of Deposits	17,028	-	17,028	-
Held by Fiscal Agent				
Money Market Funds	53,606	-	53,606	-
Commercial Paper	4,143	-	4,143	-
U.S. Treasury Notes/Bonds	39,397	-	39,397	-
Federal Agency Securities	46,461	-	46,461	-
Corp. Medium Term Notes	17,905	-	17,905	-
Total	584,101	$ -	$ 584,101	$ -
Investments not subject to fair value hierarchy:				
State Investment Pool	165,123			
Investment Contracts	18,183			
Total Investments	$ 767,407			

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, the greater the sensitivity of its fair value to changes in market interest rates. The City's investment policy requires that the interest rate risk exposure be managed 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 fiscal agent) to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity:

		Remaining Maturity (in Months)			
	Total	12 Months or Less	13 to 24 Months	25 to 60 Months	More than 60 Months
Money Market Funds	$ 44,450	$ 44,450	$ -	$ -	$ -
Federal Agency Securities	10,622	-	10,622	-	-
U.S. Treasury Notes/Bonds	314,335	46,711	128,316	139,308	-
Corp. Medium Term Notes	36,154	18,697	8,807	8,650	-
State Investment Pool	99,540	99,540	-	-	-
Negotiable Certificates of Deposit	17,028	5,704	3,741	7,583	-
Held by Fiscal Agent					
Money Market Funds	53,606	53,606	-	-	-
State Investment Pool	65,583	65,583	-	-	-
Investment Contracts	18,183	-	-	7,423	10,760
Commercial Paper	4,143	4,143	-	-	-
U.S. Treasury Notes/Bonds	39,397	26,215	9,830	3,352	-
Federal Agency Securities	46,461	32,242	13,845	374	-
Corp. Medium Term Notes	17,905	13,891	4,014	-	-
Total	$ 767,407	$ 410,782	$ 179,175	$ 166,690	$ 10,760

The City assumes that callable investments will not be called.

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 actual rating as of year-end for each investment type:

		Ratings as of Year End			
	Total	AAA	AA	A	Unrated
Money Market Funds	$ 44,450	$ 19,065	$ 20,303	$ 5,082	$ -
Federal Agency Securities	10,622	10,622	-	-	-
U.S. Treasury Notes/Bonds	314,335	314,335	-	-	-
Corp. Medium Term Notes	36,154	-	34,343	1,811	-
State Investment Pool	99,540	-	-	-	99,540
Negotiable Certificates of Deposits	17,028	-	-	-	17,028
Held by Fiscal Agent					
Money Market Funds	53,606	19,822	-	33,784	-
State Investment Pool	65,583	-	-	-	65,583
Investment Contracts	18,183	-	-	-	18,183
Commercial Paper	4,143	-	-	4,143	-
U.S. Treasury Notes/Bonds	39,397	39,397	-	-	-
Federal Agency Securities	46,461	46,461	-	-	-
Corp. Medium Term Notes	17,905	-	-	17,905	-
Total	$ 767,407	$ 449,702	$ 54,646	$ 62,725	$ 200,334

Concentration on Credit Risk

The investment policy of the City contains no limitations on the amount that can be invested in any one issuer beyond that stated above. For fiscal year ended June 30, 2016, the City did not have any investments in any one issuer (other than U.S. Treasury securities, money market 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 City's investment policy requires that a third party bank trust department hold all securities owned by the City. All trades are settled on a delivery vs. payment basis through the City's safekeeping agent. The City has no deposits with financial institutions; bank balances are swept daily into a money market account.

The pledge to secure deposits is administered by the California Commissioner of Business Oversight. Collateral is required for demand deposits at 110% of all deposits not covered by federal depository insurance (FDIC) if obligations of the United States and its agencies, or obligations of the State or its

municipalities, school districts, and district corporations are pledged. Collateral of 150% is required if a deposit is secured by first mortgages or first trust deeds upon improved residential real property located in California. All such collateral is considered to be held by the pledging financial institutions' trust departments or agents in the name of the City. Obligations pledged to secure deposits must be delivered to an institution other than the institution in which the deposit is made; however the trust department of the same institution may hold them.

Written custodial agreements are required to provide, among other things, that the collateral securities are held separate from the assets of the custodial institution.

Investment in State Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

4. Direct Financing Lease Receivable

The former Redevelopment Agency had a direct financing lease arrangement with the State of California (the State) for a twelve-story office building, which was transferred to the Successor Agency. The lease term is for thirty years and the State takes ownership of the facility at the conclusion of that term. The lease calls for semi-annual payments not less than the debt service owed on the related lease revenue bonds issued by the former Redevelopment Agency for the purchase and renovation of the building. The future minimum lease payments to be received are as follows:

Fiscal Year	
2017	$ 2,561
2018	2,598
2019	2,625
2020	2,659
2021	2,692
Thereafter	11,092
Total Due	24,227
Less: Amount applicable to interest	(6,162)
Total direct financing lease receivable	$ 18,065

5. Capital Assets

The following is a summary of changes in the capital assets during the fiscal year ended June 30, 2016.

Governmental activities:	Beginning Balance	Additons/ Transfers In	Deletions/ Transfers Out	Ending Balance
Capital assets, not depreciated:				
Land	$ 339,755	$ 3,113	$ (76)	$ 342,792
Construction in progress	34,120	23,676	(16,261)	41,535
Total capital assets not depreciated	373,875	26,789	(16,337)	384,327
Capital assets being depreciated:				
Buildings	183,230	715	(349)	183,596
Improvements other than buildings	301,454	8,382	-	309,836
Machinery and equipment	86,025	8,487	(2,445)	92,067
Intangibles, depreciable	201	18	-	219
Infrastructure	982,126	16,871	-	998,997
Total capital assets being depreciated	1,553,036	34,473	(2,794)	1,584,715
Less accumulated depreciation for:				
Buildings	(59,432)	(4,711)	333	(63,810)
Improvements other than buildings	(91,584)	(12,502)	-	(104,086)
Machinery and equipment	(63,595)	(5,778)	2,381	(66,992)
Intangibles, depreciable	(3)	(41)	-	(44)
Infrastructure	(332,384)	(24,117)	-	(356,501)
Total accumulated depreciation	(546,998)	(47,149)	2,714	(591,433)
Total capital assets being depreciated, net	1,006,038	(12,676)	(80)	993,282
Governmental activities capital assets, net	$ 1,379,913	$ 14,113	$ (16,417)	$ 1,377,609

Business-type activities:	Beginning Balance	Additons/ Transfers In	Deletions/ Transfers Out	Ending Balance
Capital assets, not depreciated:				
Land	$ 51,187	$ 12,652	$ -	$ 63,839
Intangibles, non-depreciable	21,492	-	-	21,492
Construction in progress	308,701	107,253	(65,977)	349,977
Total capital assets not depreciated	381,380	119,905	(65,977)	435,308
Capital assets being depreciated:				
Buildings	270,857	44,638	(116)	315,379
Improvements other than buildings	1,581,730	54,736	(2,556)	1,633,910
Intangibles, depreciable	14,368	7,065	-	21,433
Machinery and equipment	88,307	6,389	(5,423)	89,273
Total capital assets being depreciated	1,955,262	112,828	(8,095)	2,059,995
Less accumulated depreciation for:				
Buildings	(121,421)	(6,788)	115	(128,094)
Improvements other than buildings	(493,491)	(40,776)	2,345	(531,922)
Intangibles, depreciable	(598)	(1,617)	-	(2,215)
Machinery and equipment	(54,205)	(5,744)	4,904	(55,045)
Total accumulated depreciation	(669,715)	(54,925)	7,364	(717,276)
Total capital assets being depreciated, net	1,285,547	57,903	(731)	1,342,719
Business-type activities capital assets, net	$ 1,666,927	$ 177,808	$ (66,708)	$ 1,778,027

Depreciation expense was charged to various functions as follows:

Governmental activities:	
General government	$ 5,022
Public safety	5,148
Highway and streets, including general infrastructure	25,295
Culture and recreation	11,684
Total depreciation expense - governmental activities	$ 47,149
Business-type activities:	
Electric	$ 30,953
Water	13,510
Sewer	7,025
Airport	707
Refuse	1,211
Transportation	526
Public Parking	993
Total depreciation expense - business-type activities	$ 54,925

6. Long-Term Obligations

Changes in Long-Term Obligations: Below is a summary of changes in long-term obligations during the fiscal year:

Governmental activities:	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General obligations bond	$ 13,546	$ -	$ (979)	$ 12,567	$ 1,040
Pension obligation bonds	108,725	31,145	(38,870)	101,000	40,025
Certificates of participation	187,212	-	(5,783)	181,429	5,920
Lease revenue bonds	40,891	-	(1,493)	39,398	1,420
Loan payable	45,574	-	(2,092)	43,482	2,157
Capital leases	14,966	-	(2,960)	12,006	2,769
Compensated absences	22,015	13,567	(13,138)	22,444	13,394
Claims liability	38,795	14,581	(10,107)	43,269	11,315
Judgment	3,334	-	(3,334)	-	-
OPEB obligation	16,361	2,057	(541)	17,877	-
	$ 491,419	$ 61,350	$ (79,297)	$ 473,472	$ 78,040

Business-type activities:	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Revenue bonds	$ 1,239,634	$ -	$ (30,783)	$ 1,208,851	$ 26,555
Notes payable	37,225	3,081	(2,513)	37,793	2,537
Capital leases	1,720	3,648	(674)	4,694	789
Landfill capping	5,922	-	(236)	5,686	200
Arbitrage liability	15	-	(15)	-	-
Water stock acquisition rights	941	-	(3)	938	150
Compensated absences	8,444	6,954	(7,278)	8,120	6,994
OPEB obligation	13,072	1,659	(436)	14,295	-
	$ 1,306,973	$ 15,342	$ (41,938)	$ 1,280,377	$ 37,225

Business-type activities:

The following debt has been issued for the purpose of generating capital resources for use in acquiring or constructing municipal facilities or infrastructure projects.

Long-Term Obligations at June 30, 2016:

Revenue Bonds:	Principal Outstanding
Electric	
$141,840 2008 Electric Refunding/Revenue Bonds; Series A & C. The bonds were issued at a variable rate; however, the City entered into an agreement to convert to a fixed rate of 3.1% and 3.2% for the Series A & C bonds, respectively. See Note 10 for information on the swap agreements. Bonds are due in annual installments from $700 to $7,835 through October 1, 2035.	112,515
$209,740 2008 Electric Revenue Bonds; Series D fixed rate bonds, 3.6% to 5.0%, due in annual installments from $3,460 to $25,345 through October 1, 2038.	209,740
$34,920 2009 Electric Refunding/Revenue Bonds; Series A fixed rate bonds, 4.0% to 5.0%, due in annual installments from $1,150 to $7,035 through October 1, 2018. The bonds refunded the 1998 series and partially refunded the 2001 series.	3,640
$140,380 2010 Electric Revenue Bonds; Series A and B fixed rate bonds, 3% to 5.0%, due in annual installments from $95 to $33,725 through October 1, 2040.	140,380
$56,450 2011 Electric Revenue Refunding Bonds; Series A. The bonds were issued at a variable rate; however, the City entered into an agreement to convert to a fixed rate of 3.2%. For information on the swap agreements see Note 10. Bonds are due in annual installments from $725 to $5,175 through October 1, 2035.	41,925
$79,080 2013 Electric Revenue Refunding Bonds; Series A fixed rate bonds, 3% to 5.25%, due in annual installments from $795 to $12,685 through October 1, 2043.	58,635
Subtotal	566,835
Add: Unamortized bond premium	8,213
	$575,048

Water	
$58,235 2008 Water Revenue Bonds; Series B fixed rate bonds, 4.0% to 5.0%, due in annual installments from $1,210 to $7,505 through October 1, 2038.	$58,235
$31,895 2009 Water Refunding/Revenue Bonds; Series A fixed rate bonds, 3.0% to 5.0%, due in annual installments from $2,360 to $4,335 through October 1, 2020. The bonds refunded the 1998 series and partially refunded the 2001 series.	12,730
$67,790 2009 Water Revenue Bonds; Series B fixed rate bonds, 3.3% to 4.1%, due in annual installments from $2,475 to $4,985 through October 1, 2039.	67,790
$59,000 2011 Water Refunding/Revenue Bonds; Series A. The bonds were issued at a variable rate; however the City entered into an agreement to convert to a fixed rate of 3.2%. For information on the swap agreements see Note 10. Bonds are due in annual installments from $600 to $3,950 through October 1, 2035.	54,725
Subtotal	193,480
Add: Unamortized bond premium	2,442
	$195,922

Sewer	
$240,910 2009 Sewer Revenue Bonds; Series A & B fixed rate bonds, 3.65% to 5.0%, due in annual installments from $5,555 to $13,350 through August 1, 2039.	$212,130

On June 15, 2015, the City issued Series 2015A Sewer Revenue Bonds in the amount of $200,030. A portion of the bond proceeds were used to refund the 2014 Sewer Revenue Bonds short term borrowing, as a result, no economic gain was achieved. Interest on the bonds is payable semi-annually on August 1 and February 1 of each year, commencing August 1, 2015. The rate of interest varies from 4% to 5% per annum depending on maturity date. Principal is payable in annual installments

ranging from $4,790 to $14,175 commencing August 1, 2015 and ending August 1, 2040. 200,030

Subtotal	412,160
Add: Unamortized bond premium	25,721
	$437,881
Total Revenue Bonds	$1,208,851

Remaining revenue bond debt service payments will be made from revenues of the Electric, Water and Sewer Enterprise funds. Annual debt service requirements to maturity are as follows:

	Electric Utility Fund			Water Utility Fund		
Fiscal Year	Principal	Interest	Total	Principal	Interest	Total
2017	$ 13,320	$ 24,863	$ 38,183	$ 5,180	$ 7,814	$ 12,994
2018	13,795	24,279	38,074	5,415	7,577	12,992
2019	14,445	23,636	38,081	5,635	7,352	12,987
2020	14,995	23,066	38,061	5,865	7,120	12,985
2021	15,535	22,506	38,041	6,080	6,889	12,969
2022-2026	86,775	102,985	189,760	33,990	30,773	64,763
2027-2031	106,045	83,014	189,059	41,110	23,417	64,527
2032-2036	130,725	57,166	187,891	49,955	14,297	64,252
2037-2041	163,695	22,967	186,662	40,250	3,234	43,484
2042-2044	7,505	575	8,080	-	-	-
Premium	8,213	-	8,213	2,442	-	2,442
Total	$ 575,048	$ 385,057	$ 960,105	$ 195,922	$ 108,473	$ 304,395

	Sewer Utility Fund		
Fiscal Year	Principal	Interest	Total
2017	$ 8,055	$ 19,255	$ 27,310
2018	8,410	18,900	27,310
2019	13,515	18,488	32,003
2020	14,075	17,929	32,004
2021	10,820	17,372	28,192
2022-2026	62,565	78,394	140,959
2027-2031	79,435	61,525	140,960
2032-2036	101,090	39,873	140,963
2037-2041	114,195	13,104	127,299
Premium	25,721	-	25,721
Total	$ 437,881	$ 284,840	$ 722,721

General Obligation Bonds:	Principal Outstanding
$20,000 Fire Facility Projects, Election of 2003 General Obligation Bond; 3.0% to 5.5%, due in annual installments from $410 to $1,740 through August 1, 2024.	$ 12,430
Add: Unamortized bond premium	137
Total General Obligation Bonds	$12,567

Remaining general obligation bond debt service payments will be made from unrestricted revenues of the General fund. Annual debt service requirements to maturity are as follows:

Fiscal Year	Principal	Interest	Total
2017	$ 1,040	$ 592	$ 1,632
2018	1,110	544	1,654
2019	1,195	493	1,688
2020	1,290	436	1,726
2021	1,380	373	1,753
2022-2025	6,415	724	7,139
Premium	137	-	137
Total	$ 12,567	$ 3,162	$ 15,729

Pension Obligation Bonds:	Principal Outstanding
$89,540 California Statewide Community Development Authority (Public Safety) 2004 Taxable Pension Obligation Bond; 2.65% to 5.896%, due in annual installments from $1,125 to $10,715 through June 1, 2023.	$ 56,600
$30,000 2005 Taxable Pension Obligation Bonds Series A; 3.85% to 4.78%, due in annual installments $630 to $3,860 through June 1, 2020.	13,255
$31,145 2016 Taxable Pension Obligation Refunding Bond Anticipation Notes; rate at June 30, 2016 was 0.75%, $31,145 due June 1, 2017. The refunding transaction did not result in an economic gain.	

	31,145
Total Pension Obligation Bonds	$101,000

Remaining pension obligation bond debt service payments will be made from unrestricted revenues of the General fund. Annual debt service requirements to maturity are as follows:

Fiscal Year	Principal	Interest	Total
2017	$ 40,025	$ 4,280	$ 44,305
2018	9,920	3,482	13,402
2019	11,035	2,936	13,971
2020	10,760	2,329	13,089
2021	8,815	1,725	10,540
2022-2023	20,445	1,837	22,282
Total	$ 101,000	$ 16,589	$ 117,589

Certificates of Participation:	Principal Outstanding
$19,945 2006 Galleria at Tyler Public Improvements Certificates of Participation; 4.0% to 5.0%, due in annual installments from $435 to $1,270 through September 1, 2036.	$17,575
$128,300 2008 Riverside Renaissance Certificates of Participation; issued at a variable rate; however, the City entered into an agreement to convert to a fixed rate of 3.4%. For information on the swap agreement see Note 10. Due in annual installments from $2,900 to $7,200 through March 1, 2037.	109,300
$20,660 2010 Recovery Zone Facility Hotel Project Certificates of Participation; 4.0% to 5.5%, due in annual installments from $415 to $1,410 through March 1, 2040.	19,815
$35,235 2013 Pavement Rehab Certificates of Participation; 4.0% to 5.0%, due in annual installments from $1,285 to $2,855 through June 1, 2034	33,950
Subtotal	180,640
Plus: Unamortized bond premium	789
Total Certificates of Participation	$181,429

Remaining certificates of participation debt service payments will be made from unrestricted revenues of the debt service fund. Annual debt service requirements to maturity are as follows:

Fiscal Year	Principal	Interest	Total
2017	$ 5,920	$ 7,137	$ 13,057
2018	6,110	6,922	13,032
2019	6,310	6,700	13,010
2020	6,630	6,451	13,081
2021	6,955	6,188	13,143
2022-2026	38,780	26,602	65,382
2027-2031	47,430	18,160	65,590
2032-2036	48,815	8,066	56,881
2037-2040	13,690	950	14,640
Premium	789	-	789
Total	$ 181,429	$ 87,176	$ 268,605

Lease Revenue Bonds – Governmental Activities:	Principal Outstanding
On August 15, 2012, the City issued the Series 2012A Lease Revenue Refunding Bonds in the amount of $41,240. The bonds were issued to refinance the 2003 Certificates of Participation. Interest on the bonds is payable semi-annually on May 1 and November 1 of each year, commencing May 1, 2013. The rate of interest varies from 2% to 5% per annum depending on maturity date. Principal is payable in annual installments ranging from $1,295 to $2,840 commencing November 1, 2013 and ending November 1, 2033.	$37,245
Add: Unamortized bond premium	2,153
Total Lease Revenue Bonds – Governmental Activities	$39,398

Remaining lease revenue bond debt service payments will be made from unrestricted revenues of the debt service fund. Annual debt service requirements to maturity are as follows:

Fiscal Year	Principal	Interest	Total
2017	$ 1,420	$ 1,653	$ 3,073
2018	1,485	1,588	3,073
2019	1,560	1,511	3,071
2020	1,640	1,431	3,071
2021	1,725	1,347	3,072
2022-2026	9,660	5,394	15,054
2027-2031	11,550	3,027	14,577
2032-2034	8,205	501	8,706
Premium	2,153	-	2,153
Total	$ 39,398	$ 16,452	$ 55,850

Loans Payable – Governmental Activities:	Principal Outstanding
2012 financing arrangement in the amount of $4,000 for the construction of Ryan Bonaminio Park at the Tequesquite Arroyo. The debt will be paid with resources from the General Fund in semi-annual debt service payments of approximately $468 per year over a 10 year period, which includes interest at an annualized rate of 3.05%.	$ 2,544
On July 19, 2012, the City secured financing in the amount of $41,650 with BBVA Compass Bank for the renovation and expansion of the Riverside Convention Center. In March 2014, the financing arrangement with BBVA was increased to $44,650. The financing consists of an initial 21-month variable rate interest only period during construction that has a swap transaction layered over the remaining 20-year amortization resulting in a "synthetic fixed" rate of 3.24% for 20 of the 22 years. For information on the swap agreement see Note 10. At the end of the construction period, principal and interest are due on the first of each month, with equal payments each year of approximately $2,850.	40,938
Total Loans Payable – Governmental Activities	$43,482

Remaining loans payable debt service payments will be made from unrestricted revenues of the debt service fund. Annual debt service requirements to maturity are as follows:

Fiscal Year	Principal	Interest	Total
2017	$ 2,157	$ 1,347	$ 3,504
2018	2,222	1,282	3,504
2019	2,283	1,220	3,503
2020	2,365	1,139	3,504
2021	2,430	1,073	3,503
2022-2026	11,340	4,308	15,648
2027-2031	12,662	2,520	15,182
2032-2035	8,023	516	8,539
Total	$ 43,482	$ 13,405	$ 56,887

Notes Payable – Enterprise Funds:	Principal Outstanding
Sewer fund loan from State of California for Cogeneration project, 2.336%, payable in net annual installments of $339, beginning January 29, 2003 through January 29, 2021	$ 1,597
Sewer fund loan from State of California for Headworks project, 1.803%, payable in net annual installments of $477, beginning November 6, 1999 through November 6, 2018	1,383
Public parking fund loan for Fox Entertainment Plaza project, 3.85%, payable in net annual installments of $1,747, beginning June 16, 2011 through December 16, 2031	20,247
In 2014, the Water fund purchased property from Hillwood Enterprises, L.P. (Hillwood). The property was subsequently leased back to Hillwood, which is to be developed into a logistics center. In consideration of the costs to purchase the property the Water fund will make payments to Hillwood in the form of a credit equal to Hillwood's rental payments to the Water fund for the first 15 years of the lease. Rent will commence the earlier of when Hillwood starts construction of the logistic center or May 20, 2016.	14,566
Total notes payable – Enterprise Funds	$37,793

Remaining notes payable debt service payments will be made from unrestricted revenues of the Sewer fund. Annual debt service requirements to maturity are as follows:

Sewer Fund

Fiscal Year	Principal	Interest	Total
2017	$ 759	$ 58	$ 817
2018	774	43	817
2019	788	28	816
2020	326	14	340
2021	333	7	340
Total	$ 2,980	$ 150	$ 3,130

Public Parking Fund

Fiscal Year	Principal	Interest	Total
2017	$ 977	$ 770	$ 1,747
2018	1,014	732	1,746
2019	1,054	693	1,747
2020	1,095	652	1,747
2021	1,137	609	1,746
2022-2026	6,386	2,348	8,734
2027-2031	7,727	1,006	8,733
2032	857	17	874
Total	$ 20,247	$ 6,827	$ 27,074

Water Fund

Fiscal Year	Principal	Interest	Total
2017	$ 801	$ 242	$ 1,043
2018	837	228	1,065
2019	873	214	1,087
2020	910	198	1,108
2021	947	183	1,130
2022-2026	5,346	653	5,999
2027-2030	4,852	166	5,018
Total	$ 14,566	$ 1,884	$ 16,450

Contracts – Enterprise Funds:	Principal Outstanding
Water stock acquisition rights payable on demand to various water companies	$938

Letters of Credit:

The City's 2008 Certificates of Participation and 2008 Electric Revenue Bonds (Series A and C) require an additional layer of security between the City and the purchaser of the bonds. The City has entered into the following letters of credit ("LOC") in order to provide liquidity should all or a portion of the debt be optionally tendered to the remarketer without being successfully remarketed:

Debt Issue	LOC Provider	LOC Expiration Date	Annual Commitment Fee
2008 Certificates of Participation	Bank of America, N.A.	2018	0.400%
2008A Electric Revenue Bonds	Barclays Bank, PLC	2017	0.275%
2008C Electric Revenue Bonds	Bank of America, N.A.	2017	0.390%

To the extent that remarketing proceeds are insufficient or not available, tendered amounts will be paid from drawings made under an irrevocable direct-pay letter of credit.

Liquidity advances drawn against the LOC that are not repaid will be converted to an installment loan over a 5-year period. The City would be required to pay $63,420 a year for 5 years (assuming a 12 percent interest rate) if $109,300 of 2008 Certificates of Participation and $112,515 of 2008 Electric Revenue Bonds (Series A and C) were "put" and not resold. No amounts have ever been drawn against the three letters of credit due to a failed remarketing.

The various indentures allow the City to convert the mode of the debt in the case of a failed remarketing.

Capital Leases:

The City leases various equipment through capital leasing arrangements in the governmental and proprietary fund types. These activities are recorded for both governmental and business-type activities in the government-wide financial statements. The assets and related obligations under leases in governmental funds are not recorded in the fund statements. For proprietary funds, the assets and their related liabilities are reported directly in the fund. Amortization applicable to proprietary assets acquired through capital lease arrangements is included with depreciation for financial statement presentation.

The assets acquired through capital leases are as follows:

Asset	Governmental Activities	Business-type Activities
Buildings and improvements	$ 1,103	$ -
Machinery and equipment	15,334	5,715
Subtotal	16,437	5,715
Less: Accumulated depreciation	(6,286)	(985)
Total	$ 10,151	$ 4,730

The future minimum lease obligations as of June 30, 2016 were as follows:

Fiscal Year	Governmental Activities	Business-type Activities
2017	$ 2,971	$ 881
2018	2,971	881
2019	2,665	881
2020	1,485	868
2021	1,485	559
Thereafter	1,019	926
Total minimum lease payments	12,596	4,996
Less: Amount representing interest (rates ranging from 1.2% to 9%)	(590)	(302)
Total capital lease payable	$ 12,006	$ 4,694

The following are legally required debt service cash reserves. These amounts, at a minimum, are held by the City or fiscal agents at June 30, 2016:

Governmental long-term obligations:	
Certificates of participation	$ 10,383
Total	$ 10,383
Enterprise funds:	
Electric	$ 10,801
Sewer	20,204
Total	$ 31,005

The City has a number of debt issuances outstanding that are collateralized by the pledging of certain revenues. The amount and term of the remainder of these commitments are indicated in the debt service to maturity tables presented in the accompanying notes. The purposes for which the proceeds of the related debt issuances were utilized are disclosed in the debt descriptions in the accompanying notes. For the current year, debt service payments as a percentage of the pledged gross revenue (or net of certain expenses where so required by the debt agreement) are indicated in the table below. The debt service coverage ratios also approximate the relationship of debt service to pledged revenue for the remainder of the term of the commitment.

Description of Pledged Revenue	Pledged Revenue (net of expenses, where required)	Payments (all of debt secured by this revenue)	Ratio for FY 06/30/16
Electric revenues	$ 126,458	$ 42,240	$ 2.99
Water revenues	26,245	13,596	1.93
Sewer revenues	36,548*	29,191	1.25

* Includes cash set-aside in a rate stabilization account in accordance with applicable bond covenants.

There are also a number of limitations and restrictions contained in Assessment Bond indentures. The City believes they are in compliance with all significant limitations and restrictions.

Landfill Capping:

State and Federal laws and regulations require the City to place a final cover on all active landfills when closed and to perform certain maintenance and monitoring functions at the landfill site for 30 years after closure. To comply with these laws and regulations, the City is funding the costs of closure and "final capping" of the Tequesquite landfill located in the City. This area, comprised of approximately 120 acres, operated as a "Class II Sanitary Landfill" until its closure in 1985. During its operation, the landfill did not accept hazardous waste and no clean up and abatement or cease and desist orders have been issued to the City. The capacity used at June 30, 2016 was 100%. The remaining post closure period is currently 14 years.

The estimated costs as determined by an independent consultant and updated by the City's Engineering Department are associated with flood control upgrades, remediation of possible ground water contamination and control of methane gas. All potential costs have been recognized in the financial statements. However, there is the potential for these estimates to change due to inflation, deflation, technology, or change in laws or regulations. The City is recovering such costs in rates charged to its customers. The portion of costs to be recovered through future rates is classified as a regulatory asset and will be amortized over future periods.

7. Risk Management

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. Property insurance coverage has a limit of $1,000,000, with a deductible of $100. Earthquake and flood insurance coverage has a limit of $25,000, with a deductible of 5% for earthquake and $100 for flood. Workers' compensation insurance coverage has a limit of $25,000, with a self-insured retention of $3,000 per occurrence. The City carries commercial liability insurance in the amount of $20,000 for general and auto liability claims greater than $3,000. There were no claims settled in the last three fiscal years that exceed insurance coverage. Internal service funds have been established to account for and finance the uninsured risks of loss.

All funds of the City participate in the Risk Management program and make payments to the Internal Service Funds based on actuarial estimates of the amounts needed to fund prior and current year claims and incidents that have been incurred but not reported. Interfund premiums are accounted for as quasi - external transactions and are therefore recorded as revenues of the Internal Service funds in the fund financial statements.

Changes in the self-insurance fund's claims liability amounts are:

Unpaid claims, June 30, 2014	$ 35,167
Incurred claims (including IBNR's)	11,885
Claim payments and adjustments	(8,257)
Unpaid claims, June 30, 2015	38,795
Incurred claims (including IBNR's)	14,581
Claim payments and adjustments	(10,107)
Unpaid claims, June 30, 2016	$ 43,269

8. Judgment

In April 2013, the City settled a lawsuit challenging its century-old practice of transferring Water Fund monies to the General Fund. Under the settlement agreement, the General Fund agreed to pay $10 million over a three year period beginning in fiscal year 2013/14. In fiscal year 2015/16, the General Fund paid the final installment of $3,334.

9. Other Long-Term Obligations

Changes in Long-Term Obligations: Below is a summary of changes in long-term obligations during the fiscal year for the former Redevelopment Agency, which is accounted for in the Successor Agency Trust (a fiduciary fund):
Successor Agency Trust:

	Beginning Balance	Additions *	Reductions	Ending Balance	Due Within One Year
Redevelopment Agency Bonds	$ 235,559	$ -	$ (9,269)	$ 226,290	$ 8,275
Notes Payable	4,902	931	(740)	5,093	393
	$ 240,461	$ 931	$ (10,009)	$ 231,383	$ 8,668

* Smith's Foods OPA was reclassified from Accounts Payable to Notes Payable in fiscal year 2015/16 ($931).

Redevelopment Agency Bonds:	Principal Outstanding
$13,285 1991 Public Financing Authority Revenue Bonds, Series A, Multiple Project Areas; $1,470 serial revenue bonds 7.15% to 7.6%, due in annual installments from $100 to $145 through Feb. 1, 2003; and $4,175 term bonds, 8.0%, due in annual installments from $155 to $450 through Feb. 1, 2018 (portion not refunded).	$ 45
$26,255 State of California Department of General Services Project, 2003 Lease Revenue Refunding Bonds, Series A; 2% to 5% due in annual installments from $545 to $2,230 through Oct. 1, 2024.	15,475
$4,810 State of California Dept. of General Services Project, 2003 Lease Revenue Refunding Bonds, Series B; $310 serial bonds 1.20% to 1.42% through Oct.1, 2004; $620 term bonds at 3.090% due Oct. 1, 2008; $1,110 term bonds at 4.340% due Oct. 1, 2014 and $2,770 term bonds at 5.480% due Oct. 1, 2024.	2,555
$8,340 Downtown/Airport Merged Project Area and Casa Blanca Project Area 2007 Tax Allocation Bonds, Tax Exempt, Series A, serial bonds 4.0% to 4.25% due in annual installments from $20 to $590 through Aug. 1,	

2025; $4,980 term bonds at 4.5% due Aug. 1, 2029; $410 term bonds at 4.375% due Aug. 1, 2037.	8,170
$14,850 Downtown/Airport Merged Project Area and Casa Blanca Project Area 2007 Tax Allocation Bonds, Taxable, Series B, $4,050 term bonds at 5.2% due Aug. 1, 2017; $10,800 term bonds at 5.8% due Aug. 1, 2028.	11,620
$89,205 University Corridor/Sycamore Canyon Merged Project Area, Arlington Project Area, Hunter Park/Northside Project Area, Magnolia Center Project Area, and La Sierra/Arlanza Project Area 2007 Tax Allocation Bonds, Tax-Exempt, Series C, serial bonds 4.0% to 5.0% due in annual installments from $50 to $3,210 through Aug. 1, 2025; $17,955 term bonds at 4.5% due Aug. 1, 2030; $47,775 term bonds at 5.0% due Aug. 1, 2037.	85,960
$43,875 University Corridor/Sycamore Canyon Merged Project Area, Arlington Project Area, Hunter Park/Northside Project Area, Magnolia Center Project Area, and La Sierra/Arlanza Project Area 2007 Tax Allocation Bonds, Taxable, Series D, $15,740 term bonds at 5.24% due Aug. 1, 2017; $28,135 term bonds at 5.89% due Aug. 1, 2032.	31,430
On October 16 2014, the Successor Agency to the Redevelopment Agency of the City of Riverside issued 2014 Subordinate Tax Allocation Refunding Bonds (Series A and B) in the amount of $62,980. The bonds were issued to refund certain obligations of the former Redevelopment Agency of the City of Riverside. The refunding transaction resulted in an economic gain of $10,312 and a net debt service savings of $17,345. Interest is due semi-annually on March 1 and September 1, commencing March 1, 2015. Principal is due in annual installments from $160 to $4,745 through September 1, 2034. The rate of interest varies from 0.6% to 5% per annum.	58,845
Subtotal	214,100
Add: Unamortized bond premium	12,190
Total Redevelopment Agency Bonds	$226,290

Remaining debt service will be paid by the Successor Agency Trust from future property tax revenues. Annual debt service requirements to maturity are as follows:

Fiscal Year	Principal	Interest	Total
2017	$ 8,275	$ 10,892	$ 19,167
2018	8,920	10,589	19,509
2019	9,320	10,222	19,542
2020	9,830	9,778	19,608
2021	10,805	9,288	20,093
2022-2026	59,140	37,860	97,000
2027-2031	49,980	23,308	73,288
2032-2036	42,735	11,453	54,188
2037-2038	15,095	1,691	16,786
Premium	12,190	-	12,190
Total	$ 226,290	$ 125,081	$ 351,371

Notes Payable – Successor Agency:	Principal Outstanding
These notes payable have been issued to promote development and expansion within the City's redevelopment areas.	
Pepsi Cola Bottling Company of Los Angeles, 10.5%, payable in net annual installments of $341, subject to recording of completion.	2,987
HUD Section 108 loan for Mission Village Project, 6.15% to 6.72%, payable in semi-annual installments beginning Aug. 1, 1999 of $110 to $420 through Aug. 1, 2018	1,175
Smith's Food & Drug Centers Inc., 6% payable in variable installments, subject to payment of annual Community Facilities District assessment.	931
Total Notes Payable – Successor Agency	$ 5,093

Remaining debt service will be paid by the Successor Agency Trust from future property tax revenues. Annual debt service requirements to maturity are as follows:

Fiscal Year	Principal	Interest	Total
2017	$ 393	$ 360	$ 753
2018	421	340	761
2019	454	326	780
2020	38	310	348
2021	42	300	342
2022-2026	1,217	1,423	2,640
2027-2031	471	1,238	1,709
2032-2036	777	933	1,710
2037-2038	1,280	430	1,710
Total	$ 5,093	$ 5,660	$ 10,753

As a result of action by the State of California to dissolve all redevelopment agencies in the state, the Successor Agency no longer receives the full amount of tax increment previously pledged by the dissolved redevelopment agency to its bondholders. In its place is a new revenue stream provided to the Successor Agency that represents only that portion of tax increment that is necessary to pay the enforceable obligations approved by the California Department of Finance.

For the current year, debt service payments as a percentage of the pledged gross revenue (or net of certain expenses where so required by the debt agreement) are indicated in the table below. The debt service coverage ratios for the Successor Agency also approximate the relationship of debt service to pledged revenue for the remainder of the term of the commitment.

Description of Pledged Revenue	Annual Amount of Pledged Revenue (net of expenses, where required) *	Annual Debt Service Payments (all of debt secured by this revenue)	Debt Service Coverage Ratio for FY 06/30/16
Property Taxes:			
Non-Housing	$ 46,045	$ 14,327	3.21
Housing	9,196	2,586	3.56

* The computations above are based on the total tax increment generated for the year ended June 30, 2016 for each project area that had been pledged as collateral for the Bonds. As discussed above, only a portion of tax increment has been actually remitted to the Successor Agency and reported as revenue in the accompanying financial statements.

Assessment Districts and Community Facilities Districts Bonds
(Not obligations of the City):

As of June 30, 2016, the City has several series of Assessment District and Community Facility District Bonds outstanding in the amount of $45,805. Bonds were issued for improvements in certain districts and are long-term obligations of the property owners. The City Treasurer acts as an agent for the property owners in collecting the assessments, forwarding the collections to bondholders and initiating foreclosure proceedings, if applicable. Since the debt does not constitute an obligation of the City, it is not reflected as a long-term obligation of the City and is not reflected in the accompanying basic financial statements.

10. Derivative Instruments

Interest Rate Swaps

The City has six cash flow hedging derivative instruments, which are pay-fixed swaps. These swaps were employed as a hedge against debt that was refunded in 2008 and 2011 and against debt issued in 2012. The balance of the deferral account for each swap is included as part of the deferred charge on refunding associated with the new bonds. The swaps were also employed as a hedge against the new debt. Hedge accounting was applied to that portion of the hedging relationship, which was determined to be effective. Hedge accounting was also applied to the swap associated with the debt issued in 2012, which was also determined to be effective.

The following is a summary of the derivative activity for the year ended June 30, 2016:

	Notional Amount	Fair Value as of 06/30/16	Change in Fair Value for Fiscal Year
Governmental activities			
2008 Renaissance Certificates of Participation	$ 109,300	$ (28,518)	$ (7,504)
2012 Convention Center Financing	38,327	(2,946)	(2,263)
Business-type activities			
2008 Electric Refunding/Revenue Bonds Series A	68,525	(11,984)	(2,887)
2008 Electric Refunding/Revenue Bonds Series C	41,975	(11,122)	(3,508)
2011 Electric Refunding/Revenue Bonds Series A	41,925	(11,095)	(3,508)
2011 Water Refunding/Revenue Bonds Series A	54,725	(12,398)	(3,537)

Objective: In order to lower borrowing costs as compared to fixed-rate bonds, the City entered into interest rate swap agreements in connection with its $141,840 2008 Electric Revenue Bonds (Series A and C), $56,450 2011 Electric Revenue Bonds, $59,000 2011 Water Revenue Bonds and $128,300

2008 Certificates of Participation ("COP"). Also, in 2012, the City entered into an additional interest rate swap agreement in connection with the Convention Center financing with BBVA Compass Bank.

Terms: Per the existing swap agreements, the City pays a counterparty a fixed payment and receives a variable payment computed as 62.68% of the London Interbank Offering Rate ("LIBOR") one month index plus 12 basis points for the Electric and Water swaps. For the COP swap, the City pays a fixed payment and receives a variable payment computed as 63.00% of the LIBOR one month index plus 7 basis points. The Convention Center financing consists of an initial 21-month variable rate interest only period during construction, which swaps to a fixed rate for the remaining 20-year amortization whereby the City will pay a fixed payment and will receive a variable payment computed at 65.01% of the LIBOR one month index plus 150 basis points. The lease interest rate on the Convention Center has a cap at the lesser of 12% or the highest rate permitted by applicable law whereas the related swap does not have a cap. The swaps have notional amounts equal to the principal amounts stated above. The notional value of the swaps and the principal amounts of the associated debt decline by $975 to $7,200 until the debt is completely retired in fiscal year 2037.

The bonds and the related swap agreements for the 2008A Electric Revenue Bonds mature on October 1, 2029, 2008C Electric and 2011A Electric and 2011A Water Revenue/Refunding Bonds mature on October 1, 2035. The 2008 Certificates of Participation mature on March 1, 2037. The loan with BBVA Compass Bank will be paid in full on April 1, 2034.

As of June 30, 2016, rates were as follows:

	2008 Electric Refunding/ Revenue Bonds Series A	2008 Electric Refunding/ Revenue Bonds Series C	2011 Electric Refunding/ Revenue Bonds Series A
	Rates	Rates	Rates
Interest rate swap:	3.11100%	3.20400%	3.20100%
Fixed payment to counterparty	-0.38754%	-0.38845%	-0.25894%
Net interest rate swap payments	2.72346%	2.81555%	2.94206%
Variable rate bond coupon payments	0.28295%	0.28149%	0.10774%
Synthetic interest rate on bonds	3.00641%	3.09704%	3.04980%

	2011 Water Refunding/ Revenue Bonds Series A	2008 Renaissance COPs	2012 Convention Center Financing
	Rates	Rates	Rates
Interest rate swap:	3.20000%	3.36200%	3.24000%
Fixed payment to counterparty	-0.25894%	-0.35455%	-1.64516%
Net interest rate swap payments	2.94106%	3.00745%	1.59484%
Variable rate bond coupon payments	0.15580%	0.30823%	1.64516%
Synthetic interest rate on bonds	3.09686%	3.31568%	3.24000%

Fair Value: As of June 30, 2016, in connection with all swap arrangements, the transactions had a combined net negative fair value of ($78,063). Because the coupons on the City's variable-rate bonds adjust to changing interest rates, the bonds do not have a corresponding fair value decrease. The fair value was developed by a pricing service using the zero-coupon method. This method calculates the future net settlement payments required by the swap, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement of the swap.

Credit risk: The City is not exposed to credit risk on the swaps because those swaps have a negative fair value. The swap counterparties, Bank of America, N.A., Bank of America Corp. and J.P. Morgan Chase & Co. were rated A, BBB+ and A- respectively by Standard & Poor's. To mitigate the potential for credit risk for these swaps, the swap agreements require the fair value of the swap to be collateralized by the counterparty with U.S. Government securities if the counterparties' rating decreases to negotiated trigger points. Collateral would be posted with a third-party custodian. At June 30, 2016, there is no requirement for collateral posting for any of the outstanding swaps.

Basis risk: The city is exposed to basis risk on its pay-fixed interest rate swap and rate cap hedging derivative instruments because the variable-rate payments received by the city on these hedging derivative instruments are based on a rate or index other than interest rates the city pays on its hedged variable-rate debt. If a change occurs that results in the rates' moving to convergence, the expected cost savings may not be realized.

Termination risk: The derivative contract uses the International Swap Dealers Association Master Agreement, which includes standard termination events,

such as failure to pay and bankruptcy. The Schedule to the Master Agreement includes an "additional termination event." That is, a swap may be terminated by the City if either counterparty's credit quality falls below "BBB-" as issued by Standard and Poor's. The City or the counterparty may terminate a swap if the other party fails to perform under the terms of the contract. If a swap is terminated, the variable-rate bond would no longer carry a synthetic interest rate. Also, if at the time of termination a swap has a negative fair value, the City would be liable to the counterparty for a payment equal to the swap's fair value.

Swap payments and associated debt: As of June 30, 2016, the debt service requirements of the variable-rate debt and net swap payments assuming current interest rates remain the same, for their term are summarized in the following table. As rates vary, variable-rate bond interest payments and net swap payments will vary.

	Variable-Rate Bonds			
Fiscal Year	Principal	Interest	Interest Rate Swaps, Net	Total
2017	$ 5,964	$ 1,460	$ 10,389	$ 17,813
2018	7,217	1,419	10,210	18,846
2019	13,516	1,368	9,881	24,765
2020	16,610	1,298	9,428	27,336
2021	17,262	1,231	8,946	27,439
2022-2026	87,184	5,073	37,271	129,528
2027-2031	98,077	3,112	24,501	125,690
2032-2036	106,373	970	9,160	116,503
2037-2040	7,200	17	165	7,382
Total	$ 359,403	$ 15,948	$ 119,951	$ 495,302

11. Economic Contingency

A portion of unassigned fund balance within the General Fund is set aside for future economic contingencies. The amount that has been set aside is equal to approximately 15% of General Fund expenditures.

12. Interfund Assets, Liabilities and Transfers

Due From/To Other Funds: These balances resulted from expenditures being incurred prior to receipt of the related revenue source.

The following table shows amounts receivable/payable between funds within the City at June 30, 2016:

Receivable Funds	Payable Funds	Amount
General Fund	Nonmajor Governmental Funds	$ 982
	Nonmajor Enterprise Funds	582
		1,564
Electric Fund	Central Stores Fund *	418
Water Fund	Central Stores Fund *	179
Total		$ 2,161

* Internal service fund

Advances To/From Other Funds: These balances consist of advances used to fund capital projects in advance of related financing/assessments and for other long-term borrowing purposes.

The following table shows amounts advanced from funds within the City to other funds within the City at June 30, 2016:

Receivable Funds	Payable Funds	Amoun
General Fund	Electric Fund	$ 10,084
	Water Fund	4,338
	Sewer Fund	2,775
	Nonmajor Governmental Funds	462
	Nonmajor Enterprise Funds	1,865
	Self-Insurance Trust Fund *	182
	Central Stores Fund *	191
	Central Garage Fund *	860
		20,757
Sewer Fund	Nonmajor Governmental Funds	5,984
Self-Insurance Trust Fund *	Nonmajor Enterprise Funds	218
	Central Garage Fund *	1,014
		1,232
Central Garage Fund *	Nonmajor Governmental Funds	3,460
		$ 31,433

In addition, the following advances to the former Redevelopment Agency are accounted for in the Private-Purpose Trust Fund of the Successor Agency:

Receivable Funds	Amount
General	$ 582
Nonmajor Governmental Funds	32,470
Electric	5,113
Self-Insurance Trust *	4,240
Total	$ 42,405

Transfers In/Out: Transfers are primarily used to (1) move revenues to the fund that statute or budget requires to expend them, and (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due.

The following table shows amounts transferred to/from funds within the City for the year ended June 30, 2016:

Transfers In Funds	Transfers Out Funds	Amount
General Fund	Electric Fund	$ 38,360
	Water Fund	6,430
		44,790
Capital Outlay Fund	Nonmajor Governmental Funds	58
Nonmajor Governmental Funds	General Fund	12,693
	Capital Outlay Fund	3,105
	Nonmajor Enterprise Funds	738
		16,536
Water Fund	General Fund	3,333
Sewer Fund	General Fund	3
	Capital Outlay Fund	51
	Nonmajor Governmental Funds	207
		261
Nonmajor Enterprise Funds	General Fund	718
	Total	$ 65,696

13. Deficit Net Position

Deficit net position exits in the Transportation Fund ($468). Staff is working with its transportation funding partner, the Riverside County Transportation Commission (RCTC), to resolve this funding shortfall. It is anticipated that the deficit will be reduced through the identification of additional funding sources over the next few years.

Deficit net position exists in the Self-Insurance Internal Service Fund ($31,763). In order to begin funding a portion of the deficit in the internal service fund, self-insurance rates were increased in the prior year with additional increases to occur over the next five years. However, the increases continue to be offset by unusually large losses incurred during the year combined with an adjustment for the increase in the amount estimated for claims and judgments. Management believes that there are sufficient funds on hand to cover current payment obligations and plans to continue to control costs and increase rates over the next few years as needed to match expected long-term payment requirements. Additionally, management is working on a reserve policy that will address current and future funding needs.

Deficit net position exists in the Successor Agency Private-Purpose Trust Fund ($178,009). The deficit in the Successor Agency Trust Fund will be reduced over the years as the related debt is paid-off with funds received from the Redevelopment Property Tax Trust Fund (RPTTF), which is administered by the County Auditor-Controller.

14. Litigation

The City is a defendant in various lawsuits arising in the normal course of business. Present lawsuits and other claims against the City are incidental to the ordinary course of operations and are largely covered by the City's self-insurance program. In the opinion of management and the City Attorney, such claims and litigation will not have a materially adverse effect upon the financial position or results of operation of the City.

The Water Utility is a plaintiff in a lawsuit against several entities that either owned or leased a property site in the City of Colton and City of Rialto that is contaminated by perchlorate. The lawsuit was filed March 31, 2009, and no trial date has been set.

15. City Employees Retirement Plan

(A) Plan Description. The City of Riverside contributes to the California Public Employees Retirement System (CalPERS), an agent multiple employer public employee 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. A copy of CalPERS' annual financial report may be obtained online at www.calpersca.gov.

(B) Funding Policy. The City has contributed at the actuarially determined rate provided by CalPERS' actuaries. Participants are required to contribute 8% for miscellaneous employees and 9% for safety employees of their annual covered salary. The City has a multiple tier retirement plan with benefits varying by plan. The City pays the employees' contributions to CalPERS for both miscellaneous and safety employees hired on or before specific dates as follows:

Safety (Police):

- 1st Tier (RPOA, RPOA Supervisory & RPAA) - The retirement formula is 3% at age 50 for employees hired before February 16, 2012. The City pays the employee share (9%) of contributions on their behalf and for their account.
- 2nd Tier (RPOA only) - The retirement formula is 3% at age 50 and new employees hired on or after February 17, 2012 pay their share (9%) of contributions.
- 3rd Tier (RPOA, RPOA Supervisory & RPAA) – The retirement formula is 2.7% at age 57 for new members hired on or after January 1, 2013 and the employee must pay the employee share (9%). Classic members (CalPERS members prior to 12/31/12) hired on or after January 1, 2013 may be placed in a different tier.

Safety (Fire):

- 1st Tier - The retirement formula is 3% at age 50 for employees hired before June 11, 2011. The City pays the employee share (9%) of contributions on their behalf and for their account.
- 2nd Tier - The retirement formula is 3% at age 55 and new employees hired on or after June 11, 2011 pay their share (9%) of contributions.
- 3rd Tier – The retirement formula is 2.7% at age 57 for new members hired on or after January 1, 2013 and the employee must pay the employee share (9%). Classic members (CalPERS members prior to 12/31/12) hired on or after January 1, 2013 may be placed in a different tier.

Miscellaneous:

- 1st Tier - The retirement formula is 2.7% at age 55. The City pays the employee share (8%) of contributions on their behalf and for their account except for general SEIU employees, which contributed 6% in fiscal year 2015/16, with the City paying the remaining 2% of the employee share.
- 2nd Tier - The retirement formula is 2.7% at age 55, and:
  - SEIU and SEIU Refuse employees hired on or after June 7, 2011 pay their share (8%) of contributions.
  - All other miscellaneous employees hired on or after October 19, 2011 pay their share (8%) of contributions.
- 3rd Tier – The retirement formula is 2% at age 62 for new members hired on or after January 1, 2013 and the employee must pay the employee share ranging from 7-8% based on bargaining group classification. Classic members (CalPERS members prior to 12/31/12) hired on or after January 1, 2013 may be placed in a different tier.

The contribution requirements of plan members and the City are established and may be amended by CalPERS.

(C) Benefits Provided – CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after five years of service. The death benefit is one of the following: the Basic Death Benefit, the 1959 Survivor Benefit Level III, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

(D) Employees Covered - At June 30, 2016, the following employees were covered by the benefit terms of each Plan: Inactive employees or beneficiaries currently receiving benefits are 1,889 and 700 for the Miscellaneous and Safety Plans, respectively. Inactive employees entitled to but not yet receiving benefits are 1,283 and 160 for Miscellaneous and Safety Plans, respectively. Active employees were 1,550 and 579 for Miscellaneous and Safety Plans, respectively.

(E) Contributions – Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding

contributions for both Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

(F) Net Pension Liability - The City's net pension liability for each Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of each of the Plans is measured as of June 30, 2015, using an annual actuarial valuation as of June 30, 2014 rolled forward to June 30, 2015 using standard update procedures.

A summary of principal assumptions and methods used to determine the net pension liability is shown below.

Actuarial Assumptions – The total pension liabilities in the June 30, 2014 actuarial valuations were determined using the following actuarial assumptions:

	Miscellaneous	Safety
Valuation Date	June 30, 2014	June 30, 2014
Measurement Date	June 30, 2015	June 30, 2015
Actuarial Cost Method	Entry-Age Normal Cost Method	
Actuarial Assumptions		
Discount Rate	7.65%	7.65%
Inflation	2.75%	2.75%
Payroll Growth	3.0%	3.0%
Projected Salary Increase	3.3% - 14.2% (1)	3.3% - 14.2% (1)
Investment Rate of Return	7.50% (2)	7.50% (2)
Mortality	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.	

(1) Depending on age, service and type of employment
(2) Net of pension plan investment expenses, including inflation

Discount Rate – The discount rate used to measure each plan's total pension liability as of June 30, 2016 was 7.65%. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the discount rates used to measure total pension liability are adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rates are applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained from the CalPERS website.

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

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

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

Asset Class	Current Target Allocation	Real Return Years 1 - 10 (1)	Real Return Years 11+ (2)
Global Equity	51.00%	5.25%	5.71%
Global Fixed Income	19.00%	0.99%	2.43%
Inflation Sensitive	6.00%	0.45%	3.36%
Private Equity	10.00%	6.83%	6.95%
Real Estate	10.00%	4.50%	5.13%
Infrastructure and Forestland	2.00%	4.50%	5.09%
Liquidity	2.00%	-0.55%	-1.05%

(1) An expected inflation of 2.5% used for this period
(2) An expected inflation of 3.0% used for this period

(G) Changes in the Net Pension Liability

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

Miscellaneous

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2015	$ 1,204,099	$ 973,650	$ 230,449
Changes in the year:			
Service Cost	22,228	-	22,228
Interest on Total Pension Liability	87,436	-	87,436
Changes of Assumptions	(21,782)	-	(21,782)
Differences between Expected and Actual Experience	(23,549)	-	(23,549)
Contribution - employer	-	25,997	(25,997)
Contribution - employee	-	4,379	(4,379)
Net Investment Income	-	21,671	(21,671)
Benefit Payments, including Refunds of Employee Contributions	(53,853)	(53,853)	-
Asdministrative Expenses	-	(1,057)	1,057
Net Changes	10,480	(2,863)	13,343
Balance at June 30, 2016	$ 1,214,579	$ 970,787	$ 243,792

Safety

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2015	$ 882,153	$ 711,642	$ 170,511
Changes in the year:			
Service Cost	18,187	-	18,187
Interest on Total Pension Liability	64,815	-	64,815
Changes of Assumptions	(16,117)	-	(16,117)
Differences between Expected and Actual Experience	(6,835)	-	(6,835)
Contribution - employer	-	23,384	(23,384)
Contribution - employee	-	924	(924)
Net Investment Income	-	15,632	(15,632)
Benefit Payments, including Refunds of Employee Contributions	(42,076)	(42,076)	-
Administrative Expenses	-	(816)	816
Net Changes	17,974	(2,952)	20,926
Balance at June 30, 2016	$ 900,127	$ 708,690	$ 191,437

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the net pension liability of the City for each Plan, calculated using the discount rate for each Plan, as well as what the City's 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:

Miscellaneous

	Discount Rate -1% (6.65%)	Current Discount Rate (7.65%)	Discount Rate +1% (8.65%)
Plan's Net Pension Liability/(Asset)	$ 409,730	$ 243,791	$ 107,363

Safety

	Discount Rate -1% (6.65%)	Current Discount Rate (7.65%)	Discount Rate +1% (8.65%)
Plan's Net Pension Liability/(Asset)	$ 314,293	$ 191,437	$ 90,643

Pension Plan Fiduciary Net Position – Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

H. Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions.

For the year ended June 30, 2016, the City recognized pension expense of $28,545. At June 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Miscellaneous	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date, net	$ 29,828	$ -
Differences between actual and acturarial determined contribution	9,357	-
Changes of assumptions	-	(14,756)
Differences between expected and actual experience	-	(15,952)
Net differences between projected and actual earnings on plan investments	41,287	(49,946)
Total	$ 80,472	$ (80,654)

Safety	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date, net	$ 26,849	$ -
Differences between actual and actuarial determined contributions	8,810	-
Changes of assumptions	-	(12,535)
Differences between expected and actual experience	-	(5,316)
Net differences between projected and actual earnings on plan investments	30,417	(36,710)
Total	$ 66,076	$ (54,561)

$56,677 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017.

The remaining amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Deferred Outflows of Resources

Fiscal Year	Miscellaneous	Safety
2017	$ 14,411	$ 10,794
2018	14,411	10,307
2019	11,500	9,802
2020	10,322	8,324
Total	$ 50,644	$ 39,227

Deferred Inflows of Resources

Fiscal Year	Miscellaneous	Safety
2017	$ (31,271)	$ (17,338)
2018	(31,271)	(17,338)
2019	(18,112)	(17,338)
2020	-	(2,547)
Total	$ (80,654)	$ (54,561)

16. Other Post-Employment Benefits

The City provides healthcare benefits to retirees in the form of an implied rate subsidy. Retirees and active employees are insured together as a group, thus creating a lower rate for retirees than if they were insured separately. Although the retirees are solely responsible for the cost of their health insurance benefits through this plan, the retirees receive the benefit of a lower rate. The difference between these amounts is the implied rate subsidy, which is considered an other post-employment benefit (OPEB) under GASB 45.

Retiree coverage terminates either when the retiree becomes covered under another employer health plan, or when the retiree reaches Medicare eligibility age, which is currently age 65. Spousal coverage is available until the retiree becomes covered under another employer health plan, attains Medicare eligibility age, or dies. However, the retiree benefit continues to the surviving spouse if the retiree elects the CalPERS survivor annuity.

The contribution requirements are established by the City Council. The City is not required by law or contractual agreement to provide funding other than the pay-as-you-go amount necessary to provide current benefits to eligible retirees and beneficiaries.

The City's annual OPEB cost (expense) is reported based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with GASB 45. The ARC represents a level of funding that, if

paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liability (or funding excess) (UAAL) over a period not to exceed thirty years. The ARC for the year ended June 30, 2016 was $4,076, which consisted of normal cost of $1,975 and UAAL amortization of $2,101. The ARC as a percentage of payroll was 2.5% for the year ended June 30, 2016.

As of June 30, 2015, the most recent actuarial valuation date, the OPEB plan was 0.0% funded. The actuarial accrued liability for benefits was $40 million, and the actuarial value of assets was $0, resulting in an unfunded actuarial accrued liability (UAAL) of $40 million.
Determination of the net OPEB obligation as of June 30, 2016:

Annual required contribution	$ 4,076
Interest on net OPEB obligation	1,177
Amortization of net OPEB obligation	(1,537)
Annual OPEB cost	3,716
Less contributions made	(977)
Increase in net OPEB obligation	2,739
Net OPEB liability, beginning of year	29,433
Net OPEB liability, end of year	$ 32,172

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The method used by the actuary was the entry age normal cost method. The actuarial assumptions included (a) discount rate of 4.00%, (b) 2.75% inflation, (c) projected salary increases of 3.00% annually and (d) healthcare cost trend rates ranging from 5.0% to 7.0%.

Projections of benefits are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the city and the plan members to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

Three-year trend information:

Fiscal Year	ARC	Actual Contributions	% of ARC Contributed
2014	$4,913	$1,232	25%
2015	5,061	1,431	28%
2016	4,076	977	24%

Fiscal Year	Annual OPEB Cost	% of OPEB Cost Contributed	Net OPEB Obligation
2014	$4,756	26%	$25,842
2015	5,022	28%	29,433
2016	3,716	26%	32,172

The table below displays the funding progress of the plan and is based upon the most recent actuarial valuation data:

Actuarial Valuation Date	Actuarial Accrued Liability	Actuarial Value of Assets	Unfunded Actuarial Liability (UL)	Funded Ratio	Annual Covered Payroll	UL as a % of Covered Payroll
06/30/15	$ 40,235	$ -	$ 40,235	0%	$ 165,775	24%

17. Commitments and Contingencies

A. Long-Term Electric Utility Commitments

Intermountain Power Agency

The Electric Utility Fund has entered into a power purchase contract with Intermountain Power Agency (IPA) for the delivery of electric power. The Electric Utility's Fund share of IPA power is equal to 7.6 percent, or approximately 137.1 MW, of the net generation output of IPA's 1,800 MW coal-fueled generating station located in central Utah. The contract expires in 2027 and the debt fully matures in 2024.

The contract constitutes an obligation of the Electric Utility to make payments solely from operating revenues. The power purchase contract requires the Electric Utility to pay certain minimum charges that are based on debt service requirements. Such payments are considered a cost of production.

Southern California Public Power Authority

On November 1, 1980, the City of Riverside joined with the Imperial Irrigation District and the cities of Los Angeles, Anaheim, Vernon, Azusa, Banning, Colton, Burbank, Glendale and Pasadena to create the Southern California Public Power Authority (SCPPA) by a Joint Powers Agreement under the laws of the State of California. As of July 2001, the City of Cerritos was admitted as a member. The primary purpose of SCPPA is to plan, finance, develop, acquire, construct, operate and maintain projects for the generation and transmission of electric energy for sale to its participants. SCPPA is governed by a Board of Directors, which consists of one representative for each of the members. During fiscal years ended June 30, 2016 and 2015, the Electric Utility paid approximately $22,928 and $22,058, respectively, to SCPPA under various take-or-pay and renewable contracts. These payments are reflected as a component of maintenance and operation expense in the financial statements.

The projects and the Electric Utility Fund's proportionate share of SCPPA's obligations, including final maturities and contract expirations are as follows:

Project	Percent Share	Entitlement
Palo Verde Nuclear Generating Station (PV)	5.4%	12.3MW
Southern Transmission System (STS)	10.2%	244.0MW
Hoover Dam Uprating (Hoover)	31.9%	30.0MW
Mead – Phoenix Transmission (MPP)	4.0%	18.0MW
Mead – Adelanto Transmission (MAT)	13.5%	118.0MW

Terms of Take or Pay Commitments

As part of the take-or-pay commitments with IPA and SCPPA, the Electric Utility has agreed to pay its share of current and long-term obligations. Management intends to pay these obligations from operating revenues received during the year that payment is due. A long–term obligation has not been recorded on the accompanying financial statements for these commitments. Take-or-pay commitments terminate upon the later of contract expiration or final maturity of outstanding bonds for each project.

Outstanding debts associated with the take-or-pay obligations have variable interest rates for the Palo Verde Nuclear Generating Station Project and the remaining projects have fixed interest rates which range from 0.47 percent to 6.13 percent. The schedule below details the amount of principal and interest that is due and payable by the Electric Utility as part of the take-or-pay contract for each project in the fiscal year indicated.

		SCPPA					
Fiscal Year	IPA	PV	STS	Hoover	MPP	MAT	Total
2017	$ 11,651	$ 675	$ 8,212	$ 701	$ 262	$ 2,951	$ 24,452
2018	17,007	679	8,049	699	258	2,909	29,601
2019	18,603	-	7,956	-	257	2,881	29,697
2020	18,095	-	6,976	-	254	2,859	28,184
2021	16,470	-	8,302	-	189	2,136	27,097
Thereafter	20,846	-	37,987	-	-	-	58,833
Total	$ 102,672	$ 1,354	$ 77,482	$ 1,400	$ 1,220	$ 13,736	$ 197,864

Final maturities of outstanding debt associated with take-or-pay obligations and related contract expirations are as follows:

Project	Final Maturity	Contract Expiration
Palo Verde Nuclear Generating Station	2017	2030
Southern Transmission System	2027	2027
Hoover Dam Uprating	2017	2017
Mead – Phoenix Transmission	2020	2030
Mead – Adelanto Transmission	2020	2030

In addition to debt service, Riverside's entitlements require the payment of fuel costs, operating and maintenance, administrative and general and other miscellaneous costs associated with the generation and transmission facilities discussed above. These costs do not have a similar structured payment schedule as debt service and vary each year.

The costs incurred for the year ended June 30, 2016 and 2015, are as follows (in thousands):

Fiscal Year	IPA	PV	STS	Hoover	MPP	MAT	Total
2016	$ 22,667	$ 3,601	$ 3,001	$ 81	$ 34	$ 377	$ 29,761
2015	23,426	2,628	2,731	113	145	285	29,328

These costs are reflected as a component of maintenance and operation expense on the statement of revenues, expenses and changes in net position.

B. Other Commitments

Power Purchase Agreements:

The Electric Utility Fund has a firm power purchase agreement with Bonneville Power Administration (BPA) for the purchase of capacity (50 megawatts during the summer months and 13 megawatts during the winter months) beginning April 30, 1996, for 20 years. Effective May 1, 1998, these summer and winter capacity amounts increased to 60 megawatts and 15 megawatts, respectively, for the remainder of the second agreement. On January 29, 2013, Riverside revised the delivery and return portion of the agreement to allow for a flat 40 MW of delivery during May and June through calendar year 2013, 2014 and 2015. The Agreement with BPA terminated on May 1, 2016.

On April 12, 2011, the California Renewable Energy Resources Act (SB 2 (1X)) was passed by the State Legislative and signed by the Governor. SB 2 (1X) revised the amount of statewide retail electricity sales from renewable resources in the State Renewable Energy Resources Program to 33% by December 31, 2020 in three stages: average of 20% of retail sales during 2011-2013; 25% of retail sales by December 31, 2016; and 33% of retail sales by December 31, 2020. The Riverside Public Utilities Board and City Council approved the enforcement program required by SB 2 (1X) on November 18, 2011 and December 13, 2011, respectively, and further approved the City's RPS Procurement plan implementing the new RPS mandates on May 3, 2013 and May 14, 2013, respectively. It is expected that the City will be able to meet the new mandates with new resource procurement actions as outlined in the City's RPS Procurement Plan. For Calendar year 2015, renewable resources provided 22% of retail sales requirements.

In an effort to increase the share of renewables in the Electric Utility's power portfolio, the Electric Utility entered into power purchase agreements with various entities described below on a "take-and-pay" basis. The contracts in the following table were executed as part of compliance with this standard.

Long-term renewable power purchase agreements:

Supplier	Type	Maximum Contract *		Contract Expiration	Estimated Annual Cost for 2017
Salton Sea Power LLC	Geothermal	46.0	MW	05/31/20	$ 28,309
Wintec	Wind	1.3	MW	12/30/18	239
WKN Wagner	Wind	6.0	MW	12/22/32	1,274
AP North Lake	Photovoltaic	20.0	MW	08/11/40	4,487
Dominion Columbia II	Photovoltaic	11.1	MW	12/31/34	2,314
Cabazon Wind	Wind	39.0	MW	01/01/25	4,299
First Solar - Kingbird B	Photovoltaic	14.0	MW	12/31/36	2,867
FTP Solar - Summer Solar	Photovoltaic	10.0	MW	12/31/41	1,748
FTP Solar - Antelope	Photovoltaic	10.0	MW	12/31/41	1,599
Solar Star - Tequesquite	Photovoltaic	7.3	MW	12/31/40	11,301
CalEnergy - Salton Sea Phase I	Geothermal	20.0	MW	12/31/39	11,830
		184.7			$ 70,267

Supplier	Type	Maximum Contract *	Expected Delivery	Energy Delivery No Later Than	Contract Term In Years
Cal Energy - Salton Sea Phase 2	Geothermal	20	01/01/19	01/01/19	21
Cal Energy - Salton Sea Phase 3	Geothermal	46	06/01/20	06/01/20	20
FTO Solar Power - Antelope DSR1	Geothermal	25	12/31/16	06/30/17	20
		91			

* Contracts are contingent on energy production from specific related generating facilities. Riverside has no commitment to pay any amounts except for energy produced on a monthly basis from these facilities.

Construction Commitments:

As of June 30, 2016, the Sewer and Electric Utilities Funds had approximately $29 million and $8 million, respectively, in major construction commitments related to unfinished capital projects. These construction commitments are expected to be funded primarily with current and future bond proceeds.

C. Jointly-Owned Utility Project - SONGS

The City has a 1.79% undivided ownership interest in Units 2 and 3 of SONGS, located south of the City of San Clemente in northern San Diego County;

however, on June 7, 2013, Southern California Edison (SCE) announced in a press release its plan to retire Units 2 and 3 of SONGS permanently. Consequently, the units are no longer a source of supply for the Electric Utility, but remain associated with certain of its costs, including those associated with the units' shutdown and decommissioning.

SONGS was operated and maintained by SCE, under an agreement with the City and San Diego Gas & Electric Company (SDG&E), which expires upon termination of the easement for the plant in 2024. The three-member SONGS Board of Review approved the budget for capital expenditures and operating expenses. The City and the two other owners each had one representative on that board. The participation agreement provided that each owner was entitled to its proportionate share of benefits of, and paid its proportionate share of costs and liabilities incurred by SCE for, construction, operation and maintenance of the project; each owner's obligation was several, and not joint or collective.

In 2005, the CPUC authorized a project to install four new steam generators in Units 2 and 3 at SONGS and remove and dispose of the predecessor generators. SCE completed the installation of these steam generators in 2010 and 2011 for Units 2 and 3, respectively. Replacement of the steam generators was expected to enable plant operations to continue through at least 2022, and perhaps beyond, subject to the approval of the Nuclear Regulatory Commission (NRC).

In January 2012, a water leak occurred in one of the heat transfer tubes of Unit 3's steam generators, causing it to be shut down. At that time, Unit 2 was off-line for a planned outage when unexpected wear in areas of tube-to-support structure were found. Units 2 and 3 remained off-line for extensive inspections, testing and analysis of their steam generators. On June 7, 2013, SCE unilaterally announced its plan to retire Units 2 and 3 permanently.

The current plant site easement for SONGS terminates on May 12, 2024 and would need to be extended in order for the plant to be decommissioned and the site restored.

As a result of SCE's decision to permanently retire SONGS Units 2 and 3, SCE has begun the decommissioning phase of the plant. The process of decommissioning a nuclear power plant is governed by NRC regulations. The regulations categorize the decommissioning activities into three phases: initial activities, major decommissioning and storage activities, and license termination. Initial activities include providing notice of permanent cessation of operations (accomplished on June 12, 2013) and notice of permanent removal of fuel from the reactor vessels (provided by SCE to the NRC on June 28 and July 22, 2013 for Units 3 and 2, respectively). Within two years after the announcement of retirement, SCE, as the operating licensee must submit a post-shutdown decommissioning activities report, an irradiated fuel management plan and a site-specific decommissioning cost estimate. SCE submitted these documents to the NRC in the summer of 2014. As of August 2015, the NRC concluded their regulatory review process and accepted the regulatory filings without revision. SCE has now obtained the required regulatory approvals from the NRC to begin the decommissioning process. According to the document, total decommissioning costs for Units 2 and 3 are estimated at $4.4 million of which the Utility's share is $79 million.

As of June 30, 2016, the Utility has set aside $80 million in cash investments with the trustee and $5 million in an internally restricted decommissioning reserve for the City's share of the decommissioning costs.

There are no separate financial statements for the jointly-owned utility plant since each participant's interests in the utility plant and operating expenses are included in their respective financial statements. The Electric Utility's portion of current and long-term debt associated with the decommissioning of SONGS is included in the accompanying financial statements.

Replacement Power Costs

During the outage, the City has procured replacement power to serve its customers' requirements. These costs are in addition to the operating and maintenance expenses paid annually during normal operations. Replacement power costs incurred by the City as a result of the outage (commencing on January 31, 2012 for Unit 3 and March 5, 2012 for Unit 2) were approximately $13.2 million and are reported as regulatory assets on the Statements of Net Position. During fiscal year June 30, 2016, the regulatory asset created was fully expensed as current rate revenues were adequate to absorb the previously incurred costs thus no longer requiring them to be deferred. The Electric Utility is in the process of calculating any additional costs associated with the unexpected shutdown of SONGS and will seek recovery of any such costs, as set forth herein.

Contractual Matters

The replacement steam generators for Units 2 and 3 were designed and manufactured by Mitsubishi Heavy Industries (MHI) and were warranted for an initial period of 20 years from acceptance. MHI was contractually obligated to repair or replace defective items and to pay specified damages for certain

repairs. MHI's liability under the purchase agreement is limited to $138 million and excludes consequential damages, defined to include "the cost of replacement power." The limitations are subject to certain exceptions.

There are insurance policies for both property damage and accidental outage issued by Nuclear Electric Insurance Limited (NEIL), and SCE has notified NEIL of claims under the two policies. On October 12, 2015, the owners of SONGS reached a $400,000 settlement with NEIL for the outages caused by the failures of replacement steam generators. The Electric Utility's allocation of the settlement was $7,160 and was used to offset the remaining portion of the regulatory asset expensed in fiscal year ended June 30, 2016. The owners of SONGS will continue to seek additional damages for the defective steam generators supplied by MHI and Mitsubishi Nuclear Energy Systems.

As a result of the decision by SCE to permanently retire Units 2 and 3 of SONGS prior to the expiration of the NRC licenses, the City expects to incur certain costs resulting from the early termination of long-term uranium fuel supply contracts. The Utility is in the process of calculating those damages in preparation for arbitration between SCE and MHI and will seek recovery of all such damages in that venue.

18. Subsequent Event

Measure Z

The City placed a general purpose tax measure on the November 8, 2016 ballot in hopes to raise the City of Riverside's local sales tax one penny per dollar, to 9 percent, to pay for critical unfunded City programs and services, such as public safety, prevention of homelessness, road maintenance and tree trimming, recreation and parks, and more. The one-cent increase in sales tax is estimated to generate between $48 million and $50 million annually specifically for the City of Riverside's General Fund, which pays for most services.

CITY OF
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Required Supplementary Information

Consists of the following:

- Schedule of Changes in Net Pension Liability and Related Ratios During the Measurement Period
- Schedule of Plan Contributions
- Other Post-Employment Benefits (OPEB) Funding Progress

City of Riverside
Required Supplementary Information - Unaudited

Schedule of Changes in Net Pension Liability and Related Ratios During the Measurement Period (Thousands)
Last 10 Years*

	2015-16		2014-15	
	Miscellaneous	Safety	Miscellaneous	Safety
TOTAL PENSION LIABILITY				
Service Cost	$ 22,228	$ 18,187	$ 23,320	$ 18,818
Interest	87,436	64,815	84,965	62,249
Changes of Assumptions	(21,782)	(16,117)	-	-
Difference Between Expected and Actual Experience	(23,548)	(6,835)	-	-
Benefit Payments, Including Refunds and Employee Contribution	(53,853)	(42,076)	(50,770)	(38,981)
Net Change in Total Pension Liability	**$ 10,481**	**$ 17,974**	**$ 57,515**	**$ 42,086**
Total Pension Liability - Beginning	**1,204,098**	**882,153**	**1,146,583**	**840,067**
Total Pension Liability - Ending (a)	**$ 1,214,579**	**$ 900,127**	**$ 1,204,098**	**$ 882,153**
PLAN FIDUCIARY NET POSITION				
Contributions - Employer	$ 25,996	$ 23,384	$ 27,583	$ 23,156
Contributions - Employee	4,380	924	2,294	365
Net Investment Income	21,671	15,632	145,843	107,032
Benefit Payments, Including Refunds and Employee Contribution	(53,853)	(42,076)	(50,770)	(38,981)
Administrative and Other Expenses	(1,056)	(816)	-	-
Net Change in Fiduciary Net Position	**$ (2,862)**	**$ (2,952)**	**$ 124,950**	**$ 91,572**
Plan Fiduciary Net Position - Beginning	**973,649**	**711,641**	**848,699**	**620,069**
Plan Fiduciary Net Position - Ending (b)	**970,787**	**708,689**	**973,649**	**711,641**
Plan Net Pension Liability Ending (a)-(b)	**$ 243,792**	**$ 191,438**	**$ 230,449**	**$ 170,512**
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	**79.93%**	**78.73%**	**80.86%**	**80.67%**
Total - Employee Payroll	**$ 111,558**	**$ 86,310**	**$ 108,077**	**$ 82,847**
Net Pension Liability as a Percentage of Total - Employee Payroll	**218.53%**	**221.80%**	**213.23%**	**205.82%**

* - Historical information is required only for measurement periods where GASB 68 is applicable.

Notes to Schedule:

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

Changes of Assumptions: The discount rate was reduced from 7.5% (net of administrative expenses) to 7.65%

City of Riverside
Required Supplementary Information - Unaudited

Schedule of Plan Contributions (Thousands)
Last 10 Years *

	2015-16 *		2014-15 *		2013-14 *	
	Miscellaneous	Safety	Miscellaneous	Safety	Miscellaneous	Safety
Actuarially Determined Contribution	$21,063	$ 18,452	$ 20,505	$ 17,341	$ 21,634	$ 18,379
Contributions in Relation to the Actuarially Determined Contribution	(21,063)	(18,452)	(20,505)	(17,341)	(21,634)	(18,379)
Contribution Excess	$ -	$ -	$ -	$ -	$ -	$ -
Total - Employee Payroll	$111,558	$86,310	$108,077	$82,847	$104,052	$81,445
Contributions as a Percentage of Total - Employee Payroll	18.88%	21.38%	18.97%	20.93%	20.79%	22.57%

Notes to Schedule

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2014-15 were from the June 30, 2012 public agency valuations.

Actuarial Cost Method	Entry Age Normal
Amortization Method/Period	Level Percent of Payroll
Asset Valuation Method	15 Year Smoothed Market
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; includes Inflation
Retirement age	The probabilities of Retirement are based on the 2010 CalPERS Experience Study for the period 1997 to 2007.
Mortality	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period 1997 to 2007. Pre-retirement and Post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.

* - Historical information is required only for measurement periods where GASB 68 is applicable.

City of Riverside
Required Supplementary Information - Unaudited
Summary of Other Post Employment Benefits Funding Progress (Thousands)

Other Post-Employment Benefits - Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Accrued Liability	Unfunded Liability AVA	Funded Ratios AVA	Annual Covered Payroll	UL as a % of Payroll
June 30, 2015	$ -	$ 40,235	$ 40,235	$ -	$ 165,775	24%
June 30, 2013	-	47,195	47,195	-	153,077	31%
June 30, 2011	-	56,060	56,060	-	149,321	38%

CITY OF
RIVERSIDE

Nonmajor Governmental Funds

Special Revenue Funds

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

Urban Areas Security Initiative (UASI) Fund – To account for UASI grants received from the U.S. Department of Homeland Security.

Gas Tax Fund – To account for the construction and maintenance of the road network system of the City. Financing is provided by the City's share of state gasoline taxes which state law requires to be used to maintain streets.

Air Quality Improvements Fund – To account for qualified air pollution reduction programs funded by the South Coast Air Quality Management District.

Housing & Community Development Fund – To account for Federal grants received from the Department of Housing and Urban Development (HUD). The grants are used for the development of a viable urban community by providing decent housing, a suitable living environment, and expanding economic opportunities, principally for persons with low and moderate incomes.

National Pollution Discharge Elimination System (NPDES) Storm Drain Fund – To account for storm drain maintenance and inspection required for California storm water permits. Activities are funded by a special assessment district of Riverside County, California.

Housing Fund – To account for the housing activities for persons with low or moderate income.

Capital Projects Funds

Capital Projects Funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds.

Special Capital Improvement Fund – To account for the acquisition, construction and installation of capital improvements and a Community Facilities District within the City.

Storm Drain Fund – To account for the acquisition, construction and installation of storm drains in the City.

Transportation Fund – To account for the construction and installation of street and highway improvements in accordance with Articles 3 and 8 of the Transportation Development Act of 1971 of the State of California.

Debt Service Fund

Debt Service Funds are used to account for the accumulation of resources for, and the payment of, long-term debt principal, interest, and related costs.
The **General Debt Service Fund** accounts for the resources accumulated and payments made for principal, interest and related costs on long-term general obligation debt of governmental funds.

Permanent Fund

Permanent Funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the reporting government's programs.

Library Special Fund – To account for the monies held in trust for the benefit of the Riverside City Public Library System.

City of Riverside
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2016
(amounts expressed in thousands)

	Special Revenue						
Assets	**Urban Areas Security Initiative**	**Gas Tax**	**Air Quality Improvements**	**Housing & Community Development**	**NPDES Storm Drain**	**Housing**	**Total**
Cash and investments	$ 26	$ 17,365	$ 760	$ 1,461	$ -	$ 5,173	$ 24,785
Cash and investments at fiscal agent	-	-	-	-	-	-	-
Receivable (net of allowance for uncollectibles):							
Interest	-	41	2	6	-	13	62
Accounts	-	-	-	2	-	-	2
Intergovernmental	370	110	98	2,482	1,137	-	4,197
Notes	-	-	-	13,616	-	23,475	37,091
Prepaid items	24	-	-	-	-	-	24
Advances to Successor Agency Trust Fund	-	-	-	-	-	14,147	14,147
Land & improvements held for resale	-	-	-	443	-	2,764	3,207
Total assets	$ 420	$ 17,516	$ 860	$ 18,010	$ 1,137	$ 45,572	$ 83,515
Liabilities							
Accounts payable	$ 81	$ 459	$ 19	$ 814	$ -	$ 25	$ 1,398
Retainage payable	-	220	-	-	-	-	220
Unearned revenue	-	-	-	-	-	-	-
Due to other funds	339	-	-	-	624	-	963
Advance from other funds	-	-	-	462	-	-	462
Total liabilities	420	679	19	1,276	624	25	3,043
Deferred Inflows of Resources							
Unavailable revenue	-	-	-	14,060	-	23,475	37,535
Total deferred inflows of resources	-	-	-	14,060	-	23,475	37,535
Fund Balances (Deficits)							
Nonspendable:							
Advances	-	-	-	-	-	-	-
Restricted for:							
Housing and redevelopment	-	-	-	2,674	-	22,072	24,746
Transportation and public works	-	16,837	841	-	513	-	18,191
Total fund balances	-	16,837	841	2,674	513	22,072	42,937
Total liabilities deferred inflows of resources, and fund balances	$ 420	$ 17,516	$ 860	$ 18,010	$ 1,137	$ 45,572	$ 83,515

City of Riverside
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2016
(amounts expressed in thousands)

	Capital Projects					Permanent Fund	
Assets	**Special Capital Improvement**	**Storm Drain**	**Transportation**	**Total**	**General Debt Service**	**Library Special**	**Total Nonmajor Governmental Funds**
Cash and investments	$ 4,126	$ 897	$ -	$ 5,023	$ 917	$ 1,619	$ 32,344
Cash and investments at fiscal agent	4,560	-	-	4,560	10,331	-	14,891
Receivable (net of allowance for uncollectibles):							
Interest	11	2	-	13	4	-	79
Accounts	-	-	-	-	28	-	30
Intergovernmental	-	290	31	321	-	-	4,518
Notes	-	-	-	-	-	-	37,091
Prepaid items	-	-	-	-	-	-	24
Advances to Successor Agency Trust Fund	-	-	-	-	18,323	-	32,470
Land & improvements held for resale	-	-	-	-	-	-	3,207
Total assets	$ 8,697	$ 1,189	$ 31	$ 9,917	$ 29,603	$ 1,619	$ 124,654
Liabilities							
Accounts payable	$ -	$ -	$ -	$ -	$ 113	$ -	$ 1,511
Retainage payable	15	-	-	15	-	-	235
Unearned revenue	-	68	-	68	-	-	68
Due to other funds	-	-	19	19	-	-	982
Advance from other funds	6,175	-	-	6,175	3,269	-	9,906
Total liabilities	6,190	68	19	6,277	3,382	-	12,702
Deferred Inflows of Resources							
Unavailable revenue	-	-	-	-	-	-	37,535
Total deferred inflows of resources	-	-	-	-	-	-	37,535
Fund Balances (Deficits)							
Nonspendable:							
Advances	-	-	-	-	-	-	-
Permanent fund principal	-	-	-	-	-	1,619	1,619
Restricted for:							
Housing and redevelopment	-	-	-	-	-	-	24,746
Debt service	-	-	-	-	26,221	-	26,221
Transportation and public works	-	-	12	12	-	-	18,203
Other purposes	2,507	1,121	-	3,628	-	-	3,628
Unassigned	-	-	-	-	-	-	-
Total fund balances	2,507	1,121	12	3,640	26,221	1,619	74,417
Total liabilities, deferred inflows of resources, and fund balances	$ 8,697	$ 1,189	$ 31	$ 9,917	$ 29,603	$ 1,619	$ 124,654

City of Riverside
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the fiscal year ended June 30, 2016
(amounts expressed in thousands)

	Special Revenue						
	Urban Area Security Initiative	Gas Tax	Air Quality Improvement	Housing & Community Development	NPDES Storm Drain	Housing	Total
Revenues							
Intergovernmental	$ 963	$ 6,747	$ 400	$ 7,476	$ -	$ -	$ 15,586
Fines and forfeitures	-	-	-	-	-	1	1
Special assessments	-	-	-	-	1,137	-	1,137
Rental and investment income	-	242	10	43	-	198	493
Miscellaneous	-	-	230	237	-	298	765
Total revenues	963	6,989	640	7,756	1,137	497	17,982
Expenditures							
Current:							
General government	-	-	528	1,122	-	1,503	3,153
Public safety	963	-	-	-	-	-	963
Capital outlay	-	6,788	-	6,395	1,057	-	14,240
Debt service:							
Interest	-	-	-	10	-	-	10
Total expenditures	963	6,788	528	7,527	1,057	1,503	18,366
Excess (deficiency) of revenues over (under) expenditures	-	201	112	229	80	(1,006)	(384)
Other financing sources (uses)							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Net change in fund balances	-	201	112	229	80	(1,006)	(384)
Fund balances - beginning	-	16,636	729	2,445	433	23,078	43,321
Fund balances - ending	$ -	$ 16,837	$ 841	$ 2,674	$ 513	$ 22,072	$ 42,937

City of Riverside
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the fiscal year ended June 30, 2016
(amounts expressed in thousands)

	Capital Projects					Permanent Fund	
	Special Capital Improvement	Storm Drain	Transportation	Total	General Debt Service	Library Special	Total Nonmajor Governmental Funds
Revenues							
Licenses and permits	$ 2,356	$ 178	$ -	$ 2,534	$ -	$ -	$ 2,534
Intergovernmental	-	222	165	387	-	-	15,973
Fines and forfeitures	-	-	-	-	3	-	4
Special assessments	-	-	-	-	1,069	-	2,206
Rental and investment income	65	25	-	90	1,541	12	2,136
Miscellaneous	6,225	-	-	6,225	459	152	7,601
Total revenues	8,646	425	165	9,236	3,072	164	30,454
Expenditures							
Current:							
General government	1,128	16	-	1,144	25	-	4,322
Public safety	-	-	-	-	-	-	963
Culture and recreation	-	-	-	-	-	170	170
Capital outlay	2,503	3,850	31	6,384	-	-	20,624
Debt service:							
Principal	-	-	-	-	8,815	-	8,815
Interest	65	-	-	65	10,750	-	10,825
Total expenditures	3,696	3,866	31	7,593	19,590	170	45,719
Excess (deficiency) of revenues over (under) expenditures	4,950	(3,441)	134	1,643	(16,518)	(6)	(15,265)
Other financing sources (uses)							
Transfers in	-	-	-	-	16,536	-	16,536
Transfers out	(156)	(51)	(58)	(265)	-	-	(265)
Total other financing sources (uses)	(156)	(51)	(58)	(265)	16,536	-	16,271
Net change in fund balances	4,794	(3,492)	76	1,378	18	(6)	1,006
Fund balances - beginning	(2,287)	4,613	(64)	2,262	26,203	1,625	73,411
Fund balances - ending	$ 2,507	$ 1,121	$ 12	$ 3,640	$ 26,221	$ 1,619	$ 74,417

City of Riverside
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Nonmajor Governmental Funds
For the fiscal year ended June 30, 2016
(amounts expressed in thousands)

	Special Revenue								
	Urban Area Security Initiative			Gas Tax			Air Quality Improvement		
	Final Budget	Actual	Variance to Final Budget	Final Budget	Actual	Variance to Final Budget	Final Budget	Actual	Variance to Final Budget
Revenues									
Intergovernmental	$ 3,088	$ 963	$ (2,125)	$ 6,608	$ 6,747	$ 139	$ 360	$ 400	$ 40
Rental and investment income	-	-	-	150	242	92	-	10	10
Miscellaneous	-	-	-	-	-	-	254	230	(24)
Total revenues	3,088	963	(2,125)	6,758	6,989	231	614	640	26
Expenditures									
Current:									
General government	-	-	-	-	-	-	997	528	469
Public safety	3,099	963	2,136	-	-	-	-	-	-
Capital outlay	-	-	-	22,015	6,788	15,227	-	-	-
Total expenditures	3,099	963	2,136	22,015	6,788	15,227	997	528	469
Excess (deficiency) of revenues over (under) expenditures	(11)	-	11	(15,257)	201	15,458	(383)	112	495
Other financing sources (uses)									
Capital lease financings	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Net change in fund balances	(11)	-	11	(15,257)	201	15,458	(383)	112	495
Fund balances (deficit), beginning	-	-	-	16,636	16,636	-	729	729	-
Fund balances (deficit), ending	$ (11)	$ -	$ 11	$ 1,379	$ 16,837	$ 15,458	$ 346	$ 841	$ 495

(continued)

City of Riverside
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Nonmajor Governmental Funds
For the fiscal year ended June 30, 2016
(amounts expressed in thousands)

	Special Revenue								
	Housing & Community Development			NPDES Storm Drain			Housing		
	Final Budget	Actual	Variance to Final Budget	Final Budget	Actual	Variance to Final Budget	Final Budget	Actual	Variance to Final Budget
Revenues									
Intergovernmental	$ 8,974	$ 7,476	$ (1,498)	$ -	$ -	$ -	$ -	$ -	$ -
Fines and forfeitures	-	-	-	-	-	-	-	1	1
Special assessments	-	-	-	1,082	1,137	55	-	-	-
Rental and investment income	25	43	18	-	-	-	-	198	198
Miscellaneous	273	237	(36)	-	-	-	-	298	298
Total revenues	9,272	7,756	(1,516)	1,082	1,137	55	-	497	497
Expenditures									
Current:									
General government	2,290	1,122	1,168	-	-	-	2,270	1,503	767
Capital outlay	18,521	6,395	12,126	1,849	1,057	792	-	-	-
Debt service:									
Principal	29	-	29	-	-	-	-	-	-
Interest	12	10	2	-	-	-	6	-	6
Bond issuance costs	-	-	-	-	-	-	-	-	-
Total expenditures	20,852	7,527	13,325	1,849	1,057	792	2,276	1,503	773
Excess (deficiency) of revenues over (under) expenditures	(11,580)	229	(11,351)	(767)	80	847	(2,276)	(1,006)	1,270
Other financing sources (uses)									
Transfers, net	-	-	-	-	-	-	1,224	-	
Gain (loss) on retirement of capital assets	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	1,224	-	-
Net change in fund balances	(11,580)	229	(11,351)	(767)	80	847	(1,052)	(1,006)	1,270
Fund balances (deficit), beginning	2,445	2,445	-	433	433	-	23,078	23,078	-
Fund balances (deficit), ending	$ (9,135)	$ 2,674	$ (11,351)	$ (334)	$ 513	$ 847	$ 22,026	$ 22,072	$ 1,270

(continued)

City of Riverside
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Nonmajor Governmental Funds
For the fiscal year ended June 30, 2016
(amounts expressed in thousands)

	Capital Projects											
	Capital Outlay			Special Capital Improvement			Storm Drain			Transportation		
	Final Budget	Actual	Variance to Final Budget	Final Budget	Actual	Variance to Final Budget	Final Budget	Actual	Variance to Final Budget	Final Budget	Actual	Variance to Final Budget
Revenues												
Licenses and permits	$ -	$ -	$ -	$ 3,120	$ 2,356	$ (764)	$ 130	$ 178	$ 48	$ -	$ -	$ -
Intergovernmental	42,477	25,917	(16,560)	-	-	-	412	222	(190)	165	165	-
Special assessments	190	409	219	-	-	-	-	-	-	-	-	-
Rental and investment income	170	366	196	-	65	65	20	25	5	-	-	-
Miscellaneous	4,482	831	(3,651)	-	6,225	6,225	-	-	-	-	-	-
Total revenues	47,319	27,523	(19,796)	3,120	8,646	5,526	562	425	(137)	165	165	-
Expenditures												
Current:												
General government	-	-	-	1,728	1,128	600	16	16	-	-	-	-
Capital outlay	67,057	24,445	42,612	717	2,503	(1,786)	4,431	3,850	581	31	31	-
Debt service:												
Principal	-	-	-	672	-	672	-	-	-	-	-	-
Interest	-	-	-	69	65	4	-	-	-	-	-	-
Bond issuance costs	-	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	67,057	24,445	42,612	3,186	3,696	(510)	4,447	3,866	581	31	31	-
Excess (deficiency) of revenues over (under) expenditures	(19,738)	3,078	22,816	(66)	4,950	5,016	(3,885)	(3,441)	444	134	134	-
Other financing sources (uses)												
Transfers out	(2,996)	(3,098)	102	-	(156)	156	-	(51)	51	-	(58)	58
Issuance of long-term debt	-	-	-	-	-	-	-	-	-	-	-	
Gain (loss) on retirement of capital assets	-	80	(80)	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	(2,996)	(3,018)	22	-	(156)	156	-	(51)	51	-	(58)	58
Net change in fund balances	(22,734)	60	22,838	(66)	4,794	5,172	(3,885)	(3,492)	495	134	76	58
Fund balances (deficit), beginning	18,613	18,613	-	(2,287)	(2,287)	-	4,613	4,613	-	70	(64)	(134)
Fund balances (deficit), ending	$ (4,121)	$ 18,673	$ 22,838	$ (2,353)	$ 2,507	$ 5,172	$ 728	$ 1,121	$ 495	$ 204	$ 12	$ (76)

CITY OF
RIVERSIDE

Nonmajor Enterprise Funds

Enterprise Funds are used to account for the operations that are financed and operated in a manner similar to private business enterprises. The City's intent is to demonstrate that the cost of services provided to the general public on a continuing basis is financed or recovered through user charges; or the City has decided that the periodic determination of net income is appropriate for accountability purposes.

Airport Fund – To account for the operations of the City's airport.

Refuse Fund – To account for the operations of the City's solid waste and sanitation program which provides for the collection and disposal of solid waste on a user charge basis to residents and businesses.

Transportation – To account for the operations of the City's Senior Citizens' and Handicapped Transportation System in accordance with Article 4 of the Transportation Development Act of 1971 (SB325) of the State of California. Federal Transit Administration Funds are also accounted for in this fund.

Public Parking – To account for the operations and construction of the City's public parking facilities.

City of Riverside
Combining Statement of Net Position
Nonmajor Enterprise Funds
June 30, 2016
(amounts expressed in thousands)

Assets	Airport	Refuse	Transportation	Public Parking	Total
Current assets:					
Cash and investments	$ 422	$ 4,095	$ 864	$ -	$ 5,381
Receivables (net of allowance for uncollectibles)					
Interest	1	13	2	1	17
Utility billed	-	1,027	-	-	1,027
Utility unbilled	-	747	-	-	747
Accounts	69	660	17	661	1,407
Intergovernmental	-	-	289	19	308
Restricted assets:					
Other restricted cash and cash equivalents	-	413	-	-	413
Total current assets	492	6,955	1,172	681	9,300
Non-current assets:					
Regulatory assets	-	5,687	-	-	5,687
Capital assets:					
Land	9,988	-	-	9,192	19,180
Buildings	2,631	-	43	33,229	35,903
Accumulated depreciation-buildings	(1,376)	-	(13)	(5,761)	(7,150)
Improvements other than buildings	19,665	-	2,649	6,740	29,054
Accumulated depreciation-improvements other than buildings	(7,737)	-	(281)	(2,278)	(10,296)
Machinery and equipment	423	17,520	4,089	1,130	23,162
Accumulated depreciation-machinery and equipment	(364)	(11,454)	(2,944)	(1,115)	(15,877)
Construction in progress	46	-	-	-	46
Total non-current assets:	23,276	11,753	3,543	41,137	79,709
Total assets	23,768	18,708	4,715	41,818	89,009
Deferred Outflows of Resources					
Pension contributions, changes in assumptions and differences in experience	263	2,099	965	577	3,904
Total deferred outflows of resources	263	2,099	965	577	3,904

Continued

City of Riverside
Combining Statement of Net Position
Nonmajor Enterprise Funds
June 30, 2016
(amounts expressed in thousands)

Liabilities	Airport	Refuse	Transportation	Public Parking	Total
Current liabilities:					
Accounts payable	22	745	7	58	832
Unearned revenue	-	1	1,288	-	1,289
Due to other funds	-	-	-	582	582
Notes payable - current	-	-	-	977	977
Landfill capping - current	-	200	-	-	200
Compensated absences - current	23	305	104	43	475
Total current liabilities	45	1,251	1,399	1,660	4,355
Non-current liabilities:					
Notes payables	-	-	-	19,270	19,270
Advances from other funds	190	1,037	499	357	2,083
Landfill capping	-	5,486	-	-	5,486
Compensated absences	3	34	13	5	55
OPEB obligation	116	1,018	479	234	1,847
Net pension liability	782	6,233	2,867	1,713	11,595
Total non-current liabilities	1,091	13,808	3,858	21,579	40,336
Total liabilities	1,136	15,059	5,257	23,239	44,691
Deferred Inflows of Resources					
Pension contributions, changes in assumptions and differences in experience	243	1,936	891	532	3,602
Total deferred inflows of resources	243	1,936	891	532	3,602
Net Position					
Net investment in capital assets	23,276	6,066	3,543	20,890	53,775
Restricted for landfill capping	-	413	-	-	413
Unrestricted	(624)	(2,667)	(4,011)	(2,266)	(9,568)
Total net position	$ 22,652	$ 3,812	$ (468)	$ 18,624	$ 44,620

City of Riverside
Combining Statement of Revenues, Expenses and Changes in Net Position
Nonmajor Enterprise Funds
For the fiscal year ended June 30, 2016
(amounts expressed in thousands)

	Airport	Refuse	Transportation	Public Parking	Total
Operating revenues:					
Charges for services	$ 1,549	$ 21,806	$ 377	$ 4,918	$ 28,650
Operating expenses:					
Personnel services	485	4,420	2,144	1,084	8,133
Contractual services	56	3,878	36	1,584	5,554
Maintenance and operation	285	5,825	460	530	7,100
General	197	4,696	675	46	5,614
Materials and supplies	35	1,102	218	15	1,370
Insurance	30	91	40	76	237
Depreciation and amortization	707	1,617	526	993	3,843
Total operating expenses	1,795	21,629	4,099	4,328	31,851
Operating Income (loss)	(246)	177	(3,722)	590	(3,201)
Nonoperating revenues (expenses):					
Operating grants	-	-	2,322	-	2,322
Interest income	5	71	8	-	84
Other	31	330	(2)	717	1,076
Gain (loss) on retirement of capital assets	-	6	(2)	-	4
Interest expense and fiscal charges	(4)	(23)	(14)	(813)	(854)
Total non-operating revenues	32	384	2,312	(96)	2,632
Income (loss) before capital contributions and transfers	(214)	561	(1,410)	494	(569)
Cash capital contributions	-	-	861	-	861
Transfers in	-	-	-	718	718
Transfers out	-	-	-	(738)	(738)
Change in net position	(214)	561	(549)	474	272
Net position - beginning	22,866	3,251	81	18,150	44,348
Net position - ending	$ 22,652	$ 3,812	$ (468)	$ 18,624	$ 44,620

City of Riverside
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the fiscal year ended June 30, 2016
(amounts expressed in thousands)

	Airport	Refuse	Transportation	Public Parking	Totals
Cash flows from operating activities:					
Cash received from customers and users	$ 1,547	$ 21,882	$ 229	$ 4,738	$ 28,396
Cash paid to employees for services	(553)	(4,944)	(2,321)	(1,217)	(9,035)
Cash paid to other suppliers of goods or services	(1,396)	(15,809)	(1,029)	(2,327)	(20,561)
Other nonoperating items	31	736	(2)	717	1,482
Net cash (used) provided by operating activities	(371)	1,865	(3,123)	1,911	282
Cash flows from noncapital financing activities:					
Operating transfers in	-	-	-	718	718
Operating transfers out	-	-	-	(738)	(738)
Operating grants	-	-	2,322	-	2,322
Receipts on interfund advances	-	-	-	(11)	(11)
Outflows on interfund advances	(12)	(65)	(31)	(126)	(234)
Net cash (used) provided by noncapital financing activities	(12)	(65)	2,291	(157)	2,057
Cash flows from capital and related financing activities:					
Purchase of capital assets	(35)	(1,786)	(552)	-	(2,373)
Proceeds from the sale of capital assets	-	6	(2)	-	4
Principal paid on long-term obligations	-	-	-	(940)	(940)
Interest paid on long-term obligations	(4)	(23)	(14)	(813)	(854)
Capital contributions	-	-	861	-	861
Net cash (used) provided for capital and related financing activities	(39)	(1,803)	293	(1,753)	(3,302)
Cash flows from investing activities:					
Proceeds of investments	-	8	2	(1)	9
Income from investments	5	71	8	-	84
Net cash (used) provided by investing activities	5	79	10	(1)	93
Net change in cash and cash equivalents	(417)	76	(529)	-	(870)
Cash and cash equivalents, beginning	839	4,432	1,393	-	6,664
Cash and cash equivalents, ending	$ 422	$ 4,508	$ 864	$ -	$ 5,794

Continued

City of Riverside
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the fiscal year ended June 30, 2016
(amounts expressed in thousands)

Continued

	Airport	Refuse	Transportation	Public Parking	Totals
Reconciliation of operating income (loss) to net cash (used) provided by operating activities:					
Operating Income (loss)	$ (246)	$ 177	$ (3,722)	$ 590	$ (3,201)
Other nonoperating items	31	330	(2)	717	1,076
Adjustments to reconcile operating income (loss) to net cash (used) provided by operating activities:					
Depreciation and amortization	707	1,617	526	993	3,843
Changes in assets, liabilities and deferred inflows/outflows of resources:					
Utility billed receivable	-	100	-	-	100
Utility unbilled receivable	-	(28)	-	-	(28)
Accounts receivable	(2)	(36)	5	(164)	(197)
Intergovernmental receivable	-	40	(153)	(16)	(129)
Regulatory assets	-	406	-	-	406
Accounts payable	14	19	(61)	(76)	(104)
Accrued payroll	(16)	(146)	(62)	(37)	(261)
Retainage payable	-	-	(14)	-	(14)
Other payables	(2)	26	545	15	584
Deposits payable	(807)	-	-	-	(807)
Landfill capping	-	(236)	-	-	(236)
Net pension liability and related charges in deferred outflows and inflows of resources	(50)	(404)	(185)	(111)	(750)
Net cash (used) provided by operating activities	$ (371)	$ 1,865	$ (3,123)	$ 1,911	$ 282

CITY OF
RIVERSIDE

Internal Service Funds

Internal Service Funds are used to account for the financing of goods and services provided by one City department to other City departments on a cost-reimbursement basis.

Self-Insurance Trust – To account for the operations of the City's self-insured workers' compensation, unemployment and liability programs.

Central Stores Fund – To account for the operations of the City's centralized supplies inventory, including receiving and delivery services provided to City departments.

Central Garage Fund – To account for the maintenance and repair of all city-owned vehicles and motorized equipment, except for Police vehicles.

City of Riverside
Combining Statement of Net Position
Internal Service Funds
June 30, 2016
(amounts expressed in thousands)

Assets	Self-Insurance Trust	Central Stores	Central Garage	Total
Current assets:				
Cash and investments	$ 7,643	$ -	$ 4,331	$ 11,974
Receivables (net of allowance for uncollectibles)				
Interest	23	-	10	33
Accounts	17	-	4	21
Intergovernmental	32	-	-	32
Inventory	-	5,637	277	5,914
Total current assets	7,715	5,637	4,622	17,974
Non-current assets:				
Advances to other funds	1,232	-	3,460	4,692
Advances to Successor Agency	4,240	-	-	4,240
Capital assets:				
Land			458	458
Intangible assets, depreciable	219	-	-	219
Accumulated depreciation - intangible assets, depreciable	(44)	-	-	(44)
Buildings	-	-	4,065	4,065
Accumulated depreciation-buildings	-	-	(477)	(477)
Improvements other than buildings	-	-	1,308	1,308
Accumulated depreciation - improvements other than buildings	-	-	(269)	(269)
Machinery and equipment	5	139	10,199	10,343
Accumulated depreciation-machinery and equipment	(2)	(139)	(8,406)	(8,547)
Total non-current assets:	5,650	-	10,338	15,988
Total assets	13,365	5,637	14,960	33,962
Deferred Outflows of Resources				
Pension contributions, changes in assumptions and differences in experience	234	285	1,497	2,016
Total deferred outflows of resources	234	285	1,497	2,016
Liabilities				
Current liabilities:				
Accounts payable	852	348	368	1,568
Due to other funds	-	597	-	597
Claims and judgments - current	11,315	-	-	11,315
Compensated absences - current	21	46	214	281
Total current liabilities	12,188	991	582	13,761
Non-current liabilities:				
Advances from other funds	182	191	1,874	2,247
Claims and judgments	31,954	-	-	31,954
Compensated absences	13	28	129	170
OPEB obligation	113	136	585	834
Net pension liability	696	848	4,445	5,989
Total non-current liabilities	32,958	1,203	7,033	41,194
Total liabilities	45,146	2,194	7,615	54,955
Deferred Inflows of Resources				
Pension contributions, changes in assumptions and differences in experience	216	263	1,381	1,860
Total deferred inflows of resources	216	263	1,381	1,860
Net Position				
Net investment in capital assets	178	-	6,878	7,056
Unrestricted	(31,941)	3,465	583	(27,893)
Total net position	$ (31,763)	$ 3,465	$ 7,461	$ (20,837)

City of Riverside
Combining Statement of Revenues, Expenses and Changes in Net Position
Internal Service Funds
For the fiscal year ended June 30, 2016
(amounts expressed in thousands)

	Self-Insurance Trust	Central Stores	Central Garage	Totals
Operating revenues:				
Charges for services	$ 13,723	$ 1,322	$ 9,185	$ 24,230
Operating expenses:				
Personnel services	428	576	2,831	3,835
Contractual services	1,066	-	45	1,111
Maintenance and operation	3	41	2,292	2,336
General	1,090	340	862	2,292
Materials and supplies	2	15	115	132
Claims/Insurance	15,459	6	92	15,557
Depreciation and amortization	42	-	885	927
Total operating expenses	18,090	978	7,122	26,190
Operating income (loss)	(4,367)	344	2,063	(1,960)
Non-operating revenues (expenses):				
Interest income	186	-	83	269
Other	4	-	(1)	3
Interest expense and fiscal charges	(35)	(4)	(32)	(71)
Total non-operating revenue (expenses)	155	(4)	50	201
Income before capital contributions and transfers	(4,212)	340	2,113	(1,759)
Cash capital contributions	-	-	27	27
Change in net position	(4,212)	340	2,140	(1,732)
Net position - beginning	(27,551)	3,125	5,321	(19,105)
Net position - ending	$ (31,763)	$ 3,465	$ 7,461	$ (20,837)

City of Riverside
Combining Statement of Cash Flows
Internal Service Funds
For the fiscal year ended June 30, 2016
(amounts expressed in thousands)

	Self-Insurance Trust	Central Stores	Central Garage	Total
Cash flows from operating activities:				
Cash received from customers and users	$ 13,731	$ 1,322	$ 9,820	$ 24,873
Cash paid to employees for services	3,993	(628)	(3,171)	194
Cash paid to other suppliers of goods or services	(17,366)	(404)	(3,193)	(20,963)
Other receipts	4	-	(1)	3
Net cash provided by operating activities	362	290	3,455	4,107
Cash flows from noncapital financing activities:				
Receipts on interfund advances	2,427	(274)	-	2,153
Outflows on interfund advances	(11)	(12)	(392)	(415)
Net cash (used) provided by noncapital financing activities	2,416	(286)	(392)	1,738
Cash flows from capital and related financing activities:				
Purchase of capital assets	(18)	-	(157)	(175)
Interest paid on long-term obligation	(35)	(4)	(32)	(71)
Capital contributions	-	-	27	27
Net cash (used) for capital and related financing activities	(53)	(4)	(162)	(219)
Cash flows from investing activities:				
Proceeds of investments	1	-	(6)	(5)
Income from investments	186	-	83	269
Net cash provided by investing activities	187	-	77	264
Net change in cash and cash equivalents	2,912	-	2,978	5,890
Cash and cash equivalents, beginning	4,731	-	1,353	6,084
Cash and cash equivalents, ending	$ 7,643	$ -	$ 4,331	$ 11,974

Continued

City of Riverside
Combining Statement of Cash Flows
Internal Service Funds
For the fiscal year ended June 30, 2016
(amounts expressed in thousands)

Continued

Reconciliation of operating income (loss) to net cash (used) provided by operating activities:	Self-Insurance Trust	Central Stores	Central Garage	Total
Operating income (loss)	$ (4,367)	$ 344	$ 2,063	$ (1,960)
Other nonoperating items	4	-	(1)	3
Adjustments to reconcile operating income (loss) to net cash (used) provided by operating activities:				
Depreciation and amortization	42	-	885	927
Changes in assets, liabilities and deferred inflows/outflows of resources:				
Accounts receivable	-	-	235	235
Intergovernmental receivable	8	-	400	408
Inventory	-	(125)	95	(30)
Accounts payable	254	123	118	495
Accrued payroll	(13)	(17)	(102)	(132)
Other payables	6	19	50	75
Claims and judgments	4,474	-	-	4,474
Net pension liability and related charges in deferred outflows and inflows of resources	(46)	(54)	(288)	(388)
Net cash (used) provided by operating activities	$ 362	$ 290	$ 3,455	$ 4,107

CITY OF
RIVERSIDE

Agency Fund

The City's Agency Fund is used to account for special assessments that service no-commitment debt.

City of Riverside
Fiduciary Fund - Agency Fund
Combining Statement of Changes in Assets and Liabilities
For the fiscal year ended June 30, 2016
(amounts expressed in thousands)

	Balance July 1, 2015	Additions	Deductions	Balance June 30, 2016
Assets				
Cash and investments	$ 2,935	$ 7,405	$ 7,255	$ 3,085
Cash and investments at fiscal agent	3,633	12,943	11,420	5,156
Interest receivable	9	170	173	6
Property taxes receivable	47	54	49	52
Total assets	$ 6,624	$ 20,572	$ 18,897	$ 8,299
Liabilities				
Accounts payable	$ -	$ 86	$ 51	35
Held for bond holders	6,624	16,028	14,388	8,264
Total liabilities	$ 6,624	$ 16,114	$ 14,439	$ 8,299

CITY OF
RIVERSIDE

City of Riverside
Capital Assets Used in the Operation of Governmental Funds
Schedule By Source
June 30, 2016
(amounts expressed in thousands)

Governmental funds capital assets:		
Land	$	342,792
Buildings and improvements		183,596
Improvements other than buildings		309,836
Machinery and equipment		92,067
Infrastructure		998,997
Intangibles		219
Construction in progress		41,535
Total governmental funds capital assets	$	1,969,042

Investments in governmental funds capital assets by source:		
Certificates of participation	$	127,198
Gifts		330,749
Operating revenue		535,112
General obligation bonds		3,965
Revenue bonds		21,229
County contracts and grants		316
State grants		41,569
Asset forfeiture - state		995
Asset forfeiture - federal		2,601
Housing and community development grants		18,956
Other federal grants		39,528
Community facilities bonds		3,442
Assessment district bonds		397
Capital leases		19,284
RDA tax increment bonds		3,061
Capital projects funds		820,640
Total governmental funds capital assets	$	1,969,042

CITY OF
RIVERSIDE

Statistical Section
(Unaudited)

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

Contents **Page**

Financial Trends **94**

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Revenue Capacity **100**

These schedules contain informat property and sales taxes.

Debt Capacity **110**

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Demographic and Economic Information **116**

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments.

Operating Information **119**

These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

Table 1
City of Riverside
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting) (in thousands)

	Fiscal Year									
	2007	2008	2009	2010	2011	2012[1]	2013	2014	2015	2016
Governmental activities										
Net investment in capital assets	$ 712,801	$ 850,740	$ 950,496	$ 976,614	$ 1,019,892	$ 1,076,485	$ 1,083,485	$ 1,106,384	$ 1,126,220	$ 1,123,910
Restricted	107,982	102,677	98,903	108,932	80,820	86,325	80,712	96,587	105,847	106,488
Unrestricted	(34,245)	(31,429)	(41,861)	(80,947)	(90,159)	23,145	17,989	(2,049)	(406,388)	(389,278)
Total governmental activities net position	$ 786,538	$ 921,988	$ 1,007,538	$ 1,004,599	$ 1,010,553	$ 1,185,955	$ 1,182,186	$ 1,200,922	$ 825,679	$ 841,120
Business-type activities										
Net investment in capital assets	$ 520,059	$ 601,999	$ 659,904	$ 660,619	$ 654,974	$ 666,919	$ 609,691	$ 616,844	$ 626,166	$ 654,870
Restricted	57,613	43,341	38,621	59,863	56,397	54,923	69,068	68,507	75,660	85,526
Unrestricted	242,966	225,281	207,405	219,720	256,038	285,062	330,833	359,698	209,469	235,144
Total business-type activities net position	$ 820,638	$ 870,621	$ 905,930	$ 940,202	$ 967,409	$ 1,006,904	$ 1,009,592	$ 1,045,049	$ 911,295	$ 975,540
Primary government										
Net investment in capital assets	$ 1,232,860	$ 1,452,739	$ 1,610,400	$ 1,637,233	$ 1,674,866	$ 1,743,404	$ 1,693,176	$ 1,723,228	$ 1,752,386	$ 1,778,780
Restricted	165,595	146,018	137,524	168,795	137,217	141,248	149,780	165,094	181,507	192,014
Unrestricted	208,721	193,852	165,544	138,773	165,879	308,207	348,822	357,649	(196,919)	(154,134)
Total primary government net position	$ 1,607,176	$ 1,792,609	$ 1,913,468	$ 1,944,801	$ 1,977,962	$ 2,192,859	$ 2,191,778	$ 2,245,971	$ 1,736,974	$ 1,816,660

[1] The increase in total governmental activities net position (and related unrestricted net position) is primarily due to the dissolution of the Redevelopment Agency.

Table 2
City of Riverside
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

(in thousands) Page 1 of 2

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses										
Governmental activities:										
General government	$ 105,486	$ 113,897	$ 71,391	$ 85,110	$ 72,606	$ 48,731	$ 54,808	$ 39,331	$ 26,587	$ 24,483
Public safety	114,312	122,783	142,353	137,338	139,364	148,605	147,652	149,555	154,123	161,284
Highways and streets	22,556	26,986	29,700	31,492	32,131	35,342	35,072	36,564	36,563	38,836
Culture and recreation	28,016	31,659	29,423	44,319	50,017	54,594	40,077	42,252	45,594	47,762
Interest on long-term debt	26,378	34,075	34,361	32,049	33,638	25,087	16,627	17,741	17,025	16,387
Total governmental activities expenses	296,748	329,400	307,228	330,308	327,756	312,359	294,236	285,443	279,892	288,752
Business-type activities:										
Electric	232,346	271,412	269,209	256,860	275,922	288,799	292,175	304,416	309,874	307,925
Water	42,108	47,570	53,931	55,402	56,390	56,715	58,768	60,030	62,792	57,769
Sewer	29,510	31,209	34,853	41,248	42,276	43,702	43,945	40,385	35,593	39,978
Airport	1,201	1,418	1,734	2,206	2,320	2,646	2,029	1,662	1,809	1,799
Refuse	16,490	18,430	18,425	20,527	20,046	19,979	20,581	20,831	20,007	21,652
Transportation	2,831	3,190	3,194	3,368	3,493	3,667	3,745	4,067	4,385	4,113
Public parking	3,762	4,093	5,095	4,024	4,401	4,984	5,051	4,610	5,604	5,141
Total business-type activities expenses	328,248	377,322	386,441	383,635	404,848	420,492	426,294	436,001	440,064	438,377
Total primary government expenses	$ 624,996	$ 706,722	$ 693,669	$ 713,943	$ 732,604	$ 732,851	$ 720,530	$ 721,444	$ 719,956	$ 727,129
Program Revenues										
Governmental activities:										
Charges for services:										
General government	$ 10,245	$ 23,969	$ 13,691	$ 12,933	$ 14,241	$ 14,662	$ 13,338	$ 13,775	$ 17,600	$ 24,944
Public safety	12,410	9,924	8,414	8,177	8,075	7,837	7,793	7,444	7,256	3,243
Highways and streets	30,563	19,695	14,391	17,847	16,985	16,532	15,825	17,487	13,868	5,709
Culture and recreation	8,302	4,370	3,168	2,367	3,180	4,622	5,237	7,406	16,319	12,458
Operating grants and contributions	12,101	15,024	23,313	32,853	21,127	31,581	21,485	14,341	12,869	16,321
Capital grants and contributions	10,557	115,982	69,745	23,395	38,138	54,476	32,202	48,433	43,904	31,216
Total governmental activities program revenues	84,178	188,964	132,722	97,572	101,746	129,710	95,880	108,886	111,816	93,891
Business-type activities:										
Charges for services:										
Electric	278,888	305,299	314,164	309,910	313,703	333,029	347,933	344,037	347,621	354,530
Water	47,080	49,855	54,923	57,534	62,084	65,206	68,489	68,691	66,051	57,250
Sewer	24,057	22,525	23,247	27,342	32,769	37,747	43,772	46,162	50,336	52,664
Airport	1,263	1,423	1,232	1,315	1,342	1,524	1,396	1,100	1,260	1,549
Refuse	15,833	16,289	18,394	18,712	19,134	19,588	20,829	20,677	21,360	21,806
Transportation	302	313	336	328	344	352	344	413	385	377
Public parking	3,431	3,717	4,332	4,876	5,205	4,803	4,777	4,382	4,609	4,918
Operating grants and contributions	1,939	3,308	1,929	2,487	2,159	2,738	2,718	2,524	3,869	2,322
Capital grants and contributions	40,066	29,215	17,288	6,838	7,337	21,164	11,734	11,486	8,027	18,868
Total business-type activities program revenues	412,859	431,944	435,845	429,342	444,077	486,151	501,992	499,472	503,518	514,284
Total primary government program revenues	$ 497,037	$ 620,908	$ 568,567	$ 526,914	$ 545,823	$ 615,861	$ 597,872	$ 608,358	$ 615,334	$ 608,175

(continued)

Table 2
City of Riverside
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

(in thousands)

	Fiscal Year									
	2007	2008	2009	2010	2011	2012[1]	2013[2]	2014	2015	2016
Net Revenues (Expense)										
Governmental activities	$ (212,570)	$ (140,436)	$ (174,506)	$ (232,736)	$ (226,010)	$ (182,649)	$ (198,356)	$ (176,557)	$ (168,076)	$ (194,861)
Business-type activities	84,611	54,622	49,404	45,707	39,229	65,659	75,698	63,471	63,454	75,907
Total primary government net expense	$ (127,959)	$ (85,814)	$ (125,102)	$ (187,029)	$ (186,781)	$ (116,990)	$ (122,658)	$ (113,086)	$ (104,622)	$ (118,954)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Sales	$ 55,666	$ 50,526	$ 41,882	$ 39,645	$ 44,157	$ 47,701	$ 50,222	$ 55,096	$ 59,437	$ 60,976
Property	106,114	114,176	116,420	104,087	100,802	74,179	52,904	51,323	54,864	55,545
Utility users	25,384	26,267	25,964	25,975	26,691	27,320	28,206	28,092	28,076	27,828
Franchise	5,031	4,972	5,144	4,477	4,937	4,883	4,959	5,046	5,543	5,730
Transient occupancy	3,581	3,795	2,912	2,488	2,731	2,995	3,703	4,189	5,280	6,093
Intergovernmental, unrestricted	1,863	2,074	4,569	1,339	1,285	351	337	263	3,153	477
Unrestricted grants and contributions	29,743	-	-	-	-	-	-	-	-	-
Investment earnings	18,582	25,670	15,941	8,289	7,439	4,440	2,786	2,759	3,233	729
Miscellaneous	4,228	9,480	5,137	3,344	9,544	9,273	9,208	5,425	12,395	11,708
Transfers	31,171	32,326	42,087	40,153	34,378	40,679	42,262	43,100	42,681	41,216
Extraordinary items	-	-	-	-	-	149,617	-	-	-	-
Total governmental activities	281,363	269,286	260,056	229,797	231,964	361,438	194,587	195,293	214,662	210,302
Business-type activities:										
Investment income	16,988	22,756	23,402	21,271	17,548	11,405	4,744	8,005	5,319	6,888
Miscellaneous	3,498	4,931	4,590	7,447	4,808	3,110	5,767	7,081	7,652	22,666
Transfers	(31,171)	(32,326)	(42,087)	(40,153)	(34,378)	(40,679)	(42,262)	(43,100)	(42,681)	(41,216)
Extraordinary items	-	-	-	-	-	-	(41,259)	-	-	-
Total business-type activities	(10,685)	(4,639)	(14,095)	(11,435)	(12,022)	(26,164)	(73,010)	(28,014)	(29,710)	(11,662)
Total primary government	270,678	264,647	245,961	218,362	219,942	335,274	121,577	167,279	184,952	198,640
Change in Net Position										
Governmental activities	$ 68,793	$ 128,850	$ 85,550	$ (2,939)	$ 5,954	$ 178,789	$ (3,769)	$ 18,736	$ 46,586	$ 15,441
Business-type activities	73,926	49,983	35,309	34,272	27,207	39,495	2,688	35,457	33,744	64,245
Total primary government	$ 142,719	$ 178,833	$ 120,859	$ 31,333	$ 33,161	$ 218,284	$ (1,081)	$ 54,193	$ 80,330	$ 79,686

[1] The increase in total governmental activities net position is primarily due to the dissolution of the Redevelopment Agency.
[2] The decrease in total business-type activities net position is primarily due to the power plant closure.

Table 3
City of Riverside
Fund Balances of Governmental Funds
Last Six Fiscal Years
(modified accrual basis of accounting, in thousands)

	2011	2012[1,2]	2013	2014	2015	2016
General fund						
Nonspendable	$ 26,646	$ 25,720	$ 26,421	$ 24,419	$ 23,642	$ 23,094
Restricted	82,249	2,803	2,196	2,204	2,985	3,067
Assigned	15,589	6,380	10,711	14,505	13,965	9,922
Unassigned	36,359	39,347	37,763	37,732	39,059	29,495
Total general fund	$ 160,843	$ 74,250	$ 77,091	$ 78,860	$ 79,651	$ 65,578
All other governmental funds						
Nonspendable	$ 1,626	$ 1,539	$ 1,441	$ 1,460	$ 1,625	$ 1,619
Restricted for:						
Housing and redevelopment	96,571	26,911	26,410	26,223	25,523	24,746
Debt service	56,526	29,080	25,884	26,177	26,203	26,221
Transportation and public works	26,459	31,075	16,487	54,876	36,347	36,876
Other purposes	5,073	1,401	2,003	321	2,326	3,628
Total all other governmental funds	$ 186,255	$ 90,006	$ 72,225	$ 109,057	$ 92,024	$ 93,090

[1] The decrease in fund balance of the General Fund primarily relates to the transfer of land held for resale (in the amount of $76.3 million) to the Redevelopment Agency Capital Projects Fund, which had been transferred to the General Fund during the fiscal year ended June 30, 2011.

[2] The decrease in fund balance of all other governmental funds relates to the dissolution of the Redevelopment Agency.

Note: Certain reclassifications havce been made to prior year balalnces to conform with current year's presentation.

The City of Riverside implemented GASB 54 in the fiscal year ended June 30, 2011. The City has elected to show six years of data for this schedule.

Table 4
City of Riverside
Changes In Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis accounting)

(in thousands)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues:										
Taxes	$ 191,131	$ 200,438	$ 192,322	$ 177,255	$ 179,318	$ 156,593	$ 139,994	$ 143,748	$ 153,200	$ 156,172
Licenses and permits	12,984	10,027	7,368	6,899	7,657	9,292	10,173	9,244	11,168	11,611
Intergovernmental	47,934	79,423	86,873	60,550	61,082	66,618	50,734	59,348	49,892	51,896
Charges for services	11,914	11,325	9,099	9,570	10,720	11,774	12,062	15,734	24,737	26,443
Fines and forfeitures	2,778	4,573	6,213	7,512	8,928	6,293	6,234	7,283	3,957	1,941
Special assessments	6,170	5,245	5,431	5,464	6,014	6,276	6,669	6,272	6,757	7,039
Use of money and property	22,587	27,970	18,620	11,173	10,173	8,095	3,878	4,315	5,112	4,370
Miscellaneous	6,164	12,796	7,596	7,082	16,605	10,611	14,933	6,957	6,939	12,578
Total revenues	$ 301,662	$ 351,797	$ 333,522	$ 285,505	$ 300,497	$ 275,552	$ 244,677	$ 252,901	$ 261,762	$ 272,050
Expenditures:										
General government	$ 39,093	$ 26,177	$ 25,995	$ 23,835	$ 26,090	$ 18,835	$ 15,713	$ 13,558	$ 17,799	$ 19,900
Public safety	139,739	151,773	145,802	138,594	140,994	150,878	150,290	151,721	157,660	164,800
Highways and streets	19,722	25,209	18,452	14,987	14,587	16,651	16,294	16,944	16,594	17,416
Culture and recreation	31,039	30,622	26,859	40,373	44,345	57,538	45,356	34,275	37,527	39,583
Capital outlay	149,325	171,952	180,394	131,908	105,689	75,482	73,581	72,365	60,060	53,208
Debt Service:										
Principal	12,045	11,257	44,349	48,078	89,264	83,378	45,006	45,500	49,101	51,987
Interest	21,330	31,239	33,033	31,267	32,611	24,133	15,116	16,787	17,048	16,451
Debt issuance costs	2,551	697	259	231	174	169	581	843	172	180
Payment for advance refunding	-	-	-	-	-	-	3,521	-	-	-
Total expenditures	$ 414,844	$ 448,926	$ 475,143	$ 429,273	$ 453,754	$ 427,064	$ 365,458	$ 351,993	$ 355,961	$ 363,525
Excess of revenues over (under) expenditures	$ (113,182)	$ (97,129)	$ (141,621)	$ (143,768)	$ (153,257)	$ (151,512)	$ (120,781)	$ (99,092)	$ (94,199)	$ (91,475)

(continued)

Table 4
City of Riverside
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis accounting)

(in thousands)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Other financing sources (uses):										
Transfers in	$ 84,306	$ 62,841	$ 100,797	$ 88,303	$ 214,631	$ 196,859	$ 56,572	$ 58,469	$ 61,510	$ 61,384
Transfers out	(53,135)	(30,515)	(58,710)	(48,150)	(180,280)	(156,305)	(14,178)	(15,369)	(18,829)	(20,168)
Issuance of long term debt	299,645	164,408	30,425	51,821	104,875	34,940	99,753	87,037	30,940	31,145
Capital lease financings	-	-	-	3,116	2,000	-	7,203	6,625	4,450	5,846
Sales of capital assets	541	8,931	(5,798)	529	(1,629)	156	82	931	(114)	261
Payments to refunded bond agent	-	(148,975)	-	-	-	-	(43,591)	-	-	-
Total other financing sources (uses)	331,357	56,690	66,714	95,619	139,597	75,650	105,841	137,693	77,957	78,468
Extraordinary items:										
Dissolution of Riverside Redevelopment Agency:										
Transfer of assets and liabilities to Successor Agency	-	-	-	-	-	(130,174)	-	-	-	-
Transfer of assets from Successor Agency	-	-	-	-	-	28,121	-	-	-	-
Assumption of obligation	-	-	-	-	-	(4,927)	-	-	-	-
Total extraordinary items	-	-	-	-	-	(106,980)	-	-	-	-
Net change in fund balances	$ 218,175	$ (40,439)	$ (74,907)	$ (48,149)	$ (13,660)	$ (182,842)	$ (14,940)	$ 38,601	$ (16,242)	$ (13,007)
Debt service as a percentage of noncapital expenditures	14.011%	16.947% (1)	26.058% (2)	23.211%	32.757% (3)	32.507% (4)	21.039%	21.803%	22.360%	21.714%

(1) Increase in debt service related to the issuance of the 2007 Redevelopment Agency Tax Allocation Bonds and 2008 Riverside Renaissance Certificates of Participation.
(2) Increase relates to $30 million refinancing of 2005B pension bonds that took place in May 2008, which became due in-full in June 2009. The $30 million Pension Bond Anticipation Notes have been paid in-full and immediately re-issued each year in 2009, 2010, 2011, 2012, 2013 and 2014.
(3) Increase in debt service related to one-time early redemption of $31.7 million of 2011 Redevelopment Tax Allocation Bonds and $9.1 million of loan proceeds that were drawn-down during the year and re-paid within the year.
(4) Includes one-time early redemption of $33.3 million of 2011 Redevelopment Tax Allocation Bonds.

Table 5
City of Riverside
Business-Type Activities Electricity Revenues By Source
Last Ten Fiscal Years
(accrual basis of accounting) **(in thousands)**

Fiscal Year	Residential Sales	Commercial Sales	Industrial Sales	Wholesale Sales	Other Sales	Transmission Revenue	Other Operating Revenue	Total Revenues
2007	$ 94,426	$ 55,421	$ 83,698	$ 9,913	$ 5,713	$ 20,097	$ 9,536	$ 278,804
2008	99,981	60,768	92,697	14,805	5,425	19,211	12,405	305,292
2009	105,525	65,532	97,100	4,674	5,684	18,673	12,250	309,438
2010	107,301	65,091	97,458	1,466	5,639	21,100	11,855	309,910
2011	107,792	64,039	102,067	124	5,529	22,091	12,061	313,703
2012	110,471	66,047	107,455	50	5,614	30,735	12,657	333,029
2013	118,173	66,632	110,680	638	5,712	32,688	13,410	347,933
2014	111,880	67,063	111,260	115	5,600	32,630	15,489	344,037
2015	114,112	68,572	112,283	60	5,654	30,587	16,353	347,621
2016	116,997	69,759	113,756	3	4,737	32,924	16,354	354,530

Table 6
City of Riverside
Governmental Activities Tax Revenues By Source
Last Ten Fiscal Years
(accrual basis of accounting) **(in thousands)**

Fiscal Year	Sales Tax	Property Tax[1]	Utility Users Tax	Franchise Tax	Transient Occupancy Tax	Total Taxes
2007	55,666	101,469	25,384	5,031	3,581	191,131
2008	50,526	114,176	26,267	4,972	3,795	199,736
2009	41,882	116,420	25,964	5,144	2,912	192,322
2010	39,645	104,087	25,975	4,477	2,488	176,672
2011	44,157	100,802	26,691	4,937	2,731	179,318
2012	47,701	74,179	27,320	4,883	2,995	157,078
2013	50,222	52,904	28,206	4,959	3,703	139,994
2014	55,096	51,323	28,092	5,046	4,189	143,746
2015	59,437	54,864	28,076	5,543	5,280	153,200
2016	60,976	55,545	27,828	5,730	6,093	156,172

[1] Decrease in property taxes in fiscal years 2012 and 2013 relates to the dissolution of the Redevelopment Agency. Upon the dissolution of the Redevelopment Agency on February 1, 2012, property taxes received by the Successor Agency are reported in a private-purpose trust fund and therefore are excluded from the activities of the primary government.

Table 7
City of Riverside
Taxable Sales by Category
Last Ten Calendar Years

(in thousands of dollars)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Apparel Stores	$ 168,221	$ 167,869	$ 154,899	$ 152,564	$ 161,802	$ 168,352	$ 175,320	$ 178,349	$ 188,670	$ 203,001
General Merchandise	573,919	530,900	466,096	435,230	432,303	444,125	450,988	463,355	475,147	477,903
Food Stores	170,193	171,998	172,195	170,151	167,259	169,380	181,719	193,368	209,022	217,902
Eating and Drinking Places	360,403	382,582	383,596	364,291	371,419	395,423	422,153	447,841	483,901	533,317
Building Materials	707,483	549,124	374,161	307,894	292,605	349,398	376,011	454,468	514,993	567,790
Auto Dealers and Supplies	1,368,388	1,250,136	949,747	786,012	847,986	965,529	1,118,907	1,280,633	1,461,217	1,548,385
Service Stations	361,971	417,086	424,252	301,654	350,904	419,497	430,322	418,110	413,128	370,257
Other Retail Stores	678,878	626,737	564,633	487,924	501,071	517,583	535,945	550,157	595,305	633,089
All Other Outlets	1,223,321	1,227,944	1,104,611	893,809	977,260	1,072,513	1,008,206	1,154,492	1,312,607	1,461,982
Total	$ 5,612,777	$ 5,324,376	$ 4,594,190	$ 3,899,529	$ 4,102,609	$ 4,501,800	$ 4,699,571	$ 5,140,773	$ 5,653,990	$ 6,013,625

Source: State of California Board of Equalization and the Hdl Companies.

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 revenue.

Table 8
City of Riverside
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years (in thousands)

Fiscal Year Ended June 30	City				Dissolved Redevelopment Agency[1]				Total Direct Rate[2]
	Secured	Unsecured	Less: Exemptions	Taxable Assessed Value	Secured	Unsecured	Less: Exemptions	Taxable Assessed Value	
2007	20,672,126	1,140,891	(5,417,388)	16,395,629	4,145,700	410,625	(93,261)	4,463,064	0.304
2008	23,618,776	1,291,972	(6,960,666)	17,950,082	5,509,441	553,124	(138,490)	5,924,075	0.334
2009	24,428,633	1,330,053	(7,515,667)	18,243,019	5,998,768	581,943	(224,025)	6,356,686	0.343
2010	22,644,262	1,299,353	(7,103,040)	16,840,575	5,598,484	564,825	(266,257)	5,897,052	0.350
2011	22,056,793	1,260,923	(6,920,720)	16,396,996	5,396,219	544,906	(268,323)	5,672,802	0.347
2012	22,031,328	1,264,151	(6,952,649)	16,342,830	5,395,632	572,153	(270,313)	5,697,472	0.348
2013	22,313,665	1,244,448	(7,142,401)	16,415,712	N/A	N/A	N/A	N/A	0.348
2014	23,045,134	1,201,634	(7,394,982)	16,851,786	N/A	N/A	N/A	N/A	0.125
2015	24,482,621	1,329,391	(7,945,000)	17,867,012	N/A	N/A	N/A	N/A	0.124
2016	25,710,122	1,225,375	(8,432,984)	18,502,513	N/A	N/A	N/A	N/A	0.124

Notes:
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. Assessed valuations are based on 100 percent of estimated actual value.

[1] In accordance with the timeline set forth in Assembly Bill 1X 26 (as modified by the California Supreme Court on December 29, 2011) all redevelopment agencies in the State of California were dissolved and ceased to operate as a legal entity as of February 1, 2012.

[2] Total Direct Rate is the weighted average of all individual direct rates. Beginning in 2013/14, the Direct Rate no longer includes revenue generated from the former redevelopment tax rate areas.

Source: Riverside County Auditor-Controller

Table 9
City of Riverside
Direct and Overlapping Property Tax Rates
(Rate per $100 of Assessed Valuation)
Last Ten Fiscal Years

	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Basic Levy[1]	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Unified School Districts Debt Service[2]	0.155	0.185	0.259	0.284	0.301	0.332	0.325	0.390	0.377	0.487
City of Riverside Debt Service	0.008	0.006	0.007	0.006	0.006	0.006	0.006	0.007	0.006	0.006
Metropolitan Water District Original Area	0.009	0.009	0.009	0.009	0.007	0.007	0.007	0.007	0.007	0.007
Riverside City Community College Debt Service	0.018	0.013	0.013	0.012	0.015	0.017	0.017	0.018	0.018	0.017
Total Direct & Overlapping[3] Tax Rates	**1.191**	**1.213**	**1.287**	**1.311**	**1.329**	**1.362**	**1.355**	**1.421**	**1.408**	**1.517**
City's Share of 1% Levy Per Prop 13[4]	0.145	0.145	0.145	0.145	0.145	0.145	0.145	0.145	0.145	0.145
General Obligation Debt Rate	0.009	0.006	0.007	0.006	0.006	0.006	0.006	0.007	0.006	0.006
Redevelopment Rate[5,7]	1.005	1.005	1.004	1.004	1.004	1.004	-	-	-	-
Total Direct Rate[6]	0.304	0.334	0.343	0.350	0.347	0.348	0.348	0.125	0.124	0.124

[1] In 1978, California voters passed Proposition 13 which sets the property tax rate at a 1.00% fixed amount. This 1.00% is shared by all taxing agencies for which the subject property resides within. In addition to the 1.00% fixed amount, property owners are charged taxes as a percentage of assessed property values for the payment of any voter approved bonds.

[2] Includes: Alvord Unified School District, Corona Norco Unified School District, Jurupa Unified School District, Moreno Valley Unified School District, and Riverside Unified School District.

[3] Overlapping rates are those of local and county governments that apply to property owners within the City. Not all overlapping rates apply to all city property owners.

[4] City's share of 1% levy is based on the City's share of the general fund tax rate area with the largest net taxable value within the city. ERAF general fund tax shifts may not be included in tax ratio figures.

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

[6] Total Direct Rate is the weighted average of all individual direct rates. Beginning in 2013/14, the Direct Rate no longer includes revenue generated from the former redevelopment tax rate areas.

[7] In accordance with the timeline set forth in Assembly Bill X1 26 (as modified by the California Supreme Court on December 29, 2011) all redevelopment agencies in the State of California were dissolved and ceased to operate as a legal entity as of February 1, 2012.

Note: Amounts presented in this table have been restated for prior years to reflect the most current information available.

Source: Riverside County Assessor 2006/07 - 2015/16 Tax Rate Table.

Table 10
City of Riverside
Principal Property Taxpayers
Current Year and Nine Years Ago

(in thousands)

Property Owner	2016 Taxable Assessed Value	2016 Rank	2016 Percentage of Total Taxable Assessed Value	2007 Taxable Assessed Value	2007 Rank	2007 Percentage of Total Taxable Assessed Value
Tyler Mall	$ 199,362	1	0.8%	$ 147,311	2	0.7%
Riverside Healthcare System	146,114	2	0.6%	106,354	3	0.5%
State Street Bank and Trust Co.	112,074	3	0.4%	80,153	5	0.4%
La Sierra University	106,058	4	0.4%			
Rohr Inc	101,518	5	0.4%	56,284	9	0.3%
Corona Pointe Apartments	98,505	6	0.4%			
Cole ID	95,627	7	0.4%			
Vestar Riverside Plaza	84,356	8	0.3%			
Northrop Drive Apartments	78,240	9	0.3%			
Canyon Springs Marketplace Corp	71,460	10	0.3%			
BRE Properties				172,558	1	0.8%
Charter Comm Entertainment II				71,915	6	0.3%
California State Teachers Retirement				57,642	8	0.3%
Bottling Group				53,802	10	0.3%
Centex Homes				90,474	4	0.4%
Mission Grove Plaza				59,046	7	0.3%
Totals	$ 1,093,314		4.3%	$ 895,539		4.2%

Notes:
The amounts shown above include assessed value data for both the City and the Successor Agency.

Source: Riverside County Assessor 2015/16 and 2006/07 Combined Tax Rolls

Table 11
City of Riverside
Property Tax Levies and Collections
Last Ten Fiscal Years **(in thousands)**

Fiscal Year Ended June 30	Taxes Levied for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections To Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2007	69,246	67,046	96.82%	2,200	69,246	100.00%
2008	83,996	82,345	98.03%	1,651	83,996	100.00%
2009	86,251	84,134	97.55%	2,117	86,251	100.00%
2010	77,228	74,491	96.46%	2,737	77,228	100.00%
2011	74,608	72,327	96.94%	2,281	74,608	100.00%
2012	41,020	40,340	98.34%	680	41,020	100.00%
2013	43,333	42,447	97.96%	886	43,333	100.00%
2014	45,138	44,684	98.99%	454	45,138	100.00%
2015	48,846	48,427	99.14%	419	48,846	100.00%
2016	50,023	49,585	99.12%	-	49,585	99.12%

Note:
The table reflects amounts related to the City. In addition, it includes amounts related to the Redevelopment Agency through dissolution (1/31/12). The amounts collected by the Redevelopment Agency include monies that were passed-though to other agencies. Current tax levies are the original charge as provided by the County of Riverside. Current tax collections do not include supplemental taxes, aircraft taxes or other property taxes.

The City adopted the Teeter plan available with the County of Riverside effective Fiscal year 2014. Under the Teeter plan the County of Riverside has responsibility for the collection of delinquent taxes and the City receives 100% of the levy.

Table 12
City of Riverside
Electricity Sold by Type of Customer
Last Ten Fiscal Years **(in millions of kilowatt-hours)**

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Type of Customer:										
Residential	748	734	733	701	666	688	726	700	711	726
Commercial	456	441	433	406	400	413	419	421	428	438
Industrial	924	960	946	906	912	969	1,003	997	995	983
Wholesale sales	295	357	137	44	7	2	14	4	2	-
Other	39	34	33	32	31	31	31	30	31	23
Total	2,462	2,526	2,282	2,089	2,016	2,103	2,193	2,152	2,167	2,170
Total direct rate Monthly Base Rate[1]	5.00	11.35	13.06	18.06	18.06	18.06	18.06	18.06	18.06	18.06

[1] Monthly Base Rate includes a Reliability Charge of $5.00 (small residence 100 amp) implemented in January 2008. In January 2010 the Reliability Charge increased to $10.00 (small residence 100 amp).

Source: Riverside Public Utilities, Finance Services

Table 13
City of Riverside
Electricity Rates
Last Ten Fiscal Years
(Average Rate in Dollars per Kilowatt-Hour)

Fiscal Year Ended June 30	Residential	Commercial	Industrial	Other
2007	0.12621	0.12164	0.09059	0.14493
2008	0.13613	0.13781	0.09658	0.16099
2009	0.14389	0.15122	0.10271	0.17169
2010	0.15307	0.16014	0.10756	0.17876
2011	0.16173	0.16001	0.11194	0.18089
2012	0.16068	0.15991	0.11088	0.17938
2013	0.16274	0.15913	0.11030	0.18375
2014	0.15995	0.15936	0.11156	0.18513
2015	0.16050	0.16022	0.11282	0.18291
2016*	0.16119	0.15915	0.11577	0.20908

Source: Riverside Public Utilities, Finance Services

Table 14
City of Riverside
Top 10 Electricity Customers
Current Year and Nine Years Ago

	2016			2007		
Electricity Customer	**Electricity Charges**	**Rank**	**Percent of Total Electric Revenues**	**Electricity Charges**	**Rank**	**Percent of Total Electric Revenues**
Local University	$12,075,034	1	3.96%	$6,208,160	2	2.59%
Local Government	8,467,901	2	2.77%	6,737,345	1	2.82%
Local Government	7,350,087	3	2.41%	6,190,517	3	2.59%
Local School District	4,385,174	4	1.44%	3,858,521	4	1.61%
Corporation	4,126,026	5	1.35%	2,997,336	5	1.25%
Corporation	3,298,925	6	1.08%	2,267,071	6	0.95%
Corporation	3,117,515	7	1.02%			
Hospital	2,601,830	8	0.85%	1,664,993	8	0.70%
Local University	2,315,680	9	0.76%			
Local School District	2,167,774	10	0.71%			
Corporation				2,040,225	7	0.85%
Corporation				1,653,565	9	0.69%
Hospital				1,614,061	10	0.67%
	$49,905,946		16.35%	$35,231,794		14.72%
Retail Sales Per Financial Statements	$305,248,858			$ 239,258,513		

N/A - not available

Source: Riverside Public Utilities, Finance Services

Table 15
City of Riverside
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years (in thousands)

	Governmental Activities						
Fiscal Year	General Obligation Bonds	Redevelopment Bonds	Revenue Bonds	Pension Obligation Bonds	Certificates of Participation	Capital Leases	Notes/Loans Payable
2007	19,331	296,598	-	144,450	192,874	4,929	9,759
2008	18,774	292,244	-	142,170	200,273	9,391	9,040
2009	18,171	285,743	-	139,410	198,268	7,455	8,749
2010	17,533	278,867	-	136,050	211,212	6,303	9,291
2011	16,845	305,195	-	132,095	207,246	6,670	8,849
2012	16,107	-	-	127,480	202,703	5,220	4,000
2013	15,314	-	43,762	122,005	158,697	8,424	28,652
2014	14,460	-	42,344	115,775	191,446	13,168	47,611
2015	13,546	-	40,891	108,725	187,212	14,966	45,574
2016	12,567	-	39,398	101,000	181,429	12,006	43,482

	Business-Type Activities					
Fiscal Year	Revenue Bonds	Notes/Loans Payable	Capital Leases	Total Primary Government	Percentage of Personal Income[1]	Debt Per Capita[1]
2007	482,929	9,211	253	1,160,334	18.67%	4.01
2008	720,749	8,569	211	1,401,421	21.51%	4.80
2009	670,512	7,915	2,574	1,342,931	20.15%	4.54
2010	968,393	7,249	2,151	1,637,049	24.83%	5.44
2011	1,071,554	76,747	1,720	1,826,921	27.58%	6.01
2012	1,063,853	73,821	1,332	1,494,516	21.94%	4.84
2013	1,031,839	70,798	2,558	1,482,049	21.41%	4.75
2014	1,094,290	36,030	2,266	1,557,390	22.54%	4.96
2015	1,239,634	37,225	1,720	1,689,493	24.64%	5.38
2016	1,208,851	37,793	4,694	1,641,220	23.93%	5.22

[1] These ratios are calculated using personal income and population data for the prior calendar year.

Source: City of Riverside Notes to Financial Statements and Statistical Table 20.

Table 16
City of Riverside
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years **(in thousands, except per capita amount)**

Fiscal Year	General Obligation Bonds	Pension Bonds	Certificates of Participation	Tax Allocation Bonds	Total	Percent of Assessed Value [1]	Per Capita[2]
2007	19,331	144,450	192,874	296,598	653,253	3.98%	2,260
2008	18,774	142,170	200,273	292,244	653,461	3.64%	2,239
2009	18,171	139,410	198,268	285,743	641,592	3.52%	2,167
2010	17,533	136,050	211,212	278,867	643,662	3.82%	2,140
2011	16,845	132,095	207,246	305,195	661,381	4.03%	2,175
2012	16,107	127,480	202,703	-	346,290	2.12%	1,122
2013	15,314	122,005	158,697	-	296,016	1.80%	949
2014	14,460	115,775	191,446	-	321,681	1.91%	1,024
2015	13,546	108,725	187,212	-	309,483	1.73%	985
2016	12,567	101,000	181,429	-	294,996	1.65%	909

Notes:
General bonded debt is debt payable with governmental fund resources and general obligation bonds recorded in enterprise funds (which, the City has none.)

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

[2] These ratios are calculated using population data for the prior calendar year.

Source: City of Riverside Notes to Financial Statements and Reserve Cash Reconciliation maintained by City Finance Department.

Table 17
City of Riverside
Direct and Overlapping Governmental Activities Debt
As of June 30, 2016

2015-16 Assessed Valuation:	$ 25,457,848,060
Less Dissolved Redevelopment Agency Incremental Valuation:	6,955,334,879
Adjusted Assessed Valuation:	$ 18,502,513,181

	Total Debt	% Applicable	City's Share of Debt[1]
Overlapping debt repaid with property taxes[2]			
Metropolitan Water District	$ 928,650	1.048%	$ 973,225
Riverside County Flood Control and Water Conservation District Zone No. 4	20,650,000	2.194	$ 453,061
Riverside City Community College District	267,357,209	29.139	77,905,217
Alvord Unified School District	221,425,233	71.046	157,313,771
Riverside Unified School District	129,815,000	86.720	112,575,568
Corona-Norco Unified School District	342,600,000	0.001	3,426
Jurupa Unified School District	72,600,000	0.002	1,452
Moreno Valley Unified School District	133,088,519	10.269	13,666,860
Alvord Unified School District Community District No.2006-1	7,555,000	82.333	6,220,258
Riverside Unified School District Community Facilities Districts	75,737,000	89.479-100.	75,614,003
City of Riverside Community Facilities Districts	18,760,000	100.	18,760,000
City of Riverside 1915 Act Bonds	24,435,000	100.	24,435,000
Total overlapping debt repaid with property taxes			$ 487,921,841

(continued)

Table 17
City of Riverside
Direct and Overlapping Governmental Activities Debt
As of June 30, 2016

Other overlapping debt[2]

Riverside County General Fund Obligations	$ 927,044,393	10.799%	$ 100,111,524
Riverside County Pension Obligations	304,520,000	10.799	32,885,115
Riverside County Board of Education Certificates of Participation	935,000	10.799	100,971
Alvord Unified School District Certificates of Participation	2,027,061	71.046	1,440,146
Corona-Norco Unified School District Certificates of Participation	26,800,000	0.001	268
Jurupa Unified School District Certificates of Participation	13,800,000	0.002	276
Moreno Valley Unified School District Certificates of Participation	11,640,004	10.269	1,195,312
Riverside Unified School District General Fund Obligations	9,930,000	86.720	8,611,296
Total other overlapping debt			144,344,908
Less: Riverside County supported obligations			744,625
			143,600,283
Overlapping tax Increment debt			235,170,932
Total overlapping debt			866,693,056
City direct debt			389,882,000
Combined total direct and overlapping debt			$ 1,256,575,056

(1) Debt balances are as of April 1, 2016 (most recent available) for other agency debt, and June 30, 2016 for all City of Riverside direct debt.

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

Ratios to 2015-16 Assessed Valuation:	
Total debt repaid with property taxes.....	1.92%
City direct debt ($389,882,000).....	1.53%
Combined total direct and overlapping debt.....	4.94%
Ratios to Dissolved Redevelopment Incremental Valuation ($6,955,334,879):	
Total overlapping tax Increment debt.....	3.38%

Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

Source: California Municipal Statistics, Inc., Riverside County Auditor-Controller and City Finance Department.

Table 18
City of Riverside
Legal Debt Margin Information
Last Ten Fiscal Years

(in thousands)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Assessed valuation	$16,395,629	$17,950,082	$ 18,243,019	$ 16,840,575	$ 16,396,996	$ 16,342,830	$ 16,415,712	$ 16,851,786	$ 17,867,012	$ 18,502,513
Conversion percentage	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%
Adjusted assessed valuation	4,098,907	4,487,521	4,560,755	4,210,144	4,099,249	4,085,708	4,103,928	4,212,947	4,466,753	4,625,628
Debt limit percentage	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%
Debt limit	614,836	673,128	684,113	631,522	614,887	612,856	615,589	631,942	670,013	693,844
Total net debt applicable to limit:	19,331	18,774	18,171	17,533	16,845	16,107	15,314	14,460	13,546	12,567
Legal debt margin	595,505	654,354	665,942	613,989	598,042	596,749	600,275	617,482	656,467	681,277
Total net debt applicable to the limit as a percentage of debt limit	3.1%	2.8%	2.7%	2.8%	2.7%	2.6%	2.5%	2.3%	2.0%	1.8%

The Government Code of the State of California provides for a legal debt limit of 15% of gross assessed valuation. However, this provision was enacted when assessed valuation was based upon 25% of market value. Effective with the 1981-82 fiscal year, each parcel is now assessed at 100% of market value (as of the most recent change in ownership for that parcel). The computations shown above reflect a conversion of assessed valuation data for each fiscal year from the current full valuation perspective to the 25% level that was in effect a the time that the legal debt margin was enacted by the State of California for local governments located within the State.

Source: City of Riverside, Statistical Table 7 and Notes to Financial Statements.

Table 19
City of Riverside
Pledged-Revenue Coverage
Business Type Activity Debt
Last Ten Fiscal Years

(in thousands)

	Electric Revenue Bonds						Water Revenue Bonds					
		Less:	Net	Debt Service				Less:	Net	Debt Service		
Fiscal Year	Pledged Revenue[1]	Operating Expenses[1]	Available Revenue	Principal	Interest	Coverage	Pledged Revenue[1]	Operating Expenses[1]	Available Revenue	Principal	Interest	Coverage
2007	289,784	187,700	102,084	18,815	14,200	3.09	55,699	29,461	26,238	4,300	3,454	3.38
2008	314,733	219,680	95,053	19,460	16,790	2.62	67,312	33,827	33,485	4,355	4,275	3.88
2009	320,447	202,904	117,543	20,572	24,941	2.58	60,886	35,639	25,247	4,473	6,728	2.25
2010	320,560	199,040	121,520	21,574	22,572	2.75	61,985	35,953	26,032	4,533	8,008	2.08
2011	319,177	212,878	106,299	23,029	25,087	2.21	84,328	35,220	49,108	4,799	9,263	3.49
2012	340,098	221,876	118,222	25,174	27,630	2.24	73,557	35,309	38,248	4,708	8,872	2.82
2013	348,187	226,997	121,190	18,486	25,941	2.73	72,700	35,940	36,760	5,395	8,700	2.61
2014	347,541	241,136	106,405	21,632	27,575	2.16	71,317	37,698	33,619	4,574	8,536	2.56
2015	348,244	247,984	100,260	15,485	26,532	2.39	66,010	35,785	30,225	5,258	8,342	2.22
2016	371,029	244,571	126,458	16,460	25,780	2.99	60,047	33,802	26,245	5,533	8,063	1.93

	Sewer Revenue Bonds					
		Less:	Net	Debt Service		
Fiscal Year	Pledged Revenue[1]	Operating Expenses[1]	Available Revenue	Principal	Interest	Coverage
2010	31,470	26,865	4,605	666	151	5.64
2011	37,772	27,575	10,197	692	125	12.48
2012	42,562	29,632	12,930	692	5,471	2.10
2013	52,944	29,999	22,945	7,465	10,891	1.25
2014	52,098	28,930	23,168	7,753	10,781	1.25
2015	51,288	27,598	23,690	8,056	10,958	1.25
2016	68,412	31,864	36,548	8,405	20,786	1.25

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

[1] Amounts have been calculated in accordance with the provisions set forth in the debt covenants. Total operating expenses exclusive of depreciation. Pledged revenue includes applicable cash set aside in a rate stabilization account in accordance with applicable bond covenants.

The City of Riverside does not have any pledged revenue related to Govermental Activities.

Table 20
City of Riverside
Demographic and Economic Statistics
Last Ten Calendar Years

Calendar Year	Population [1]	Personal Income [2] (in thousands)	Per Capita Personal Income [2]	Unemployment Rate [3]
2006	289,045	6,214,628	21,501	5.1
2007	291,814	6,514,489	22,324	6.1
2008	296,038	6,665,142	22,514	8.6
2009	300,769	6,592,294	21,918	13.7
2010	304,051	6,623,143	21,783	14.8
2011	308,511	6,811,923	22,080	13.7
2012	311,955	6,923,217	22,193	9.7
2013	314,034	6,909,376	22,002	8.4
2014	314,221	6,857,559	21,824	7.9
2015	324,696	6,953,323	21,414	6.4

Sources:

[1] California State Department of Finance.

[2] Demographic Estimates for 2005-2009 are based on the last available Census. Projections are developed by incorporating all fo the prior census data released to date. Demographic Data is totaled from Census Block Groups that overlap the City's boundaries. Demographic Estimates for 2010 and later are per the US Cenus Bureau, most recent American Community Survey.

[3] State of California Empolyment Development Department.

Table 21
City of Riverside
Principal Employers
Current Year and Nine Years Ago

	2016			2007		
Employer	**Employees**	**Rank**	**Percentage of Total City Employment**	**Employees**	**Rank**	**Percentage of Total City Employment**
County of Riverside	11,956	1	8.0%	7,210	1	4.7%
University of California	8,306	2	5.5%	6,470	2	4.2%
Kaiser	4,500	4	3.0%			
Riverside Unified School District	4,000	3	2.7%	4,000	3	2.6%
City of Riverside	2,507	5	1.7%	2,600	4	1.7%
Riverside Community Hospital	2,400	6	1.6%	1,600	8	1.0%
Riverside County Office of Education	1,765	7	1.2%			
Alvord Unified School District	1,445	8	1.0%	1,669	7	1.1%
Parkview Community Hospital	1,350	9	0.9%	1,000	10	0.6%
Riverside Community College District	1,061	10	0.7%	2,000	5	1.3%
Fleetwood Enterprises				1,875	6	1.2%
Press-Enterprise Co				1,090	9	0.7%
Total	39,290		26.2%	29,514		19.1%

Source: City of Riverside, Finance Department

Table 22
City of Riverside
Full-Time Equivalent City Government Employees by Function
Last Ten Fiscal Years

Function	2007	2008	2009	2010	2011	2012	2013	2014 [2]	2015	2016
General government	412.22	436.35	439.10	433.40	431.40	440.40	413.90	356.25	361.25	394.24
Public safety (sworn and non-sworn personnel)										
Police [1]	618.33	637.33	591.93	589.93	589.93	599.93	596.75	551.75	553.75	554.75
Fire	251.73	254.21	254.21	255.46	255.46	255.46	255.46	255.00	255.00	251.00
Highways and streets	286.35	318.35	369.65	349.50	348.11	357.11	362.11	333.48	308.00	308.00
Sanitation	60.29	64.29	58.60	59.00	56.00	56.00	57.00	59.00	57.00	59.00
Culture and recreation	324.26	339.52	340.71	328.07	328.07	341.22	351.48	269.98	274.45	286.75
Airport	7.00	7.00	7.00	7.00	9.50	9.50	9.50	6.00	6.00	6.00
Water	142.00	167.00	167.00	177.65	180.15	181.15	181.15	182.15	181.15	181.15
Electric	351.35	404.60	408.10	419.45	448.50	452.50	459.50	462.50	464.50	466.50
Total	2,453.53	2,628.65	2,636.30	2,619.46	2,647.12	2,693.27	2,686.85	2,476.11	2,461.10	2,507.39

[1] In fiscal year 2009 the Crossing Guards program (46.40 FTEs) was moved from the Police Department to the Public Works Department (highways and streets).

[2] In fiscal year 2013/14 the City Council deleted a number of long-term unfunded positions.

Source: City of Riverside, Finance Department

Table 23
City of Riverside
Operating Indicators by Function
Last Ten Fiscal Years

Function/Program	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Police										
Arrests	9,827	9,367	10,150	8,690	8,118	7,736	8,362	9,321	10,310	9,242
Fire										
Number of calls answered	27,458	27,429	26,397	26,484	27,322	27,637	29,988	30,668	32,943	35,905
Inspections	7,261	10,812	7,638	7,234	6,505	10,074	10,151	12,476	8,770	6,636
Public works:										
Street resurfacing (miles)	73.40	26.27	18.90	20.00	21.25	18.43	16.50	35.38	38.75	39.01
Parks and recreation										
Number of recreation classes	19,079	22,146	21,884	27,762	37,303	43,318	41,364	45,707	43,007	53,907
Number of facility rentals	32,980	35,076	36,822	34,565	42,638	43,288	43,358	46,432	44,363	47,772
Water										
Number of accounts	63,431	63,494	64,062	64,231	64,349	64,367	64,591	64,829	65,102	65,094
Annual consumption (ccf)	32,110,208	30,583,266	29,721,236	26,687,271	25,902,439	27,062,142	28,186,178	28,887,304	26,007,490	22,529,463
Electric										
Number of accounts	105,226	106,015	106,385	106,335	106,855	107,321	107,525	108,358	108,388	108,776
Annual consumption (kwh)	2,462	2,526	2,282	2,089	2,016	2,103	2,193	2,152	2,167	2,170
Sewer:										
New connections	15,423	16,412	18,765	16,971	17,746	18,166	17,607	17,274	17,553	17,669
Average daily sewage treatment (millions of gallons)	32.50	32.10	33.00	33.29	30.06	29.84	29.57	28.49	27.15	26.35

[1] Amounts expressed in millions
N/A - not available

Source: City of Riverside, various departments

Table 24
City of Riverside
Capital Asset Statistics by Function
Last Ten Fiscal Years

	Fiscal Year									
	2007 (1)	2008	2009	2010	2011	2012	2013	2014	2015	2016
Function										
Public Safety										
Police										
Stations	3	3	3	3	3	3	3	3	3	3
Substations	4	4	5	4	4	4	4	4	4	4
Helicopters	4	4	4	4	4	4	4	3	3	3
Fire										
Stations	14	14	14	14	14	14	14	14	14	14
Active apparatus	30	30	30	30	26	27	28	28	31	33
Reserve apparatus	6	6	7	7	9	9	11	11	8	9
Training facilities	1	1	1	1	1	1	1	1	1	1
Highways and streets										
Streets (miles)	852.04	864.68	866.89	867.96	868.39	868.70	868.89	871.19	872.16	872.22
Streetlights	29,028	29,312	29,675	29,757	29,868	29,933	29,949	29,968	29,986	30,427
Signalized intersections	358	363	365	362	362	365	365	367	386	381
Culture and recreation										
Parks acreage	2,773.00	2,773.00	2,773.00	2,773.00	2,811.00	2,811.00	2,891.00	2,911.80	2,926.80	2,983.00
Community centers	11	11	11	11	11	11	11	11	11	11
Playgrounds	38	38	41	41	41	41	43	44	44	46
Swimming pools	7	7	7	7	7	7	7	7	7	7
Softball & baseball diamonds	44	44	44	44	49	51	54	54	54	54
Library branches	6	6	7	7	8	8	8	8	8	8
Museum exhibit-fixed	13	8	6	5	8	5	3	3	4	5
Museum exhibit-special	2	5	2	2	2	1	4	4	5	6
Water										
Fire hydrants	7,187	7,381	7,523	7,593	7,632	7,682	7,726	7,754	7,758	7,908
Sewer										
Sanitary sewers (miles)	785	794	794	820	823	829	829	829	820	829
Electric										
Miles of overhead distribution system	528.0	523.5	522.0	519.0	517.0	515.0	513.0	513.0	513.0	513.0
Miles of underground system	704.0	741.6	769.0	782.0	791.0	804.0	810.0	814.0	815.0	817.0

Source: City of Riverside, various departments

(1) Museum Fixed Exhibits - In 2007, the Riverside Municipal Museum remodeled a number of the spaces within the museum allowing the museum the opportunity to debut new exhibitions and to display more permanent collections in addition to partnering with others on exhibits that were available that year.

CITY OF
RIVERSIDE

City of Arts & Innovation

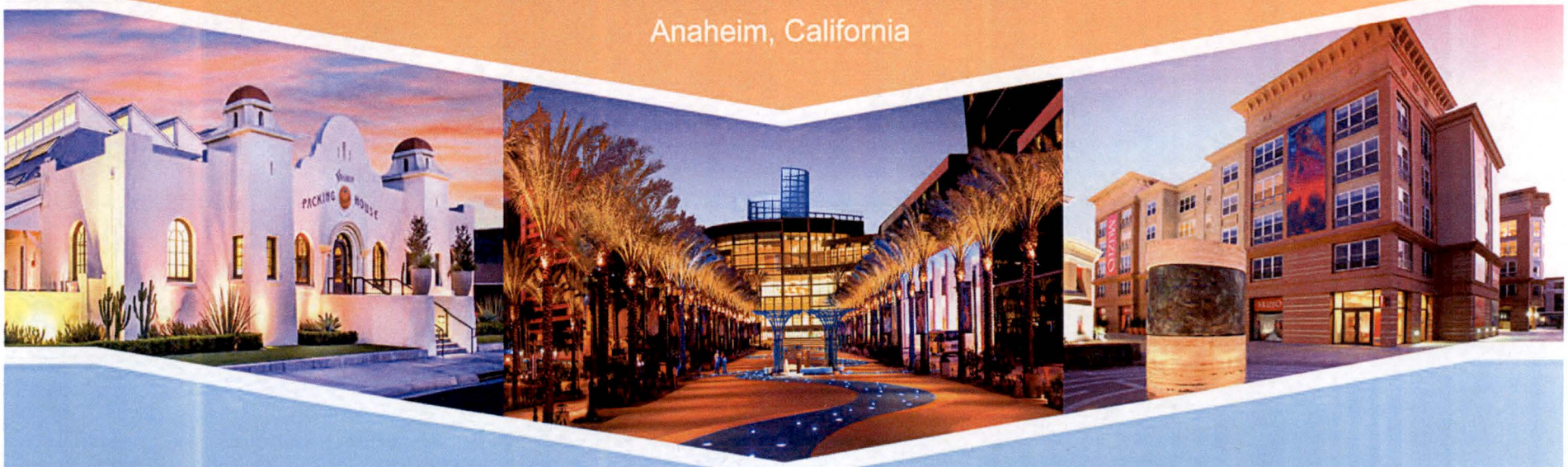
3900 Main Street
Riverside, CA 92522

ExploreRiverside.com

YEAR ENDED JUNE 30, 2016

Comprehensive Annual Financial Report

Anaheim, California



ANAHEIM

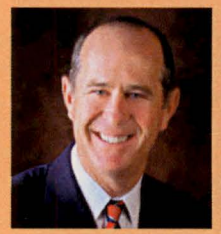
YEAR ENDED JUNE 30, 2016

Comprehensive Annual Financial Report

Anaheim, California

ANAHEIM

City Council

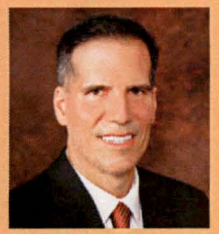


Tom Tait
Mayor

Lucille Kring
Mayor Pro Tem

Kris Murray
Council Member

Jordan Brandman
Council Member



James Vanderbilt
Council Member

ANAHEIM

Comprehensive Annual Financial Report
Table of Contents
June 30, 2016

INTRODUCTION SECTION	Page
Letter of Transmittal	1
GFOA Certificate of Achievement for Excellence in Financial Reporting	7
Organization Chart	9
Administration Personnel	10
FINANCIAL SECTION	
Independent Auditors' Report	11
Management's Discussion and Analysis (Unaudited)	13
Basic Financial Statements	
Government-wide Statements	
Statement of Net Position	25
Statement of Activities	27
Fund Financial Statements	
Balance Sheet - Governmental Funds	29
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	30
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	31
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	32
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Budgetary Basis Actual - General Fund	33
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Budgetary Basis Actual - Housing Authority	34
Statement of Net Position - Proprietary Funds	35
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds	37
Statement of Cash Flows - Proprietary Funds	38
Statement of Fiduciary Net Position (Deficit) - Fiduciary Funds	40
Statement of Changes in Fiduciary Net Position (Deficit) - Fiduciary Funds	41
Notes to Financial Statements	43
Supplementary Information	
Required Supplementary Information	
Schedule of Changes in the Net Pension Liability and Related Ratios	85
Schedule of Pension Plan Contributions	86
Schedule of Funding Progress for Other Post - Employment Benefits	87
Supplementary Information	
Summary of Pension Obligation Funding Progress	88
Combining Individual Fund Statements and Schedules	
Governmental Funds	
Combining Balance Sheet - Nonmajor Governmental Funds by Fund Type	89
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds by Fund Type	90
Combining Balance Sheet - Nonmajor Special Revenue Funds	91
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds	92
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Budgetary Basis Actual - All Nonmajor Special Revenue Funds	93

Comprehensive Annual Financial Report
Table of Contents
June 30, 2016 (continued)

	Page
Combining Balance Sheet - Nonmajor Debt Service Funds	97
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Debt Service Funds	98
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - All Debt Services	99
Combining Balance Sheet - Nonmajor Capital Projects Funds	101
Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits) - Nonmajor Capital Projects Funds	102
Schedule of Revenues, Expenditures and Changes in Fund Balances (Deficits) - Budget and Budgetary Basis Actual - All Capital Projects Funds	103
Internal Service Funds	
Combining Statement of Net Position - Internal Service Funds	107
Combining Statement of Revenues, Expenses and Changes in Net Position - Internal Service Funds	108
Combining Statement of Cash Flows - Internal Service Funds	109
Fiduciary Funds	
Statement of Changes in Fiduciary Assets and Liabilities - Agency Fund - Mello-Roos	111
STATISTICAL SECTION (Unaudited)	
Net Position by Component - Last Ten Fiscal Years	114
Changes in Net Position - Last Ten Fiscal Years	115
Governmental Activities Tax Revenues By Source - Last Ten Fiscal Years	117
Fund Balances of Governmental Funds - Last Ten Fiscal Years	118
Changes in Fund Balances of Governmental Funds - Last Ten Fiscal Years	119
General Government Tax Revenues By Source - Last Ten Fiscal Years	120
Assessed Value and Estimated Actual Value of Taxable Property - Last Ten Fiscal Years	121
Property Tax Rates - Last Ten Fiscal Years	122
Principal Property Tax Payers - Current Year and Nine Years Ago	123
Property Tax Levies and Collections - Last Ten Fiscal Years	124
Ratios of Outstanding Debt by Type - Last Ten Fiscal Years	125
Ratios of Net General Bonded Debt Outstanding - Last Ten Fiscal Years	126
Direct and Overlapping Governmental Activities Debt - as of June 30, 2016	127
Legal Debt Margin - Last Ten Fiscal Years	129
Pledged-Revenue Coverage - Last Ten Fiscal Years	130
Demographic and Economic Statistics - Last Ten Fiscal Years	132
Principal Employers - Current Year and Nine Years Ago	133
Full-time Equivalent City Government Employees by Function/Program - Last Ten Fiscal Years	134
Operating Indicators by Function - Last Ten Fiscal Years	135
Capital Assets Statistics by Function - Last Ten Fiscal Years	137
City of Anaheim Map	139

Introductory Section

City of Anaheim, California
Finance Department

December 20, 2016

To the Honorable Mayor and City Council
City of Anaheim
Anaheim, California

In accordance with the Charter of the City of Anaheim (City), please accept submission of the Comprehensive Annual Financial Report (CAFR) for the fiscal year ending June 30, 2016. Responsibility for the accuracy of the data, completeness, and fairness of the presentation, including all disclosures, rests with the City. We believe the data included is accurate in all material aspects, and is presented in a manner designed to fairly set forth the financial position and operational achievements of the City, as measured by the financial activity of its various funds. In addition, all disclosures necessary to enable the reader to gain maximum understanding of the City's financial activities have been included.

The City Charter requires an annual audit of the City's financial statements by an independent Certified Public Accountant. Accordingly, this year's audit was completed by KPMG LLP. In addition to meeting the requirements set forth in the City Charter, the audit was also designed to meet the requirements of the Single Audit Act Amendments of 1996 and related OMB Circular A-133. The auditors' report on the basic financial statements is included in the financial section of this report. The auditors' reports related specifically to the single audit are presented as a separate document.

Management's discussion and analysis (MD&A) immediately follows the independent auditors' report and provides a narrative introduction, overview, and analysis of the City's basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

ECONOMIC CONDITION AND OUTLOOK

Anaheim is located in northwestern Orange County, approximately 28 miles southeast of downtown Los Angeles and 90 miles north of San Diego. The City lies on a coastal plain, which is bordered by the Pacific Ocean to the west and the Santa Ana Mountains to the east. The City is the oldest and most populous city in Orange County. Anaheim is home to the Disneyland Resort, the Anaheim Convention Center, the Anaheim Regional Transportation Intermodal Center (ARTIC), and two major league professional sports teams—the Los Angeles Angels of Anaheim Major League Baseball team, which utilizes Angel Stadium of Anaheim, and the Anaheim Ducks National Hockey League team, which utilizes the Honda Center.

Anaheim is a significant contributor to the diverse Orange County economy, which is home to more than 8,000 manufacturing plants. Product manufacturers include notable firms focused on defense and aerospace, biomedical, electronics, machinery, and computer products. The City has over 23,000 active business licenses, of which over 17,000 are businesses operating within the City's boundaries.

The economy continues to grow moderately and while there is little reason to believe that a recession is on the immediate horizon, we are cautious of the possibility in the coming years. Job growth nationally and locally has had a significant impact on the economy and should continue to bolster the economic outlook over the next few years.

The unemployment rate in Anaheim for June 2016 was 4.4%, which is below both the national average (4.9%) and the state average (5.4%).

The City will continue to build on the successes and achievements realized in the current year, and remain committed to efforts to grow service levels. The City's "Big Three" revenue sources of transient occupancy tax, property tax, and sales and use tax, have all shown steady growth this year. As the City moves through fiscal year 2016/17, we are optimistic about continued growth but will remain attentive to the prevailing economic climate and mindful of managing enhanced services within the limits of the City's General Fund.

MAJOR INITIATIVES

Under the direction of the Mayor and City Council, City management identifies the priorities that shape the path leading into the City's future. City initiatives are reevaluated regularly, and new items are frequently added to ensure that City efforts are consistent with the priorities of our policy body and the community. The City strives each year to better fulfill its mission of delivering outstanding municipal services that are responsive to our entire community by continuing its tradition of fostering innovation, ingenuity, and opportunity in its operations. This helps achieve the primary goals of focusing on community needs, building neighborhood connections, and governing for results that strengthen communities. The City's dedication to improvement and modernization creates an environment where residents and businesses are free to choose how best to enjoy all that Anaheim has to offer.

PUBLIC SAFETY:

Investing in public safety continues to be a priority for the Anaheim City Council, with our Police and Fire & Rescue Departments working diligently with the community to keep Anaheim safe. To further support strengthening the Anaheim Police Department's capabilities, the Anaheim City Council authorized the hiring of 40 additional officers over 4 years. The fiscal year 2016/17 budget marks the third year of this four-year commitment demonstrating the Council's and the City's priority of providing the highest level of public safety services. These additional officers will directly impact the Anaheim Police Department's core service, the Patrol Division, which will assist with the 11% increase in the number of calls for police services. Additionally, the Department will continue its focus on programs and initiatives including the Traffic Safety Program, Public Safety Pipeline Program, Cops 4 Kids, and Community Policing Teams among others. The City has invested in public safety through supplemental service enhancements since fiscal year 2013/14, with a total of 43 additional officers being added over the past four years. Through these programs and the additional officers, our public safety entities are actively facilitating community outreach and educational opportunities, further strengthening community relations.

The Anaheim Police Department's Patrol Augmentation Program began in early 2016 and deploys detectives and investigators on a week-long rotation in patrol. This innovative program continues in fiscal year 2016/17, and seeks to foster a learning environment wherein seasoned detectives and investigators are able to mentor newer patrol officers. Additionally, the Police Department will leverage technology by setting up a Real Time Crime Center to apply data analytics to assist officers in the field responding to crimes in progress and other dynamic incidents. The Overt Camera Project at three Anaheim parks will enhance public safety through crime prevention and increased public awareness. Employing innovative operational enhancements and community engagement remains a priority for the Anaheim Police Department and these programs illustrate the Anaheim Police Department's pledge to enhance public safety while strengthening relationships between officers and the community they serve.

Additionally, Anaheim Fire & Rescue will continue its focus on providing excellent service and care to the community. To support this effort, Anaheim Fire & Rescue will conduct another Fire Training Academy to fill 15 vacant firefighter positions. Filling these positions will provide support to the various programs available to the City, including the Community Care Response Unit (CCRU) program that was successfully launched as a pilot last year, the Community Emergency Response Team (CERT) that provides ongoing training and participation of our volunteer force to better prepare for and respond to disasters, the Home Safety Visit Program that provides fire safety education directly to Anaheim homeowners most vulnerable to fire and fire injuries, the Paramedic Membership Program, and others. The construction of Fire Station 12 will assist in improving emergency response times throughout the City. Anaheim Fire & Rescue also looks forward to the relocation of Fire Station 5; as property has been purchased at 2540 East La Palma Avenue and the City is in the process of identifying qualified builders and architects. These additions and the ongoing installation of traffic signal preemption devices in major traffic corridors will help to improve response times and safety at arterial intersections for our City.

INVESTING IN OUR NEIGHBORHOODS

The fiscal year 2016/17 budget highlights substantial investments that enrich the lives of the residents in our city. A critical component of a vibrant city is providing an array of recreational and educational opportunities to help improve the health, safety, and well-being of families in Anaheim. The City of Anaheim has a long history of collaboration and partnership with school districts operating within the boundaries of the City. As part of these partnerships, the City invests significant financial resources to provide supplemental support to Anaheim schools. Over $12.7 million dollars is included in the fiscal year 2016/17 adopted budget to support local schools by providing after school programs, campus support and programming, and pedestrian and infrastructure investments. Additionally, over the past six years the City has invested more than $19 million in capital improvements near schools.

Featuring new developments along with improved services and infrastructure, Anaheim's parks, community centers, and neighborhoods will continue to offer residents opportunities to partake in safe and healthy living activities. The addition of a 9,000 square foot skate park in Ponderosa Park and the development of a new Family Resource Center on the site will provide 18,000 square feet of much needed community space that will include the addition of a new gymnasium, playground, water spray park, community garden and flexible space for community activities and programs. Divided into three phases, the skate park opened in August 2016, the new Family Resource Center is expected to open summer 2017, and the remaining park improvements will be in place by early 2018.

In our ongoing efforts to offer open space for recreational and personal enrichment activities, the City is investing in a number of park upgrades to meet the needs of the community. Stoddard Park received a playground extension and a completely renovated restroom in early 2016 as part of ongoing efforts to replace aging facilities. Circle Park spent many years as a vacant city lot and at the request and input of area residents, it was designed and opened in April 2016 as a new pocket park that includes a small playground, four square court, barbecue area with new sidewalks, streetlights, and parking spaces. Lincoln Park had spent many years without a play area and in May 2016 it received a new playground as part of a collaboration with non-profit KaBOOM! that is dedicated to creating active play spaces for kids to thrive. The new playground is a welcome addition with a swing set and state of the art playground equipment for children to enjoy for years to come.

Little People's Park was renovated with significant public input from residents and will include replacement of the gazebo shade structure, turf replacement, and

conversion of the half size basketball court to a full size court. Historic Anaheim light poles are integrated into the park with new energy efficient LED fixtures to create a safer, well-lit environment within the space. Manzanita Park upgrades and expansions will provide additional programming space, enhanced visibility and a welcoming entrance. The building will be completely upgraded with a new roof as well as energy efficient lighting, air conditioning and plumbing fixtures. These improvements will provide much needed programming space to better serve our youth.

Our libraries also received some much needed attention. The rehabilitation projects at Euclid Library in west Anaheim and the Sunkist Library in central Anaheim were completed and the projects will reconfigured the interior and exterior spaces to allow for more flexible use to meet a variety of community needs.

The City is committed to working on many new projects and will continue to collaborate with our residents to provide new and updated parks and community centers, including improvements and additional amenities at the Olive Hills Dog Park, Twila Reid Park, Founders' Park, Schweitzer Park, Palm Lane Park, Edison Park, and Brookhurst Community Center throughout fiscal year 2016/17. In east Anaheim, the City opened the much awaited Olive Hills Dog Park that features a walking/jogging path, artificial turf, separated small and large dog use areas with agility equipment and a new restroom, adjacent to the Olive Hills tennis courts.

At the request of community residents the abandoned basketball facilities at Twila Reid Park will be replaced with pickle ball courts. To further support a healthy lifestyle, a new exercise path at Edison Park will allow neighbors to become active outdoors. Finally, in summer 2017, the Brookhurst Community Center will see an expanded reception area, along with an improved back patio for community members who wish to utilize this unique location for family and special events.

Founders' Park, which celebrates Anaheim's heritage with its 1857 Mother Colony House and heritage Moreton Bay Fig tree, welcomed a new shade structure that is sure to keep park-goers cool in warmer temperatures. In addition, the City welcomed two new skate parks at Schweitzer Park and Palm Lane Park. The skate parks replaced underutilized park space and were designed with community input. We are excited about the many completed and upcoming projects in the City and look forward to more investments to come.

SUPPORTING OUR COMMUNITY:

In addition to engaging residential input on our many projects, the City believes in supporting our communities by providing resources via different program services and outreach platforms. With our newly redesigned website www.anaheim.net, the City provides a more user-friendly interface that allows individuals to easily access the important information they need. Our outreach strategies continue to provide valuable information to residents and utilize an array of easily accessible methods including Facebook, Twitter, YouTube, Anaheim Magazine, and Your Community/Tu Comunidad publications.

Programs and services that support our youth continue to be a priority for the City. With the 2015 expansion of the mobile afterschool program from once a week in 10 neighborhoods to twice a week, it is anticipated to reach more than 6,000 youth annually. The mobile afterschool program, Fun on Wheels provides recreational activities, fitness fun and homework assistance to our developing youth in Anaheim. Increasing the reach of programs to strengthen our communities gives young people a safe, supportive environment to learn and grow. Additionally, STARS (Study-time, Arts, Recreation & Sports) is a free, drop-in program that offers children academic support, art enrichment, sports, and recreation opportunities year-round at eight parks, with two additional sites also being included. The current sites include Brookhurst, Juarez, Miraloma, Modjeska, Paul Revere, Pearson, Ponderosa, and Twila Reid Parks.

Another successful initiative is our Homeless Collaborative which continues to work in partnership with non-profit organizations to outreach and provide services to the homeless population in the City. To date, the Anaheim Homeless Collaborative has moved more than 540 homeless neighbors off the streets resulting in a net societal savings of more than $3.5 million annually. The City has also taken steps to work closely with neighboring jurisdictions to explore and implement further innovative solutions to address homelessness. The County of Orange's first year-round emergency multi- resource homeless shelter was approved in fiscal year 2015/16 and we look forward to its opening in Anaheim in late 2017. The Homeless Outreach Team, Psychiatric Evaluation Response Team and Community Policing Team Officers will work in collaboration with other agencies, the community and non-profit organizations to facilitate the successful opening and ongoing operation of the County's first multi-resource homeless shelter in 2017. Over $30.7 million dollars is included in the adopted budget comprised of grants, federal funding and general fund to support homeless outreach programs in the City.

ENHANCING OUR INFRASTRUCTURE:

The City is pleased with our ongoing efforts to maintain a beautiful Anaheim, a place residents can be proud to call home. The City is committed to working diligently to provide safe, reliable roadways, and barrier free sidewalks. This includes addressing aging infrastructure and undertaking repairs to streets, signs, sidewalks, curbs and gutters. These improvements enhance walkability of sidewalks, improve ride quality, and enhance the safety of our residential streets.

With the continued maintenance of our streets in fiscal year 2015/16, the City has trimmed 9,100 residential street trees, planted 349 trees, and installed 2,700 new street signs. In fiscal year 2016/17, Anaheim will introduce an additional 450 newly planted trees to the City. 10,600 trees will be pruned as a part of regular maintenance, and an additional 10,000 trees will be pruned for power line clearance.

Other projects include a new electric substation near the Interstate 5 freeway on Katella Avenue to accommodate new developments in the area, a new underground project on Lincoln Avenue and Rio Vista Street, sewer system improvements, and water storage improvement projects at the Windy Ridge Reservoir and La Palma Reservoir and Pump Station. These improvements ensure our streets remain attractive and accessible to all residents.

The City will fill cracks and potholes on approximately 5 million square feet of street and sidewalk pavement. Notable projects include the Anaheim Boulevard and Ball Road intersection improvements, the Brookhurst Street Widening project, the La Palma and State College intersection widening project, and street improvements at Riverdale Avenue and Cerritos Avenue.

In response to California's severe drought conditions, the State Water Board mandated emergency water conservation regulations in June 2015. Anaheim implemented a public outreach and water conservation program to reduce water demands by 20%, compared to usage in 2013. This water conservation goal equated to 3.3 billion gallons of water between June 2015 and February 2016. The City has continued to put into place efforts to reach our goal, including reduced landscape watering, mandatory water measure for restaurants and commercial lodging establishments, and resources for drought-tolerant gardening and turf removal. The City will continue turf rebates and loan programs that will allow customers to reduce outdoor irrigation and expand complimentary water audits for small businesses. Water conservation will continue to be an important priority for the City to stretch and protect our water supplies.

ENCOURAGING BUSINESS GROWTH:

As our local economy shows steady growth, the City continues to identify areas of improvement to encourage and incentivize businesses to make Anaheim their home. Fiscal Year 2016/17 welcomed ongoing projects and new additions that will allow business opportunities to flourish in our community. It is an exciting time to do business in Anaheim with growth and investment taking place in all sectors including entertainment, hospitality, dining along with retail, housing, and manufacturing.

On average, fiscal year 2015/16 saw a 7% increase in business licenses issued, signaling growth with businesses coming to Anaheim. In our effort to make it easier for businesses to operate in Anaheim, the City continued implementation of the Business Assistance Program, which has offered personalized assistance to more than 1,000 customers. Over 90% of customers that responded to a survey sited exceptional or impressive service. Furthermore, the City offers the option for the public to track their permits and the status of inspections online, improving user access and expediting transactions.

In city developments, the Anaheim Convention Center is currently in the midst of its seventh expansion. The project, Betterment VII, features 200,000 square feet of leasable, flexible convention space which will allow the center to continue to grow with our large annual events, attract large meeting intensive conventions that cannot currently be accommodated, and allow the ability to host concurrent events. The project is divided into two phases with Phase 1 providing a new parking tower, loading dock, and pedestrian bridge connection to the existing center. This phase was completed in Fall 2016. Phase 2 will provide for occupancy of the entire facility and will be completed in the fall of 2017.

Moreover, to continue neighborhood improvements, the City will approve specific plans, or land use planning documents that provide the framework for current and future developments. Specific plans are created with a goal of revitalizing and revamping a specified area. With the input of residents, specific plans are anticipated to remove obstacles to the reuse of existing structures and promote infill development of currently vacant or underutilized properties through the use of flexible, easy to process zoning standards. The Anaheim Canyon Specific Plan approved by the City Council in 2016 seeks to create a business environment attractive to a wide variety of industries while encouraging sustainable development in East Anaheim. The Beach Boulevard Specific Plan will help guide future development and stimulate economic activity along the Beach Boulevard corridor in West Anaheim. In addition, the Motel Best Practices program, introduced earlier this year, will guide the City's efforts in ensuring motels in Anaheim are meeting city standards and guidelines. These plans help ensure that businesses can grow throughout all of Anaheim.

The center of our City has seen a frenzy of development this past year, with a healthy balance of urban residential and commercial uses. Completed single-family residential and townhomes this past year include Domain and Circa, bringing hundreds of new homes to our downtown area. An additional seven apartment and condominium projects are planned throughout the City, offering approximately 2,900 new homes for residents.

CtrCity Anaheim, the new branding of Anaheim's downtown area features Center Street, the heart and soul of the ever-expanding downtown area. Center Street is home to one-of-a-kind boutiques, a coffee house, pubs, eateries, and barber shop, as well as St. Joseph Home Health, bringing over 900 jobs to the center of our city. Adding to our vibrant CtrCity will be a repositioning of over 20,000 square feet of retail along Center Street, drawing additional food and retail spaces.

With the continued success of the Packard Building and Packing House, the MAKE renovation adds to the vibrancy of the urban area. The MAKE renovation reinvented the former Sunkist Orange Marmalade factory into a 10,000 square foot commercial/ retail establishment at 500 S. Anaheim Blvd. The building is designed to house a brewery, a winery, and a distillery, each with a tasting room and a 3,000 square foot

shared outdoor patio. This is the fourth component of the successful revitalization of the Packing District, which pays homage to Anaheim's rich citrus, agricultural and maker/crafter culture.

This past year, Anaheim has welcomed several new breweries and many more are scheduled to open in the near future. Golden Road Brewery has opened its tasting room and the entire manufacturing facility is scheduled to open this summer. Karl Strauss Brewery also opened a facility on Orangewood near Anaheim Stadium this fall. The City continues its efforts to streamline processes and promote Anaheim as a Brew City and we are looking forward to many more breweries to come.

Finally, we are excited to announce that development in the resort area continues to thrive. It is anticipated that more than $2.5 billion dollars will be invested in the Anaheim Resort over the next two years, with more than $163.3 million dollars generated from the Anaheim Resort annually comprised of Transient Occupancy Taxes, Sales and Use Taxes, Property Taxes and Business License Taxes. The Resort has a positive impact on the City, generating more than $70 million net annually, which represents nearly 24% of the General Fund. Transient Occupancy Taxes continue to be an important factor of the Anaheim economy; particularly the revenue generated in the Anaheim Resort provides core services across the City in areas including parks, libraries, streets, and public safety. Expected activities in the Resort include the redevelopment of the Park Vue Inn on Harbor Boulevard and the development of the four-star JW Marriot hotel on the GardenWalk site. The City has also received plans for additional hotel projects in the resort area and looks forward to exploring these plans and the growth these projects will bring.

FINANCIAL INFORMATION

Management of the City is responsible for establishing and maintaining internal control designed to ensure that the assets of the government are protected from loss, theft, or misuse, and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with U.S. generally accepted accounting principles. Internal control is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

This report consists of management's representations concerning the finances of the City. As a result, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. Management asserts that, to the best of their knowledge and belief, this financial report is complete and reliable in all material respects.

BUDGETARY CONTROLS:

The City maintains budgetary controls, the objective of which is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council. Activities of the General Fund, special revenue funds, debt service funds, capital projects funds, and all the proprietary funds are included in the annual appropriated budget. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established at the departmental level. The City also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Encumbrances generally are re-appropriated as part of the following year's budget.

RELEVANT FINANCIAL POLICIES:

Through sound fiscal management, the City of Anaheim positions itself to provide a positive atmosphere for economic development and the flexibility to strategically address budgetary challenges that result from fluctuations in the local, national, and global markets. As of June 30, 2016, the City's General Fund has a spendable, unassigned fund balance of $39.9 million, which represents 14% of the General Fund total fiscal year 2015/16 expenditures. Traditionally, the policy has been to maintain General Fund reserves at a minimum of 7 to 10% of expenditures.

Further, the City has a long-standing practice of recognizing and reserving for known and anticipated liabilities. The City fully funds its compensated absences and at an actuarially acceptable level for self-insurance. Additionally, the City has established an irrevocable trust for other post-employment benefits (also known as retiree medical) and continues to make the annual required contribution (ARC) to ensure this future obligation is fully funded.

LONG-TERM FINANCIAL PLANNING:

On June 21, 2016, the City Council adopted the fiscal year 2016/17 budget. Additionally, as a companion to approving the budget plan, a five-year Capital Improvement Plan was presented to the City Council. The five-year plan links anticipated expenditures for infrastructure development with community needs and desires, and provides a citywide perspective of recommended projects and proposed funding sources. The Capital Improvement Plan was finalized in June 2016, and totaled $683.4 million for the five-year fiscal period ending June 30, 2021. The five-year Capital Improvement Plan has been submitted and annually updated, in its present form, since 1982, for effective long-range planning purposes. It is City Management's belief that these two plans give City Council members an expanded opportunity to set policy and provide direction for implementation, resulting in improved management efficiency and improved financial results.

AWARD

GOVERNMENT FINANCE OFFICERS ASSOCIATION OF THE UNITED STATES AND CANADA (GFOA) CERTIFICATE OF ACHIEVEMENT AWARD: The GFOA awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Anaheim, California, for its comprehensive annual financial report for the fiscal year ended June 30, 2015. This was the 40th consecutive year that the City has achieved this prestigious award (fiscal years ended June 30, 1976 through 2015). In order to be awarded the Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both U.S. generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe our current comprehensive annual financial report continues to conform to the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

ACKNOWLEDGMENTS

The preparation of this report on a timely basis is a team effort involving many dedicated people across the entire organization. I would like to extend a special thanks to the talented finance professionals throughout the City, led by Peggy Au, Financial Accounting Manager. Appreciation is also expressed to Mayor Tom Tait, Council Member James Vanderbilt, and Assistant City Manager Kristine Ridge for their significant contributions as members of the Audit Committee. In closing, without the leadership and support of the City Council, preparation and results of this report would not have been possible. Its leadership has made possible the implementation of these important and innovative concepts in fiscal management by the City.

Respectfully submitted,

Paul S. Emery
City Manager

Deborah A. Moreno
Finance Director/City Treasurer

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Anaheim

California

For its Comprehensive Annual Financial Report for the Fiscal Year Ended

June 30, 2015

Executive Director/CEO

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Anaheim, California for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2015. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to Certificate of Achievement program requirements, and we are submitting it to GFOA.

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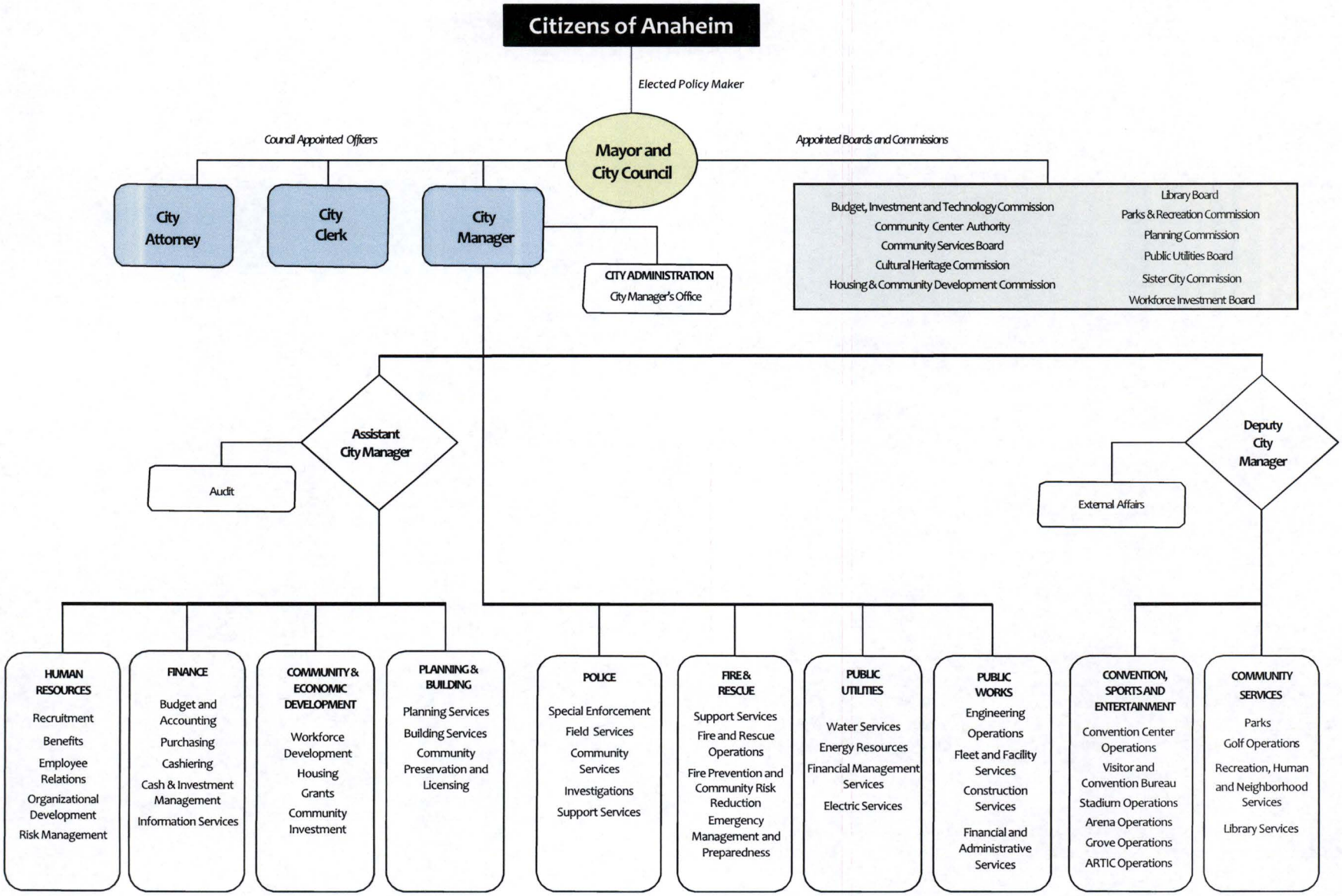

Citizens of Anaheim
Elected Policy Maker
Mayor and City Council
Council Appointed Officers
City Attorney
City Clerk
City Manager
CITY ADMINISTRATION
City Manager's Office
Appointed Boards and Commissions
Budget, Investment and Technology Commission
Community Center Authority
Community Services Board
Cultural Heritage Commission
Housing & Community Development Commission
Library Board
Parks & Recreation Commission
Planning Commission
Public Utilities Board
Sister City Commission
Workforce Investment Board
Assistant City Manager
Audit
Deputy City Manager
External Affairs
HUMAN RESOURCES
Recruitment
Benefits
Employee Relations
Organizational Development
Risk Management
FINANCE
Budget and Accounting
Purchasing
Cashiering
Cash & Investment Management
Information Services
COMMUNITY & ECONOMIC DEVELOPMENT
Workforce Development
Housing
Grants
Community Investment
PLANNING & BUILDING
Planning Services
Building Services
Community Preservation and Licensing
POLICE
Special Enforcement
Field Services
Community Services
Investigations
Support Services
FIRE & RESCUE
Support Services
Fire and Rescue Operations
Fire Prevention and Community Risk Reduction
Emergency Management and Preparedness
PUBLIC UTILITIES
Water Services
Energy Resources
Financial Management Services
Electric Services
PUBLIC WORKS
Engineering
Operations
Fleet and Facility Services
Construction Services
Financial and Administrative Services
CONVENTION, SPORTS AND ENTERTAINMENT
Convention Center Operations
Visitor and Convention Bureau
Stadium Operations
Arena Operations
Grove Operations
ARTIC Operations
COMMUNITY SERVICES
Parks
Golf Operations
Recreation, Human and Neighborhood Services
Library Services

Administrative Personnel
As of June 30, 2016

City Manager	Paul S. Emery
Assistant City Manager	Kristine A. Ridge
Deputy City Manager	Gregory A. Garcia
Chief of Police	Raul Quezada
Acting City Attorney	Kristin A. Pelletier
City Clerk	Linda N. Andal
Community and Economic Development Executive Director	John E. Woodhead IV
Acting Community Services Director	Lawrence J. Pasco
Convention, Sports and Entertainment Executive Director	Tom Morton
Finance Director/City Treasurer	Deborah A. Moreno
Fire and Rescue Chief	Randy R. Bruegman
Acting Human Resources Director	Jason R. Motsick
Planning and Building Director	David Belmer
Public Utilities General Manager	Dukku Lee
Acting Public Works Director	Rudy Emami

Financial Section

KPMG

KPMG LLP
Suite 700
20 Pacifica
Irvine, CA 92618-3391

Independent Auditors' Report

Honorable Mayor and City Council
City of Anaheim, California:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Anaheim, California (the City), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; 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 audits. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

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

Emphasis of Matter

As discussed in note 2 to the financial statements, effective July 1, 2015, the City adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*, GASB Statement No. 73, *Accounting and Financial Reporting for Pension and related assets that are not within the scope of GASB Statement No. 68, and Amendments to Certain Provision of GASB Statement No. 67 and No. 68* and GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. Our opinion is not modified with respect to this matter.

KPMG LLP is a Delaware limited liability partnership and the U.S. member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

KPMG

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that the management discussion and analysis on pages 13–24, the schedule of changes in net pension liability and related ratios on page 85, the schedule of pension plan contributions on page 86 and the schedule of funding progress on page 87 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the GASB 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.

Supplementary and 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 accompanying introductory section, supplementary information, the combining individual fund statements, and schedules and the statistical section as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relates 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 fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2016 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

KPMG LLP

Irvine, California
December 20, 2016

Management's Discussion and Analysis

Management's Discussion and Analysis

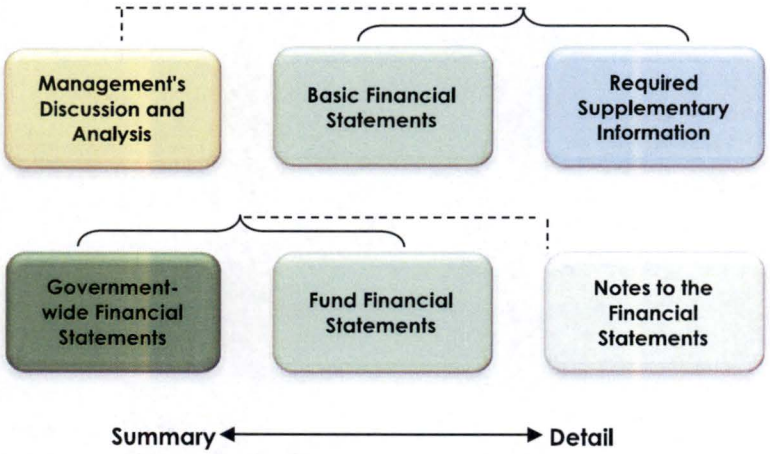
(Unaudited)

As management of the City of Anaheim (City), we offer readers of the City's basic financial statements this narrative overview and analysis of the financial activities of the City as of and for the fiscal year ended June 30, 2016. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report, and the City's basic financial statements in the financial section of this report. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

COMPONENTS OF THE ANNUAL FINANCIAL REPORT



Government-wide financial statements. The government-wide financial statements are comprised of the Statement of Net Position and the Statement of Activities. These two statements are designed to provide readers with a broad overview of the City's finances utilizing the full accrual method of accounting, in a manner similar to a private-sector business. Under the full accrual method of accounting, transactions are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, assets, liabilities, revenues and expenses are reported in these statements for some items that will only result in cash flows in future fiscal periods (e.g. uncollected revenues and accrued but unpaid interest expense).

The Statement of Net Position presents information on all of the City's assets, deferred outflows of resources, liabilities and deferred inflows of resources, including capital assets and long-term liabilities, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City as a whole is improving or deteriorating.

The Statement of Activities presents information showing how the City's net position changed during the most recent fiscal year. Functional activities are highlighted in this statement, whereby direct and indirect functional costs are shown net of related program revenue. This statement shows the extent to which the various functions depend on general taxes and non-program revenues for support.

The government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, Police, Fire, Community & Economic Development, Planning, Public Works, Community Services, Public Utilities (street lighting), Convention, Sports and Entertainment (Visitor and Convention Bureau and the Honda Center), and interest on related long-term debt. The business-type activities of the City include the electric, water and sanitation utilities, golf courses, convention, sports and entertainment venues (Anaheim Convention Center, Angel Stadium of Anaheim, and The City National Grove of Anaheim) operations, and the Anaheim Regional Transportation Intermodal Center (ARTIC) operation.

The government-wide financial statements include not only the City itself, but also the Anaheim Housing Authority, Community Center Authority, Anaheim Public Improvement Corporation, and Anaheim Public Financing Authority. Although these entities are legally separate, they function for all practical purposes as a part of the City, and therefore have been included as blended component units as an integral part of the primary government.

The government-wide financial statements can be found on pages 25-27 of this report.

Fund financial statements. The fund financial statements focus on current available resources and are organized and operated on the basis of funds, each of which is defined as a fiscal and accounting entity with a self-balancing set of accounts, established for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the governmental funds financial statements utilize the modified accrual basis of

accounting, which focuses on near-term inflow and outflow of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financial requirements.

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for the governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds Balance Sheet and the governmental funds Statement of Revenues, Expenditures and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains 20 individual governmental funds. Information is presented separately in the governmental funds Balance Sheet and in the governmental funds Statement of Revenues, Expenditures and Changes in Fund Balances for the General Fund and the Housing Authority Special Revenue Fund, which are considered to be major funds. Data for the remaining 18 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of supplementary combining statements on pages 89-92, 97-98, and 101-102 of this report.

The City adopts an annually appropriated budget for all governmental and proprietary funds. Budgetary comparison statements for the General Fund and the major special revenue fund (Housing Authority) are required to be presented; these schedules are included in the basic financial statements on pages 33-34 of this report. Additionally, budgetary schedules for the other governmental funds have been provided to demonstrate compliance with the budget and can be found as part of other supplementary schedules on pages 93-96, 99-100, and 103-106 of this report.

The governmental funds financial statements can be found on pages 29-32 of this report.

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 its enterprise funds to account for its electric, water and sanitation utilities, golf courses, convention, sports and entertainment venues and ARTIC operations. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its general benefits and insurance, motorized equipment, information services, and municipal facilities maintenance functions. Because these services predominantly benefit governmental rather than business-type functions, they have been included with 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 all of the enterprise funds, which are considered to be major funds of the City. Conversely, all of the internal service funds are combined into a single, aggregated presentation in the proprietary funds financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

The proprietary funds financial statements can be found on pages 35-39 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs.

The City maintains three different types of fiduciary funds. The Investment Trust Fund is used to account for the external portion of the City's investment pool; the Private-Purpose Trust Fund is used to account for the assets and liabilities held in trust for the Successor Agency to the former Redevelopment Agency (Successor Agency); the Agency Fund is used to account for monies collected and disbursed in a custodial capacity for the Mello-Roos districts in the City.

The fiduciary fund financial statements can be found on pages 40-41 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 42-83 of this report.

Other supplementary information. In addition to the basic financial statements and accompanying notes, this report also presents combining individual fund statements referred to earlier in connection with nonmajor governmental funds and internal service funds. Also included are the budgetary comparison Schedules of Revenues, Expenditures and Changes in Fund Balances for all nonmajor special revenue funds, all debt service funds, and all capital projects funds. These statements and schedules can be found on pages 89-110 of this report.

FINANCIAL HIGHLIGHTS (Amounts in thousands)

- The City's total assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at the end of the current fiscal year by $1,872,520.
- The City's governmental activities represent $761,835 (41%) and the business-type activities represent $1,110,685 (59%) of the City's total net position.
- The City's net position increased by $139,954 (8%) as a result of the current fiscal year's operations. The net position of the City's governmental activities increased $104,067 (16%) and the business-type activities net position increased $35,887 (3%).
- The City's restricted net position of $288,087 represents amounts available for ongoing programs and obligations with external restrictions.

- The City's total capital assets increased by $110,299 (3%). Capital assets in the City's governmental activities increased by $52,957 (8%) and business-type activities capital assets increased by $57,342 (3%) during the current fiscal year.
- The City's total long-term liabilities decreased by $7,488 (less than 1%) during the current fiscal year; of this amount, long-term liabilities in the City's governmental activities increased by $5,120 (less than 1%), and business-type activities decreased by $12,608 (less than 1%).
- At the close of the current fiscal year, the City's governmental funds reported a combined fund balance of $352,899, an increase of $60,520 in comparison with the prior fiscal year. Approximately 6% of this amount ($21,859) is available for spending at the City's discretion (unassigned fund balance).
- At the end of the current fiscal year, unrestricted fund balance (total of committed, assigned and unassigned fund balance) for the General Fund was $47,292 or 16% of total General Fund expenditures. Unassigned fund balance was $39,850 or 14% of total General Fund expenditures.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

NET POSITION
JUNE 30, 2016 AND 2015

	Governmental Activities		Business-type Activities		Total Government	
	2016	2015	2016	2015	2016	2015
Current and other assets	$ 629,710	$ 573,861	$ 794,529	$ 848,069	$ 1,424,239	$ 1,421,930
Capital assets, net	1,379,887	1,326,930	1,906,655	1,849,313	3,286,542	3,176,243
Total assets	2,009,597	1,900,791	2,701,184	2,697,382	4,710,781	4,598,173
Deferred outflows of resources	47,112	40,420	27,806	21,319	74,918	61,739
Total assets and deferred outflows of resources	2,056,709	1,941,211	2,728,990	2,718,701	4,785,699	4,659,912
Other liabilities	79,606	45,355	94,132	107,955	173,738	153,310
Long-term liabilities	1,152,805	1,147,685	1,416,729	1,429,337	2,569,534	2,577,022
Total liabilities	1,232,411	1,193,040	1,510,861	1,537,292	2,743,272	2,730,332
Deferred inflows of resources	62,463	90,403	107,444	106,611	169,907	197,014
Total liabilities and deferred inflows of resources	1,294,874	1,283,443	1,618,305	1,643,903	2,913,179	2,927,346
Net position:						
Net investment in capital assets	968,473	894,651	997,292	993,075	1,965,765	1,887,726
Restricted	211,338	210,934	76,749	83,448	288,087	294,382
Unrestricted	(417,976)	(447,817)	36,644	(1,725)	(381,332)	(449,542)
Total net position	$ 761,835	$ 657,768	$ 1,110,685	$ 1,074,798	$ 1,872,520	$ 1,732,566

At the end of fiscal year 2016, the City's net position totaled $1,872,520 which reflects a net increase of $139,954 or 8% from prior fiscal year.

The largest portion of the City's net position of $1,965,765 reflects its investment in capital assets (e.g. land, buildings, utility plant, machinery, equipment, and infrastructure), net of any related outstanding debt that was used to acquire those assets. The City uses these assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Net investment in capital assets increased by $78,039 (4%) primarily due to capital asset additions from unrestricted and grant funded resources, and reduction of the related outstanding debt due to current year principal payments.

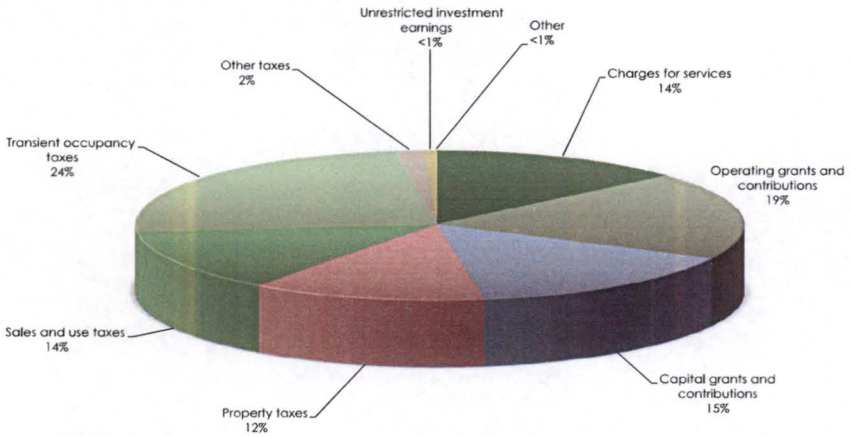
An additional portion of the City's net position of $288,087 represents resources that are subject to external restrictions on how they may be used. The decrease in restricted net position of $6,295 is primarily due to restricted resources used for Public Benefits Programs and other infrastructure capital projects.

The remaining balance deficit of $381,332 is the unrestricted net position, of which the unfunded pension liabilities and the related deferred inflows and outflows of resources account for $573,642. The unrestricted net position deficit decreased by $68,210 from prior fiscal year reflecting contributions from current year operations. The unfunded net pension liabilities are long-term obligations that will be funded annually in accordance with actuarially determined contribution rates. The positive component of the unrestricted net position, excluding the effects of pension liabilities, is $192,310 and may be used to meet the City's ongoing obligations to citizens and creditors.

CHANGE IN NET POSITION
YEAR ENDED JUNE 30, 2016 AND 2015

	Governmental Activities		Business-type Activities		Total Government	
	2016	2015	2016	2015	2016	2015
REVENUES						
Program revenues:						
Charges for services	$ 76,981	$ 72,942	$ 592,355	$ 616,893	$ 669,336	$ 689,835
Operating grants and contributions	108,131	109,968	776	287	108,907	110,255
Capital grants and contributions	85,782	67,014	11,743	8,734	97,525	75,748
General revenues:						
Taxes:						
Property taxes	70,646	68,405			70,646	68,405
Sales and use taxes	77,162	72,356			77,162	72,356
Transient occupancy taxes	138,480	119,744			138,480	119,744
Motor vehicle license fees	142	145			142	145
Other taxes	8,731	8,318			8,731	8,318
Unrestricted investment earnings	3,692	2,725	5,710	8,086	9,402	10,811
Other	87	55			87	55
Total revenues	569,834	521,672	610,584	634,000	1,180,418	1,155,672
EXPENSES						
Program activities:						
Governmental activities:						
General government	10,331	12,370			10,331	12,370
Police	132,889	135,161			132,889	135,161
Fire	62,520	61,794			62,520	61,794
Community and Economic Development	111,528	80,976			111,528	80,976
Planning	20,049	18,303			20,049	18,303
Public Works	48,719	66,023			48,719	66,023
Community Services	34,212	31,587			34,212	31,587
Public Utilities	2,687	2,599			2,687	2,599
Convention, Sports and Entertainment	18,503	17,026			18,503	17,026
Interest on long-term debt	35,185	35,340			35,185	35,340
Business-type activities:						
Electric Utility			390,732	401,243	390,732	401,243
Water Utility			61,620	68,011	61,620	68,011
Sanitation Utility			56,564	55,979	56,564	55,979
Golf Courses			4,405	4,418	4,405	4,418
Convention, Sports and Entertainment Venues			44,285	56,715	44,285	56,715
ARTIC Management			6,235	5,075	6,235	5,075
Total expenses	476,623	461,179	563,841	591,441	1,040,464	1,052,620
Excess before transfers	93,211	60,493	46,743	42,559	139,954	103,052
Transfers in (out)	10,856	(169,119)	(10,856)	169,119		
Increase (decrease) in net position	104,067	(108,626)	35,887	211,678	139,954	103,052
Net position at beginning of year	657,768	766,394	1,074,798	863,120	1,732,566	1,629,514
Net position at end of year	$ 761,835	$ 657,768	$ 1,110,685	$ 1,074,798	$ 1,872,520	$ 1,732,566

REVENUES BY SOURCE - GOVERNMENTAL ACTIVITIES



Governmental activities. Governmental activities increased the City's net position by $104,067. Key elements of this increase are as follows:

The most significant revenues of the governmental activities are general taxes (52%), which include transient occupancy taxes (24%), property taxes (12%), sales and use taxes (14%), and other taxes (2%). Program revenues are 48% of the total revenues of the governmental activities, which include operating grants and contributions (19%), capital grants and contributions (15%), and charges for services (14%); unrestricted investment earnings is less than 1% of the total revenues.

Public safety (Police and Fire) expenses are the most significant (41%) of all governmental activities expenses, followed by Community Development (23%), Public Works (10%), interest on long-term debt (7%), Community Services (7%), and various other programs (12%). Included in these amounts is depreciation expense, which is 7% of the total expenses for governmental activities.

Governmental activities revenues increased $48,162 (9%) as compared to the prior fiscal year due to the following:

- Taxes increased $26,193 (10%) mainly due to the increase of $18,736 (16%) in transient occupancy taxes (TOT). TOT increases are largely attributable to Disneyland's 60th Diamond Anniversary Celebration and the continued growth of the revitalized economy. Lodging industry growth has outpaced general economic growth, and in combination with lower interest rates, has led to increased development in the Anaheim Resort. The addition of six new hotels since 2014 provided an added boost to already increasing room rates and occupancy. Sales and use tax increased $4,806 (7%), primarily due to a general improvement across all business sectors, with the largest being general retail and construction-related sales. As the economy grows, development has increased and provided a stimulus for the sale of building materials. Finally, property taxes increased $2,241 (3%) due to growth in home values and recapturing taxes that were reduced during the recession from reassessments; property tax revenues are also being assisted by new hotels and housing developments within the City.

- Operating grants and contributions decreased $1,837 (2%) mainly due to a decrease of $2,475 in gas tax distributions from the State of California, decreases of $4,760 in various one-time grants ($1,900 Building Equity and Growth in Neighborhoods Program, $2,110 Home Investment Partnerships Program and $750 California Home Buyer loan grants), and decrease of $1,084 in Narcotic Asset Forfeiture revenues distribution from U.S. Treasury; offset by the decreases are increases of $6,778 in additional funding from U.S. Department of Housing and Urban Development (HUD) Section 8 rental assistance and program support.

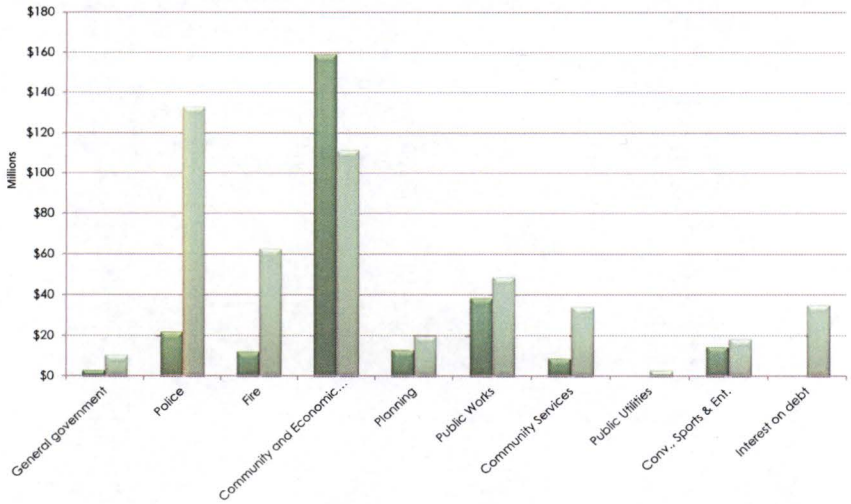
- Capital grants and contributions increased by $18,768 (28%) primarily due to one-time capital asset transfer of $47,976 from the Successor Agency to the Former Anaheim Redevelopment Agency on January 1, 2016. Refer to page 18 for the discussion related to the asset transfers; partially offset by the decrease of $26,692 in grant reimbursements from the prior fiscal year with the completion of the construction of the Anaheim Regional Transportation Intermodal Center (ARTIC) in December 2014.

Governmental activities net transfers in increased $179,975 primarily due to the followings:

- The increase of $175,323 was due to a one-time transfer of capital assets ($204,996) and the related long term debt ($28,500) to the Anaheim Regional Transportation Intermodal Center (ARTIC) business-type activities in the prior fiscal year. The ARTIC capital assets, which were primarily funded by restricted grant resources, and the related long-term liability were previously accounted for in the governmental activities during construction. As the ARTIC operation functions as a user charge operation, the accounting activities are accounted for in an Enterprise Fund.

- The decrease of $3,202 was due to lesser amounts needed by the Convention, Sports and Entertainment Venues Fund for debt services subsidy.

EXPENSES AND PROGRAM REVENUES - GOVERNMENTAL ACTIVITIES



Governmental activities expenses increased $15,444 (3%) as compared to the prior fiscal year due to the following:

- The increase in Community and Economic Development of $30,552 is primarily due to the loss on sale of land held for resale of $16,060, other taxing entities' share of future land sales of $6,770 accrued liability for the Successor Agency land held for resale (refer to discussion below about assets transferred from the Successor Agency), and $4,190 increase in Housing Authority rental assistance programs.

- The increase in Community Services of $2,625 is mainly due to one-time increase for landscape maintenance ($1,300) and an increase in labor and benefit costs of $1,751.

- The decrease in Public Safety expenses of $1,546 is attributable to lower pension expense of $14,189 resulting from favorable changes in actuarial assumptions and favorable experience compared to expectations. Public Safety expenses other than pension increased by $12,643 primarily due to service enhancements in public safety and emergency response services, and increase in public safety reimburseable services. Of this amount, salary and benefits costs increased approximately $13,976 which includes the addition of 10 new sworn police officers.

- The decrease in Public Works expenses of $17,304 is primarily due to one-time expense of transferring capital assets to be owned and maintained by another agency in prior fiscal year.

Assets Transferred from the Successor Agency to the Former Anaheim Redevelopment Agency:

- In accordance with the State of California Health and Safety Code Section 34191.5, the Successor Agency to the former Anaheim Redevelopment Agency (Successor Agency) prepared a Long Range Property Management Plan (LRPMP) and submitted it to the California Department of Finance (DOF) for approval. The DOF approved the Successor Agency's LRPMP on December 31, 2015 authorizing the Successor Agency's assets to be transferred to the City of Anaheim to be maintained for government use or utilized for future development. Book values of the capital assets identified for government use at the time of transfer were $47,976 and for future development were $43,028. The City records the land held for resale in the Long Range Property Management Plan nonmajor Special Revenue Fund with an offset to Use of money and property and records the capital assets in the Governmental activities with an offset to Capital Grants and Contributions.

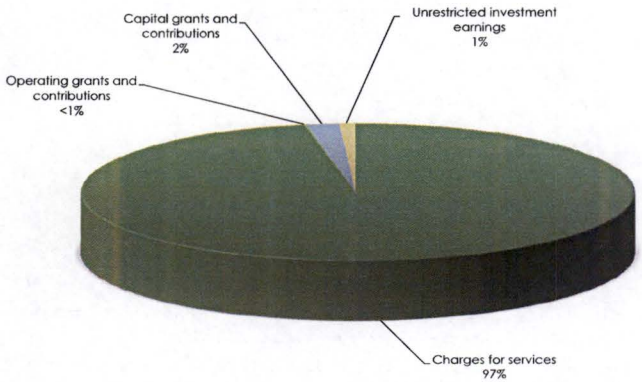
- Subsequent to the asset transfers, on January 12, 2016, the City Council approved a Disposition and Development Agreement for the sale of four sites at a fair market value of $10,100 to a developer. This sale includes 2 Anaheim Housing Authority assets. Sales price of the transferred Successor Agency sites was $4,800 with a net book value of $20,850, As such, the LRPMP Fund recognized the loss of $16,050 on the sale of the land held for resale as a current Community and Economic Development expenditure.

- The State of California Health and Safety Code Section 34180(f) requires a compensation agreement to be reached with the other taxing entities to provide payments to them in proportion to their shares of the base property tax for all assets transferred to the City of Anaheim and used for future development purposes. If no compensation agreement is reached on valuation of those assets, the value will be the fair market value as of the 2011 property tax lien date as determined by an independent appraiser approved by the Successor Agency's Oversight Board. The 2011 fair market value of the transferred assets to be used for future development is estimated at $32,526. This amount includes the sites that were sold.

- The City of Anaheim will seek negotiations with the other taxing entities to enter into a compensation agreement; however, no agreement has been implemented as of June 30, 2016. Consequently, the City of Anaheim has recognized a liability due to other governments totaling $28,948 which sum represents the 2011 fair market value of all transferred assets to be used for future development less the City of Anaheim's proportionate share retained in its capacity as a taxing entity.

- The City of Anaheim recognized $1,500 due to other governments in the LRPMP nonmajor Special Revenue Fund from the sales proceeds of the 2 sites that were sold and recorded the remaining $27,448 in the government-wide activities with an offset to Other Revenues ($22,178) and expense ($5,270).

REVENUES BY SOURCE - BUSINESS-TYPE ACTIVITIES



Business-type activities. Business-type activities increased the City's net position by $35,887 Key elements of this change are as follows:

Charges for services of $592,355 decreased by $24,538 (4%) due to the following:

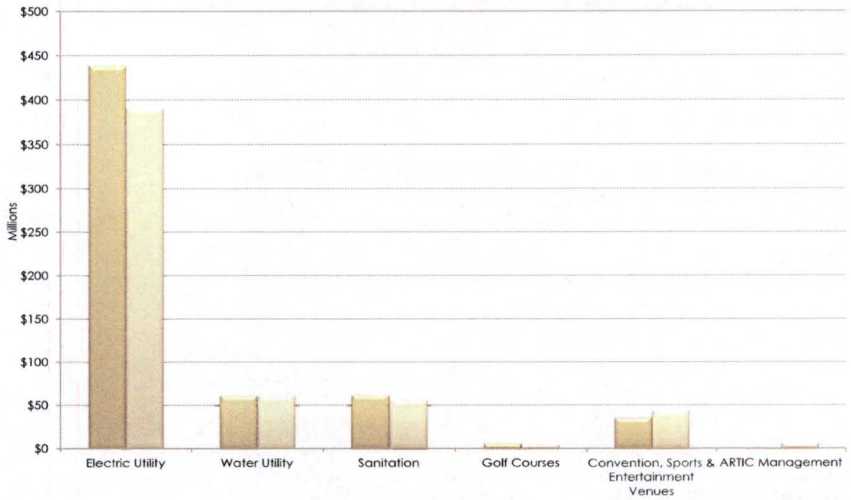
- The decrease of $23,212 (5%) in Electric Utilities charges for services is attributable to the following: a) retail sales, net of bad debt, totaled $372,621 increased by $48,414 (15%) resulting from a restructuring of rates effective September 1, 2015 in order to more effectively align the recovery of the Utility's costs with the nature of the costs incurred. The Power Cost Adjustment (PCA) and the Environmental Mitigation Adjustment (EMA) were reduced with corresponding increases to base rates. The restructuring was designed to be revenue neutral to the Electric Utility customers; b) as such, the Rate Stabilization Account (RSA) revenues decreased by $58,000 (89%); $7,000 of RSA was recognized for the current fiscal year. Additional information about the RSA can be found in note 1 of the notes to the financial statement on pages 48-49 of this report. Finally, Wholesale revenues decreased by $16,232 (58%) mainly due to the decrease in wholesale energy coupled with lower wholesale prices.

- The decrease of $2,986 (5%) in Water Utilities charges for services is primarily due to the 11.6% decrease in customer demand of water retail sales during the fiscal year resulting from strenuous conservation efforts in response to the ongoing drought conditions throughout the region.

- The increase of $930 (2%) in Sanitation Utility charges for services is attributable to a 3% rate increase in solid waste revenues during the entire fiscal year.

Net Transfers out of $10,856 decreased by $179,975 as discussed in the government-wide financial analysis of governmental activities.

EXPENSES AND PROGRAM REVENUES - BUSINESS-TYPE



Total expenses of $563,841 decreased $27,600 (5%) due to the following:

- The decrease in the Electric Utility expenses of $10,511 (3%) is mainly due to a decrease in power costs of $25,007 (9%) resulting from lower natural gas prices and a corresponding reduction in wholesale power prices; and a decrease in interest expense of $2,537 (11%) reflecting lower interest rates from continually reviewing and improving the debt management strategy. Partially offsetting the decreases were increase in maintenance, operations and administration expense of $4,743 due to higher maintenance expense to ensure reliability of the electric system. Lastly, depreciation expense increased by $14,451 due to the accelerated depreciation of the San Juan Generation Plant. Additional information about the accelerated depreciation of the San Juan Generation Plant can be found in note 12 of the notes to the financial statement on page 78 of this report.

- The decrease in Water Utility expenses of $6,391 (9%) is attributable mainly to decreases of $4,727 (13%) in purchase water and treatment and pumping costs due to lower customer demand from the drought and the conservation efforts that have been successful in reducing water use; maintenance, operations, administration expenses decreased by $1,548 (10%) mainly due to overhead costs were capitalized during the fiscal year as a result of the increasing construction in progress (CIP) compared to maintenance activity. The Water Utility's CIP balance increased by $7,711 (88%) primarily due to several major capital projects that were started during the year.

- The decrease in Convention, Sports and Entertainment Venues of $12,430 was primarily attributable to the prior fiscal year loss on capital asset retirements for the parking structure demolition ($7,135) related to the Convention Center Expansion, the Amtrak station demolition ($2,346) within Sportstown, and the one-time cost of issuance $1,359 for the 2014 Convention Center Expansion bonds. Interest expense also decreased by $2,976 due to the higher amount of capitalized interest for construction related activity.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

At the end of the current fiscal year, the City's governmental funds reported total ending fund balances of $352,899, an increase of $60,520 in comparison with the prior fiscal year. Of the total fund balance of $352,899, restricted fund balance totaled $294,634 (83%) and indicates the use of resources are constrained by external parties, resource providers, constitutions or enabling legislations. Unassigned fund balance totaled $21,859 (6%) and is available for spending at the City's discretion. The remaining fund balance is $36,406 (10%), of which $6,960 is not in spendable form, and $29,446 that was assigned for particular purposes.

Governmental revenues totaled $558,483 while expenditures were $509,580.

The General Fund is the general operating fund of the City. At June 30, 2016, the General Fund reported a total ending fund balance of $55,980 and consisted of the following:

- $958 was nonspendable for inventory, prepaid and other assets and a long-term Interfund receivable
- $6,635 was restricted for claims and judgments
- $1,095 was restricted for grant purposes
- $892 was assigned for encumbrances
- $6,550 was assigned for subsequent year budget appropriation
- $39,850 was unassigned

General Fund total revenues increased $36,704 (12%) as compared to the prior fiscal year primarily attributable to the following:

- Total taxes increased by $31,615 (12%) due to the growth in the overall economy. Taxes are the largest revenue sources of the General Fund and they accounted for $298,436 or 85% of the total General Fund revenues. During fiscal year 2016, transient occupancy taxes (TOT) increased $18,736 (16%), property taxes increased by $2,279 (3%), sales and use taxes increased $10,054 (14%) with the sales tax triple flip final distribution of $9,790; and other taxes decreased by $546 (7%).
- Licenses, fees, and permits increased $3,777 (18%) due to increased construction activity within the City.

General Fund expenditures increased by $23,429 (9%) primarily due to planned service enhancements in public safety and community services as discussed in the government-wide financial analysis of the governmental-activities.

The Housing Authority Fund revenues increased by $7,193 (9%) primarily due to an increase in Section 8 rental assistance of $6,778 and a loan principal payment received from the Successor Agency of $5,660; partially offset by decreases of $4,065 for the gain realized on sale of housing land held for resale, $810 in homebuyer loan principal payments received and $750 in state grant funding for homebuyer loans. Housing Authority expenditures increased by $2,806 (4%) mainly due to an increase of $4,190 in rental assistance program, as more Anaheim residents were provided assistance at a higher monthly rental cost per resident, and partially offset by decrease of $1,260 in homebuyer loans provided in the prior fiscal year.

Total nonmajor governmental funds revenues decreased by $2,829 (2%). Intergovernmental revenues decreased by $39,482 (47%) mainly due to timing of the projects that receive reimbursements for grant funding; Other revenues decreased by $8,205 primarily due to one-time developer contribution for the Mello-Roos projects in the prior fiscal year. These decreases are offset by increases of $44,677 in Use of money and property primarily due to $43,028 related to the land held for resale transferred from the Successor Agency as previously discussed. The most significant factors of other changes are discussed in the government-wide financial analysis of the governmental-activities.

Total nonmajor governmental funds other financing sources decreased by $6,955 (10%) primarily due to $23,544 of bond proceeds from the issuance of the 2014-A Lease Revenue Bonds for the City's infrastructure capital improvement in the prior fiscal year. Partially offsetting the decreases are increases of transfers in from the General Fund of $7,850 for the Lease Payment Measurement Revenues (LPMR) set-aside for the Resort debt service (see note 8 for more information regarding LPMR), $2,505 for various neighborhood improvement projects and $3,234 for debt services related to accelerated repayments on refunding debt.

Total nonmajor governmental funds expenditures decreased by $27,178 (16%) primarily due to a decrease in capital outlay of $48,077 with the completion of the ARTIC and Brookhurst Street Widening construction projects and partially offset by an increase in expenses in Community and Economic Development of $15,219 primarily due to a loss on the sale of land held for resale of $16,060 that was discussed in the government-wide financial analysis of the governmental-activities.

Proprietary funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

The Electric Utility net position increased $27,543 (8%) in the current fiscal year. The most significant factors of the change in fund net position are discussed in the government-wide financial analysis of business-type activities.

The Water Utility fund net position decreased $103 (less than 1%) in the current fiscal year. The most significant factors of the change in fund net position are discussed in the government-wide financial analysis of business-type activities.

The Sanitation fund net position increased $3,214 (3%) in the current fiscal year. The most significant factors of the change in fund net position are discussed in the government-wide financial analysis of business-type activities.

The Golf Courses fund net position increased $1,464 (25%) in the current fiscal year mainly due to a $2,007 one-time capital contribution from the California Friendly Landscape Incentive for an artificial turf project.

The Convention, Sports and Entertainment Venues fund net position increased $1,819 (1%) in the current fiscal year. The most significant factors of the change in fund net position are discussed in the government-wide analysis of business-type activities.

The ARTIC Management fund increased net position by $1,637 primarily due to an operating subsidy transfer in of $6,106.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the year, the original budget was amended to increase appropriations by $7,111 (2%). The increase in appropriations was primarily the result of the carryover of prior year appropriations and amendments amounting to $5,380 and the reallocation of appropriations from other funds of $1,731. These amendments were to be funded from savings in other programs of the General Fund during the year.

General Fund revenues of $349,926 were greater than budgeted revenues of $343,091 by $6,835 (2%), primarily due to stronger than anticipated performance of transient occupancy taxes, sales taxes and other various revenue sources as the economy continued to grow.

General Fund expenditures were less than budgeted. Of the total appropriations of $294,428, approximately 1%, or $3,329, went unspent. There were no significant variances.

CAPITAL ASSETS AND DEBT ADMINISTRATION

CAPITAL ASSETS
(net of accumulated depreciation)
JUNE 30, 2016 AND 2015

	2016	2015	2016	2015	2016	2015
Land	$ 647,289	$ 631,038	$ 89,505	$ 90,933	$ 736,794	$ 721,971
Construction in Progress	50,033	56,579	207,644	112,134	257,677	168,713
Building, structures, and improvements	196,327	163,247	533,946	545,380	730,273	708,627
Utility plant			1,063,095	1,090,056	1,063,095	1,090,056
Machinery and equipment	37,018	35,873	12,465	10,810	49,483	46,683
Infrastructure	449,220	440,193			449,220	440,193
Total	$ 1,379,887	$ 1,326,930	$ 1,906,655	$ 1,849,313	$ 3,286,542	$ 3,176,243

Capital assets. The City's investment in capital assets for its governmental and business-type activities at June 30, 2016 amounted to $3,286,542 (net of accumulated depreciation). This investment in capital assets included land, construction in progress, buildings, structures and improvements, utility plant, machinery and equipment, and infrastructure. The total increase over the prior fiscal year was 3% ($110,299), of which governmental activities increased 4% ($52,957) and business-type activities increased 3% ($57,342).

The increase of capital assets in governmental activities was primarily due to capital asset additions of $90,880, capital assets transfer, net from business-type activities of $125, capital asset retirements of $957 offset by current year depreciation of $37,091. Major capital asset activities during the current fiscal year include the following:

- Additions of $26,537 in construction work in progress including the Anaheim Fixed Guideway project ($848), various street improvements and street widening including Lincoln Avenue-Brookhurst Street to Euclid ($1,803), La Palma Potomac Circle to Weir Canyon Road ($893), Tustin/La Palma Improvement ($9,314), Green Leaf-Hampton, park developments including Manzanita Park ($1,473), Olive Hills Park ($1,242) and Ponderosa Park ($1,134); and various software upgrades that includes the Enterprise

Resource Planning (ERP) System upgrade ($1,131).

- Capital assets transferred in from the Successor Agency totaled $47,976 of which $9,612 were land assets, $38,315 of building, structures and improvements, and $49 of equipment.

- Acquisitions of various vehicles and equipment totaling $8,793

- Completion of $33,083 of construction were in progress that including the Katella Avenue to Lewis ($8,511), Katella Street Widening ($5,987), Santa Ana River Trail Improvement ($1,697), Tustin/La Palma Street Improvement ($9,314), Sage Park Improvement ($1,085) and various other infrastructure construction completions.

- Land transferred in from Electric Utility of $1,428, completion of certain street lights newly constructed transferred to Electric Utility of $415, and structural improvement of $888 that were transferred to ARTIC Management Fund.

The increase in business-type activities is primarily due to increases in the following:

- The Electric Utility increase of $2,292 (3%) is comprised of utility plant increases of $58,311, and partially offset by $56,019 for the current year addition to accumulated depreciation. Construction in progress increased by $24,298 and is mainly due to $54,992 in addition of capital projects for the replacement of aging overhead, electrical lines with state-of-the-art, underground projects on the Underground District #62 Phase 2 at Miraloma Avenue, Underground District #57 Phase 2 at Dale Avenue, as well as the ongoing replacement of aging circuit breakers and switches throughout the City and major improvements at substations. The Electric Utility also completed $30,693 of construction work in progress including the completion of 2.9 circuit miles of underground conversion on West Westmont and Dale Street, installation of 15,312 feet direct buried cable, 448 new transformers; and the installation of fiber optic equipment, upgrading communication equipment, and improvements to general facilities. This updated system will provide more efficient and functional services to Anaheim's customers.

- The Water Utility increase of $1,329 is comprised of capital asset additions of $12,403 and offsets by $11,074 in additions to the current year accumulated depreciation. Construction work in progress increased by $7,711 an is mainly due to current year additions for $12,115 for bond funded capital projects and offset by the completion of the rehabilitation and replacement of various pressure regulating stations (PRS) throughout the City ($700); completion of the 12" main replacement project on Lincoln and State College ($1,602) and completion of the replacement of various transmission and distribution water mains throughout the City ($960).

- The Sanitation Utility increase of $4,391 is comprised of capital asset additions of $7,011 and partially offset by the current year additions to accumulated depreciation of $2,620. Construction work in progress increased $4,958 and is mainly due to additions of $6,382 for bond funded sanitary system improvement projects including the sewer system improvements on Orangewood Avenue, Cerritos, and Rio Vista, and offset by $1,424 for the completion of the sewer system improvement on Jackson-Frontera-La Palma.

- The Golf Courses increase of $1,239 includes capital asset addition of $1,795 that completed the landscape improvement in Anaheim Hills Golf Course, and partially offset by the current year additions to accumulated depreciation of $556.

- The Convention, Sports and Entertainment Venues increase of $49,412 is comprised of capital asset additions of $62,332, and partially offset by the current year additions to accumulated depreciation of $12,920. Work in progress additions for the fiscal year were $58,738 primarily for the Convention Center Expansion bond funded project.

Additional information on the City' Capital Assets can be found in notes 1 and 5 of the notes to the financial statements, on page 47 and page 58-59 of this report.

LONG-TERM LIABILITIES
JUNE 30, 2016 AND 2015

	Governmental Activities		Business-type Activities		Total Government	
	2016	2015	2016	2015	2016	2015
General obligation bonds	$ 700	$ 1,360			$ 700	$ 1,360
Revenue bonds	631,621	639,531	$ 1,124,159	$ 1,116,443	1,755,780	1,755,974
Interest payable			2,207	1,717	2,207	1,717
Capital lease obligations	2,088	2,346			2,088	2,346
Notes and loans payable	20,820	21,372	36,200	57,399	57,020	78,771
Self-insurance	50,616	46,035			50,616	46,035
Compensated absences	20,538	19,172			20,538	19,172
Decommissioning provision			119,994	134,414	119,994	134,414
Net pension liabilities	426,422	417,869	134,169	119,364	560,591	537,233
Total	$ 1,152,805	$ 1,147,685	$ 1,416,729	$ 1,429,337	$ 2,569,534	$ 2,577,022

Long-term liabilities. The City's outstanding long-term liabilities, including bonds, capital leases, notes and loans payable, self-insurance, compensated absences, provision for decommissioning costs, and net pension liabilities totaled $2,569,534 at June 30, 2016. Of this total, $1,152,805 (45%) was in governmental activities and $1,416,729 (55%) was in business-type activities.

The City's governmental activities outstanding long-term liabilities increased $5,120 (less than 1%) during the current fiscal year. The increases are primarily due to the accrued accretion payable of $18,178 on the 1997 Anaheim Resort Improvement Bonds; an increase in net pension liabilities of $8,553 as actuarially determined for the measurement date of June 30, 2015; self-insurance also increased by $4,581 as actuarially determined primarily due to a change in the assumed discount rate from 3.00% to 1.75%. Principal payments of $29,660 during the current fiscal year decreased the long-term liabilities.

The City's business-type activities outstanding long-term liabilities decreased $12,608 (1%). The decreases are primarily due to current year principal payments of $48,953, payments for decommissioning costs of $16,598, offset by increases in refunded bonds principal balance of $29,820 and net pension liability of $14,805.

Additional information on the City's long-term liabilities can be found in notes 6, 8 and 10 of the notes to the financial statements, on pages 60, 61-70, 71-77 of this report.

ECONOMIC FACTORS

- There remains a focus on public pensions and their sustainability; many assumptions are used to estimate the ultimate liability of pensions and the contributions that will be required to meet those obligations. One of the most significant factors used in determining the liability and the funding requirements is the rate of return that investments will yield prior to making payments, known as the discount rate. The City's pension plans currently utilize a discount rate of 7.5%, which is used in determining the unfunded pension liability and funding requirements. If it is determined in the future that an even lesser rate of return is more appropriate, there will be a significant increase in the unfunded liability and the contributions required to meet those obligations. The Governmental Accounting Standards Board also has issued newer standards related to the accounting and reporting for pensions that are reflected in the accompanying statement. Additional information about the City's retirement plans can be found in note 10 of the notes to the financial statements on pages 71-77 of this report.

- The State of California enacted pension legislation that went into effect in January 2013 and applies mainly to new public employees. Some of the major changes include mandatory cost sharing by employees, reducing the overall benefit level (e.g. percentage of pay), increasing the retirement age, and placing a cap on the salary used to determine retirement benefits. The

impacts to the City for these changes for future employees have yet to be determined.

- For the 2017 fiscal year, the City appropriated $318,613 in estimated available resources of $354,552 for General Fund spending. This leaves approximately $35,939 in estimated available reserves, which is 11% of General Fund appropriations. The City's long-standing policy is to maintain General Fund reserves of at least 7% to 10% of annual appropriations.

- The City annually reviews all of its fees as part of the budget adoption process. Developer, construction, and other fees applicable to residents and development doing business in the City are adjusted in June of each year to reflect recurring costs.

- Tourism plays a significant role in the economies of California, Orange County and the City of Anaheim. While Anaheim has been able to compete for and capture a significant portion of tourism revenue, Anaheim has long recognized its inability to robustly tap into the upscale convention and tourism business. In May 2013, the City entered into two economic assistance agreements for up to 866 hotel rooms, of a four-diamond quality, in two phases at the GardenWalk. These agreements provide for City assistance in an amount equal to 70% of the Transient Occupancy Tax (TOT) for the development of a Convention Hotel (of not less than 466 rooms) and a Resort Hotel (of not less than 350 rooms). The City's assistance ends on the earlier of twenty years from completion of construction or, provision of assistance up to a not to exceed amount of approximately $158 million.

  Further, in June 2015, the City established the Hotel Incentive Program to bring other four-diamond quality hotels to Anaheim. In accordance with the Hotel Incentive Program, the City entered into three additional economic assistance agreements in July 2016 with similar terms for 580 rooms at 1700 South Harbor with an estimated assistance amount of $145 million, 634 rooms at 1030 West Katella Avenue with an estimated assistance amount of $148 million, and approximately 700 rooms to the north of the Disneyland Hotel with an estimated assistance amount of $267 million; thereby, creating the desired number of luxury rooms within the City. As such the program was rescinded for terminated for future developments in December 2016.

  Provision of economic assistance is contingent upon completion of construction of the hotels, the commencement of and continued operations as a four-diamond quality, and the generation of and payment to the City of TOT. The contemplated hotels have yet to be built, and therefore cannot operate, generate nor pay TOT, and as such no economic assistance is required by the City at this time. Once the hotels are constructed and operated at the required quality level, the City will use an amount equal to 70% of the TOT generated and paid to the City to fund the corresponding economic assistance referenced above.

- California Senate Bill 1X 2 signed into law in April 2011 mandated that all California utilities are required to reach 25% renewable power in their power portfolios by 2016, 33% by 2020 and 50% by 2030. The higher renewable power costs will increase future power supply costs. The Electric Utility has a number of strategies to mitigate the potential cost impacts.

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. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Office of the Finance Director, City of Anaheim, 200 South Anaheim Boulevard, Suite 643, Anaheim, California, 92805.

Basic Financial Statements

Statement of Net Position
June 30, 2016 (In thousands)

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	$ 49,509	$ 37,977	$ 87,486
Investments	203,450	144,989	348,439
Accounts receivable, net	23,178	62,660	85,838
Accrued interest receivable	643	1,502	2,145
Internal balances, net	15,596	(15,596)	
Due from other governments	51,570		51,570
Inventories	1,026	18,512	19,538
Land held for resale, net	28,365		28,365
Pipeline receivable		20	20
Prepaid and other assets	8,063	98,254	106,317
Restricted cash and cash equivalents	36,268	83,076	119,344
Restricted investments	94,691	362,718	457,409
Unamortized prepaid bond insurance	1,318	417	1,735
Net other post-employment benefits (OPEB) asset	11,244		11,244
Notes receivable, net	88,769		88,769
Due from Successor Agency	16,020		16,020
Capital assets, net:			
Nondepreciable	697,322	297,149	994,471
Depreciable	682,565	1,609,506	2,292,071
Total assets	2,009,597	2,701,184	4,710,781
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding bonds	1,813	9,628	11,441
Deferred pension related items	45,299	18,178	63,477
Total deferred outflows of resources	47,112	27,806	74,918
LIABILITIES			
Accounts payable	25,176	67,617	92,793
Wages payable	7,519	1,275	8,794
Due to other governments	28,948		28,948
Interest payable	5,308	11,619	16,927
Arbitrage rebate liability		508	508
Deposits	9,067	8,232	17,299
Unearned revenues	3,588	4,881	8,469
Long-term liabilities:			
Due within one year	52,909	50,897	103,806
Due in more than one year	673,474	1,229,456	1,902,930
Interest payable		2,207	2,207
Net pension liabilities	426,422	134,169	560,591
Total liabilities	1,232,411	1,510,861	2,743,272
DEFERRED INFLOWS OF RESOURCES			
Deferred Regulatory credits		93,379	93,379
Deferred pension related items	62,463	14,065	76,528
Total deferred inflows of resources	62,463	107,444	169,907
NET POSITION			
Net investment in capital assets	968,473	997,292	1,965,765
Restricted for:			
Debt service	958	16,538	17,496
Capital projects	49,557	51,145	100,702
Community and economic development	110,363		110,363
Streets, roads and transportation improvement projects	34,089		34,089
Other purposes	16,371	9,066	25,437
Unrestricted	(417,976)	36,644	(381,332)
Total net position	$ 761,835	$ 1,110,685	$ 1,872,520

The accompanying notes are an integral part of these financial statements.

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Statement of Activities
Year Ended June 30, 2016 (In thousands)

Functions/Programs	Expenses	Indirect Expenses Allocation	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Business-type Activities	Net (Expense) Revenue and Changes in Net Position: Total
Governmental activities:								
General government	$ 25,378	$ (15,047)	$ 1,892	$ 1,049		$ (7,390)		$ (7,390)
Police	128,646	4,243	11,775	9,979	$ 249	(110,886)		(110,886)
Fire	61,587	933	9,814	850	1,459	(50,397)		(50,397)
Community and Economic Development	111,210	318	10,210	80,241	68,826	47,749		47,749
Planning	19,026	1,023	11,515	1,389		(7,145)		(7,145)
Public Works	48,511	208	15,817	13,904	8,900	(10,098)		(10,098)
Community Services	33,565	647	3,430	719	4,483	(25,580)		(25,580)
Public Utilities	2,687					(2,687)		(2,687)
Convention, Sports and Entertainment	18,186	317	12,528		1,865	(4,110)		(4,110)
Interest on long-term debt	35,185					(35,185)		(35,185)
Total governmental activities	483,981	(7,358)	76,981	108,131	85,782	(205,729)		(205,729)
Business-type activities:								
Electric Utility	386,335	4,397	430,485		8,771		$ 48,524	48,524
Water Utility	60,521	1,099	60,509		293		(818)	(818)
Sanitation Utility	56,194	370	61,006	712			5,154	5,154
Golf Courses	4,292	113	4,114		2,007		1,716	1,716
Convention, Sports and Entertainment Venues	42,906	1,379	35,363	64	672		(8,186)	(8,186)
ARTIC Management	6,235		878				(5,357)	(5,357)
Total business-type activities	556,483	7,358	592,355	776	11,743		41,033	41,033
Total government	$ 1,040,464	$	$ 669,336	$ 108,907	$ 97,525	(205,729)	41,033	(164,696)
General revenues:								
Taxes:								
Property taxes						70,646		70,646
Sales and use taxes						77,162		77,162
Transient occupancy taxes						138,480		138,480
Motor vehicle license fees						142		142
Other taxes						8,731		8,731
Unrestricted investment earnings						3,692	5,710	9,402
Other						87		87
Transfers						10,856	(10,856)	
Total general revenues and transfers						309,796	(5,146)	304,650
Change in net position						104,067	35,887	139,954
Net position at beginning of year						657,768	1,074,798	1,732,566
Net position at end of year						$ 761,835	$ 1,110,685	$ 1,872,520

The accompanying notes are an integral part of these financial statements.

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Balance Sheet
Governmental Funds
June 30, 2016 (In thousands)

	General	Housing Authority	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	$ 6,992	$ 11,138	$ 14,738	$ 32,868
Investments	28,477	45,364	61,832	135,673
Accounts receivable, net	15,688	24	1,624	17,336
Accrued interest receivable	117	137	200	454
Due from other funds	2,550	1,500	19,664	23,714
Due from other governments	26,368	48	25,154	51,570
Inventories	236			236
Land held for resale, net		6,187	22,178	28,365
Prepaid and other assets	177	5	6,000	6,182
Restricted cash and cash equivalents		1,947	34,321	36,268
Restricted investments			94,691	94,691
Notes receivable, net		59,045	29,724	88,769
Due from Successor Agency	2,384	1,905	11,731	16,020
Total assets	$ 82,989	$ 127,300	$ 321,857	$ 532,146
LIABILITIES				
Accounts payable	$ 7,374	$ 732	$ 10,247	$ 18,353
Wages payable	3,063	79	222	3,364
Deposits	7,563	317	1,187	9,067
Due to other funds	1,524		21,008	22,532
Due to other governments			1,500	1,500
Unearned revenue	1,278	107		1,385
Total liabilities	20,802	1,235	34,164	56,201
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues	3,823	10	14,424	18,257
Unavailable resources- long-term notes receivable		59,045	29,724	88,769
Unavailable resources - due from Successor Agency	2,384	1,905	11,731	16,020
Total deferred inflows of resources	6,207	60,960	55,879	123,046
FUND BALANCES:				
Nonspendable :				
Interfund receivable	545			545
Inventory	236			236
Prepaid and other assets	177	2	6,000	6,179
Restricted:				
Anaheim Resort maintenance and improvement			6,292	6,292
Capital projects			15,387	15,387
Claims and judgments	6,635			6,635
Community and economic development projects			25,674	25,674
Debt service			107,227	107,227
Development impact projects			47,662	47,662
Grant purposes	1,095		6,907	8,002
Homebuyer assistance programs		452	2,476	2,928
Low and moderate income housing		47,205		47,205
Rental assistance		1,317		1,317
Streets, roads and transportation improvement projects			26,305	26,305
Assigned:				
Capital projects			4,620	4,620
Debt service			1,255	1,255
Housing projects		16,129		16,129
Other purposes	7,442			7,442
Unassigned	39,850		(17,991)	21,859
Total fund balances	55,980	65,105	231,814	352,899
Total liabilities, deferred inflows of resources, and fund balances	$ 82,989	$ 127,300	$ 321,857	$ 532,146

The accompanying notes are an integral part of these financial statements.

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2016 (In thousands)

Total fund balances - governmental funds		$ 352,899
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in the operation of governmental funds are not current financial resources and, therefore, are not reported in the funds. These assets consist of:		
Land	$ 647,289	
Construction in progress	48,712	
Buildings, structures and improvements	330,698	
Machinery and equipment	57,632	
Infrastructure	853,545	
Accumulated depreciation	(583,814)	
Total capital assets, net		1,354,062
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as deferred inflows of resources in the funds.		123,046
Unamortized prepaid bond insurance ($1,318) and deferred charge on refunding bonds ($1,813) are not current financial resources, and, therefore, are not reported in the funds.		3,131
Internal service funds are used by management to charge the costs of certain activities, such as insurance, employee benefits, and fleet services, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position.		37,510
Compensated absences, not otherwise included in the internal service funds, are not due and payable in the current period and, therefore, are not reported in the funds.		(486)
Certain liabilities are not due and payable in the current period, and therefore, are not reported in the funds.		(27,448)
Effects of net pension obligation are not due and payable in the current period, and therefore, are not reported in the funds.		
Deferred outflows of resources	43,258	
Net pension obligation	(407,133)	
Deferred inflows of resources	(58,555)	(422,430)
Long-term liabilities of governmental funds, including bonds ($632,321), notes and loans payable ($20,820), and accrued interest payable ($5,308) are not due and payable in the current period and, therefore, are not reported in the funds.		(658,449)
Net position of governmental activities		$ 761,835

The accompanying notes are an integral part of these financial statements.

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2016 (In thousands)

	General	Housing Authority	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:				
Property taxes	$ 69,901		$ 745	$ 70,646
Sales and use taxes	82,031			82,031
Transient occupancy taxes	138,480			138,480
Other taxes	8,024			8,024
Licenses, fees and permits	24,633	$ 53	5,967	30,653
Intergovernmental revenues	2,913	73,680	44,462	121,055
Charges for services	15,144		21,003	36,147
Fines, forfeits and penalties	2,875			2,875
Use of money and property	4,414	3,853	46,785	55,052
Other	1,005	9,716	2,799	13,520
Total revenues	349,420	87,302	121,761	558,483
Expenditures:				
Current:				
City Council	268			268
City Administration	3,322			3,322
City Attorney	6,248		120	6,368
City Clerk	897			897
Human Resources	1,449			1,449
Finance	6,352		23	6,375
Police	132,510		7,265	139,775
Fire	65,501		898	66,399
Community and Economic Development	1,484	80,182	26,788	108,454
Planning	18,486		1,636	20,122
Public Works	17,298		13,090	30,388
Community Services	30,517		1,463	31,980
Public Utilities	2,727			2,727
Convention, Sports and Entertainment	889		12,200	13,089
Capital outlay	3,151	5	29,433	32,589
Debt service:				
Principal retirement			28,448	28,448
Interest charges			16,930	16,930
Total expenditures	291,099	80,187	138,294	509,580
Excess (deficiency) of revenues over (under) expenditures	58,321	7,115	(16,533)	48,903
Other financing sources (uses):				
Transfers in	28,289		67,631	95,920
Transfers out	(78,420)		(6,983)	(85,403)
Issuance of loan payable			1,100	1,100
Total other financing sources (uses)	(50,131)		61,748	11,617
Net change in fund balances	8,190	7,115	45,215	60,520
Fund balances at beginning of year	47,790	57,990	186,599	292,379
Fund balances at end of year	$ 55,980	$ 65,105	$ 231,814	$ 352,899

The accompanying notes are an integral part of these financial statements.

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities
Year Ended June 30, 2016 (In thousands)

Net change in fund balances - total governmental funds	$ 60,520
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlay as expenditures. However, in the Statement of Activities the costs of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay ($32,589) exceeded depreciation ($32,295) in the current period.	294
Transfers of capital assets between governmental funds and proprietary funds do not require the use of financial resources and are not reported as transfers in the funds.	339
The net effect of other miscellaneous transactions involving capital assets (i.e., sales, trade-in, retirements and contributions) is to increase net position.	26,707
Revenues in governmental funds provide current financial resources but have been included in the Statement of Activities in prior fiscal year.	(9,026)
Collections of notes and long-term receivables provide current financial resources to governmental funds but reduce receivables in the Statement of Net Position.	(8,103)
Proceeds from long-term debt provide current financial resources to governmental funds, but the issuance of debt increases long-term liabilities in the Statement of Net Position	(1,100)
Payments of principal on long-term debt use current financial resources in the governmental funds, but the repayments reduce long-term liabilities in the Statement of Net Position.	28,448
Certain 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.	(19,871)
Net effect of accrued net pension liabilities and the related deferred outflows and deferred inflows of resources are not reported as expenditures in the funds.	24,345
Internal service funds are used by management to charge the costs of certain activities, such as insurance, employee benefits, and fleet services, to individual funds. The net expense of the internal service funds is reported with governmental activities.	1,514
Change in net position of governmental activities	$ 104,067

The accompanying notes are an integral part of these financial statements.

Statement of Revenues, Expenditures and Changes in Fund Balances Budget and Budgetary Basis Actual - General Fund Year Ended June 30, 2016 (In thousands)

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:				
Property taxes	$ 68,897	$ 71,197	$ 69,901	$ (1,296)
Sales and use taxes	77,206	78,706	82,031	3,325
Transient occupancy taxes	132,989	138,689	138,480	(209)
Other taxes	7,505	7,505	8,024	519
Licenses, fees and permits	22,030	22,030	24,633	2,603
Intergovernmental revenues	2,066	2,066	2,913	847
Charges for services	12,897	15,497	15,144	(353)
Fines, forfeits and penalties	2,915	2,915	2,875	(40)
Use of money and property	2,817	2,817	4,414	1,597
Other	4,169	1,669	1,511	(158)
Total revenues	333,491	343,091	349,926	6,835
Expenditures:				
City Council	486	486	268	(218)
City Administration	3,673	3,673	3,322	(351)
City Attorney	6,045	6,439	6,339	(100)
City Clerk	905	905	897	(8)
Human Resources	1,384	1,449	1,449	
Finance	6,966	6,966	6,352	(614)
Police	128,038	132,543	132,543	
Fire	64,403	66,102	66,102	
Community and Economic Development	1,840	1,840	1,484	(356)
Planning	18,812	19,012	18,486	(526)
Public Works	19,787	19,881	19,633	(248)
Community Services	31,129	31,236	30,518	(718)
Public Utilities	2,680	2,727	2,727	
Convention, Sports and Entertainment	1,169	1,169	979	(190)
Total expenditures	287,317	294,428	291,099	(3,329)
Excess of revenues over expenditures	46,174	48,663	58,827	10,164
Other financing sources (uses):				
Transfers in	26,650	26,650	28,289	1,639
Transfers out	(72,840)	(75,740)	(78,420)	(2,680)
Total other financing uses	(46,190)	(49,090)	(50,131)	(1,041)
Net change in fund balance	(16)	(427)	8,696	9,123
Fund balance at beginning of year	47,790	47,790	47,790	
Fund balance at end of year	$ 47,774	$ 47,363	56,486	$ 9,123
Adjustment to reconcile to GAAP:				
Receipt of interfund receivable			(506)	
Ending fund balance - GAAP basis			$ 55,980	

The accompanying notes are an integral part of these financial statements.

Statement of Revenues, Expenditures and Changes in Fund Balances Budget and Budgetary Basis Actual - Housing Authority Year Ended June 30, 2016 (In thousands)

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:				
Licenses, fees and permits	$ 25	$ 25	$ 53	$ 28
Intergovernmental revenues	71,390	71,390	73,680	2,290
Use of money and property	1,446	1,446	4,901	3,455
Other	1,519	1,519	9,716	8,197
Total revenues	74,380	74,380	88,350	13,970
Expenditures:				
Current:				
Community and Economic Development	87,008	86,053	77,551	(8,502)
Total expenditures	87,008	86,053	77,551	(8,502)
Excess of revenues over expenditures	(12,628)	(11,673)	10,799	22,472
Net change in fund balance	(12,628)	(11,673)	10,799	22,472
Fund balance at beginning of year	57,990	57,990	57,990	
Fund balance at end of year	$ 45,362	$ 46,317	68,789	$ 22,472
Adjustments to reconcile to GAAP:				
Cost of land held for resale sold			(3,548)	
Decline in value of land held for resale			(136)	
Ending fund balance - GAAP basis			$ 65,105	

The accompanying notes are an integral part of these financial statements.

Statement of Net Position
Proprietary Funds
June 30, 2016 (In thousands)

	Business-type Activities - Enterprise Funds							
	Electric Utility	Water Utility	Sanitation Utility	Golf Courses	Convention, Sports and Entertainment Venues	ARTIC Management	Total	Governmental Activities - Internal Service Funds
ASSETS								
Current assets:								
Cash and cash equivalents	$ 14,385	$ 4,868	$ 11,046	$ 4	$ 6,961	$ 713	$ 37,977	$ 16,641
Investments	58,587	19,553	33,581	15	33,253		144,989	67,777
Restricted cash and cash equivalents	4,756	1,086	4,346		23		10,211	
Restricted investments	23,276	3,115	5,149		12,082		43,622	
Accounts receivable, net	47,528	4,919	7,897	112	2,064	140	62,660	2,691
Accrued interest receivable	1,033	89	138		242		1,502	189
Interfund receivable	3,097						3,097	7
Inventories	17,734	776			2		18,512	790
Prepaid and other assets	25,590	1,589			2,531	140	29,850	1,881
Total current assets	195,986	35,995	62,157	131	57,158	993	352,420	89,976
Noncurrent assets:								
Restricted cash and cash equivalents, less current portion	66,053	1,023	5,789				72,865	
Restricted investments, less current portion	160,432	31,794			126,870		319,096	
Unamortized prepaid bond insurance	344		73				417	
Pipeline receivable		20					20	
Accounts receivable, less current portion								3,151
Interfund receivable, less current portion								17
Prepaid and other assets	68,404						68,404	
Net other post-employment benefits (OPEB) asset								11,244
Capital assets:								
Land	34,243	2,339	316	1,949	18,135	32,523	89,505	
Buildings, structures and improvements			108,514	18,826	498,279	170,952	796,571	8,695
Utility plant	1,312,890	448,553					1,761,443	
Machinery and equipment			6,963	1,068	28,377	2,482	38,890	67,979
Construction in progress	84,945	16,512	9,068		97,052	67	207,644	1,321
Total capital assets	1,432,078	467,404	124,861	21,843	641,843	206,024	2,894,053	77,995
Less accumulated depreciation	(550,220)	(148,128)	(19,052)	(12,117)	(254,368)	(3,513)	(987,398)	(52,170)
Capital assets, net	881,858	319,276	105,809	9,726	387,475	202,511	1,906,655	25,825
Total noncurrent assets	1,177,091	352,113	111,671	9,726	514,345	202,511	2,367,457	40,237
Total assets	1,373,077	388,108	173,828	9,857	571,503	203,504	2,719,877	130,213
DEFERRED OUTFLOWS OF RESOURCES:								
Deferred charge on refunding bonds	3,139	5,709			780		9,628	
Deferred pension related items	9,875	4,041	1,344	105	2,813		18,178	2,041
Total deferred outflows of resources	13,014	9,750	1,344	105	3,593		27,806	2,041

(continued)

Statement of Net Position
Proprietary Funds
June 30, 2016 (In thousands) (continued)

	Business-type Activities - Enterprise Funds							
	Electric Utility	Water Utility	Sanitation Utility	Golf Courses	Convention, Sports and Entertainment Venues	ARTIC Management	Total	Governmental Activities - Internal Service Funds
LIABILITIES								
Current liabilities (payable from current assets):								
Accounts payable	$ 39,001	$ 10,411	$ 4,017	$ 354	$ 939	$ 362	$ 55,084	$ 6,823
Wages payable	441	198	95	8	367		1,109	4,155
Interest payable					535		535	
Compensated absences								15,186
Long-term liabilities	10,007		609		15,402	3,000	29,018	11,339
Line of credit payable								
Unearned revenues					4,872	9	4,881	2,203
Deposits	3,849	694	483	3	3,159	44	8,232	
Interfund payable		3,097		660			3,757	2
Total current liabilities (payable from current assets)	53,298	14,400	5,204	1,025	25,274	3,415	102,616	39,708
Current liabilities (payable from restricted assets):								
Accounts payable	1,604		575		10,354		12,533	
Wages payable	153		7		6		166	
Interest payable	7,002	1,523	814		1,745		11,084	
Arbitrage rebate liability	450	58					508	
Long-term liabilities	18,823	2,620	436				21,879	
Total current liabilities (payable from restricted assets)	28,032	4,201	1,832		12,105		46,170	
Total current liabilities	81,330	18,601	7,036	1,025	37,379	3,415	148,786	39,708
Noncurrent liabilities:								
Interfund payable, less current portion				544			544	
Interest payable						2,207	2,207	
Long-term obligations, less current portion	661,932	140,128	41,369		246,033	20,000	1,109,462	46,231
Net pension liabilities	71,235	24,808	11,510	932	25,684		134,169	19,289
Provision for decommissioning costs	119,994						119,994	
Total noncurrent liabilities	853,161	164,936	52,879	1,476	271,717	22,207	1,366,376	65,520
Total liabilities	934,491	183,537	59,915	2,501	309,096	25,622	1,515,162	105,228
DEFERRED INFLOWS OF RESOURCES								
Regulatory credits	90,480	2,899					93,379	
Deferred pension related items	7,272	2,532	1,529	104	2,628		14,065	3,908
Total deferred inflows of resources	97,752	5,431	1,529	104	2,628		107,444	3,908
NET POSITION								
Net investment in capital assets	280,350	212,761	63,394	9,727	251,549	179,511	997,292	23,737
Restricted for:								
Debt service	14,196	1,906	436				16,538	
Capital projects	15,938	3,029	13,439		18,739		51,145	
Other purposes	9,066						9,066	
Unrestricted	34,298	(8,806)	36,459	(2,370)	(6,916)	(1,629)	51,036	(619)
Total net position	$ 353,848	$ 208,890	$ 113,728	$ 7,357	$ 263,372	$ 177,882	1,125,077	$ 23,118
Adjustment to reflect the consolidation of internal service fund							(14,392)	
Net position of business-type activities							$ 1,110,685	

The accompanying notes are an integral part of these financial statements.

Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
Year Ended June 30, 2016 (In thousands)

	Business-type Activities - Enterprise Funds							
	Electric Utility	Water Utility	Sanitation Utility	Golf Courses	Convention, Sports and Entertainment Venues	ARTIC Management	Total	Governmental Activities - Internal Service
Operating revenues:								
Sales of light and power	$ 391,501						$ 391,501	
Transmission revenues	31,122						31,122	
Sales of water		$ 59,615					59,615	
Solid waste collection fees			$ 43,322				43,322	
Wastewater fees			12,183				12,183	
Street cleaning fees			3,253				3,253	
Green fees and cart rentals				$ 3,716			3,716	
Facilities rental					$ 25,405	$ 875	26,280	
Concession fees				193	8,131		8,324	
Charges for services								$ 140,238
Other	7,862	894	2,248	205	1,827	3	13,039	463
Total operating revenues	430,485	60,509	61,006	4,114	35,363	878	592,355	140,701
Operating expenses:								
Cost of purchased power	239,863						239,863	
Fuel and generation of power	20,833						20,833	
Cost of purchased water		22,891					22,891	
Treatment and pumping of water		8,168					8,168	
Maintenance, operations and administration	52,635	14,384	52,507	3,832	29,567	3,468	156,393	40,290
Insurance premiums and claims								16,660
Compensated absences and other benefits								78,138
Depreciation and amortization	56,019	11,074	2,620	556	12,920	2,277	85,466	4,796
Total operating expenses	369,350	56,517	55,127	4,388	42,487	5,745	533,614	139,884
Operating income (loss)	61,135	3,992	5,879	(274)	(7,124)	(4,867)	58,741	817
Nonoperating income (expenses):								
Intergovernmental revenues			712				712	
Investment income	3,259	1,212	669		570		5,710	816
Debt service recovery					64		64	
Interest expense	(21,523)	(5,150)	(1,680)	(19)	(1,892)	(490)	(30,754)	(70)
Gain from disposal of capital assets								264
Cost of capital asset transferred to governmental funds	(1,428)						(1,428)	
Total nonoperating expenses	(19,692)	(3,938)	(299)	(19)	(1,258)	(490)	(25,696)	1,010
Income (loss) before contributions and transfers	41,443	54	5,580	(293)	(8,382)	(5,357)	33,045	1,827
Capital contributions	9,186	293		2,007	672	888	13,046	
Transfers in	110	600			10,696	6,106	17,512	
Transfers out	(23,196)	(1,050)	(2,366)	(250)	(1,167)		(28,029)	
Change in net position	27,543	(103)	3,214	1,464	1,819	1,637	35,574	1,827
Net position at beginning of year	326,305	208,993	110,514	5,893	261,553	176,245		21,291
Net position at end of year	$ 353,848	$ 208,890	$ 113,728	$ 7,357	$ 263,372	$ 177,882		$ 23,118
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.							313	
Change in net position of business type activities							$ 35,887	

The accompanying notes are an integral part of these financial statements.

Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2016 (In thousands)

	Business-type Activities - Enterprise Funds							
	Electric Utility	Water Utility	Sanitation Utility	Golf Courses	Convention, Sports and Entertainmen Venues	ARTIC Management	Total	Governmental Activities - Internal Service Funds
Cash flows from operating activities:								
Receipts from customers and users	$ 442,376	$ 58,821	$ 58,932	$ 3,715	$ 34,505	$ 887	$ 599,236	
Receipts from interfund services provided	2,114	292	152				2,558	$ 140,238
Payments to suppliers	(272,120)	(27,194)	(41,684)	(3,080)	(8,165)	(3,519)	(355,762)	(24,333)
Payments for salaries, wages and other benefits	(43,412)	(14,284)	(7,864)	(536)	(19,079)	(19)	(85,194)	(86,907)
Payments for interfund services used	(11,695)	(4,563)	(3,306)	(188)	(3,223)		(22,975)	(4,583)
Payments for insurance premiums and claims								(12,899)
Other receipts			2,073	385		3	2,461	450
Net cash provided by (used for) operating activities	117,263	13,072	8,303	296	4,038	(2,648)	140,324	11,966
Cash flows from noncapital financing activities:								
Proceeds from short-term borrowings from line of credit	11,008						11,008	
Payments on short-term borrowings from line of credit	(12,631)						(12,631)	
Receipt of interfund balances				110			110	18,972
Payment of interfund balances						(6)	(6)	
Receipt from Successor Agency loan receivable								2,801
Payments for decommissioning costs	(16,598)						(16,598)	
Transfers in		600				3,106	3,706	
Transfers out	(23,196)	(940)	(2,366)	(250)	(1,167)		(27,919)	
Operating grant receipts			92				92	
Net cash provided by (used for) noncapital financing activities	(41,417)	(340)	(2,274)	(140)	(1,167)	3,100	(42,238)	21,773
Cash flows from capital and related financing activities:								
Proceeds from sale of capital assets								428
Capital contributions	5,785	251		2,007			8,043	29
Capital purchases	(53,331)	(11,898)	(6,356)	(1,795)	(49,500)	(68)	(122,948)	(7,280)
Proceeds from issuance of bonds	106,837						106,837	
Transfer to refunded bond escrow agent	(66,973)						(66,973)	
Debt Issuance costs	(424)						(424)	
Principal payments on long-term debt	(25,240)	(8,774)	(1,005)		(10,934)	(3,000)	(48,953)	(1,213)
Interest payments	(27,330)	(6,037)	(1,995)	(24)	(12,618)		(48,004)	(70)
Debt service recovery					2,389		2,389	
Payment of interfund balances for capital purposes		(152)		(531)			(683)	
Transfers in for capital purposes	107				10,696	3,000	13,803	
Transfers out for capital purposes		(107)					(107)	
Net cash used for capital and related financing activities	(60,569)	(26,717)	(9,356)	(343)	(59,967)	(68)	(157,020)	(8,106)
Cash flows from investing activities:								
Purchase of investment securities	(111,574)	(12,797)	(16,479)		(15,073)		(155,923)	(48,455)
Proceeds from sale and maturity of investment securities	128,438	19,473	13,989	142	55,510		217,552	25,493
Interest received	4,275	1,097	493	1	2,052		7,918	422
Net cash provided by (used for) investing activities	21,139	7,773	(1,997)	143	42,489		69,547	(22,540)
Increase (decrease) in cash and cash equivalents	36,416	(6,212)	(5,324)	(44)	(14,607)	384	10,613	3,093
Cash and cash equivalents at beginning of the year	48,778	13,189	26,505	48	21,591	329	110,440	13,548
Cash and cash equivalents at end of the year	$ 85,194	$ 6,977	$ 21,181	$ 4	$ 6,984	$ 713	$ 121,053	$ 16,641

(continued)

Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2016 (In thousands) (continued)

	Business-type Activities - Enterprise Funds							
	Electric Utility	Water Utility	Sanitation Utility	Golf Courses	Convention, Sports and Entertainmen Venues	ARTIC Management	Total	Governmental Activities - Internal Service Funds
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:								
Operating income (loss)	$ 61,135	$ 3,992	$ 5,879	$ (274)	$ (7,124)	$ (4,867)	$ 58,741	$ 817
Adjustment to reconcile operating income (loss) to net cash provided by (used for) operating activities:								
Depreciation and amortization	56,019	11,074	2,620	556	12,920	2,277	85,466	4,796
Increase in provision for decommissioning costs	441						441	
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:								
Accounts receivable	(1,250)	1,581	214	(14)	(1,142)	(2)	(613)	(67)
Interfund receivable	(10)						(10)	
Inventories	(1,290)	(884)					(2,174)	(7)
Prepaids and other assets	7,951				1	(9)	7,943	(1,714)
Accounts payable	(19,953)	136	298	57	102	(59)	(19,419)	1,165
Interfund payable		10					10	
Wages and benefits payable	(1,045)	140	(645)	(29)	(1,003)	(2)	(2,584)	847
Unearned revenues					(41)	1	(40)	277
Deposits	128	(136)	(63)		325	13	267	
Compensated absences, OPEB and self-insurance liability								5,852
Regulatory credits	15,137	(2,841)					12,296	
Total adjustments	56,128	9,080	2,424	570	11,162	2,219	81,583	11,149
Net cash provided by (used for) operating activities	$ 117,263	$ 13,072	$ 8,303	$ 296	$ 4,038	$ (2,648)	$ 140,324	$ 11,966
Schedule of noncash investing, capital and noncapital financing activities:								
Capital assets financed through capital leases								$ 955
Capital contributions	$ 3,401	$ 42			$ 672	$ 888	$ 5,003	
Transfers in (out)								
Transfers in (out) of capital assets	(1,425)	3					(1,422)	
Increase in fair value of investments	661	99	154		117		1,031	295
Reconciliation of cash and cash equivalents:								
Cash and cash equivalents	$ 14,385	$ 4,868	$ 11,046	$ 4	$ 6,961	$ 713	37,977	$ 16,641
Restricted cash and cash equivalents, current portion	4,756	1,086	4,346		23		10,211	
Restricted cash and cash equivalents, noncurrent portion	66,053	1,023	5,789				72,865	
Total cash and cash equivalents	$ 85,194	$ 6,977	$ 21,181	$ 4	$ 6,984	$ 713	$ 121,053	$ 16,641

The accompanying notes are an integral part of these financial statements.

Statement of Fiduciary Net Position (Deficit)
Fiduciary Funds
June 30, 2016 (In thousands)

	Investment Trust Funds	Successor Agency Private Purpose Trust Fund	Agency Funds
ASSETS			
Restricted cash and cash equivalents	$ 292	$ 33,071	$ 4,573
Restricted investments	1,188	1,063	31
Accrued interest receivable	6	22	
Accounts receivable, net		133	94
Notes receivable, net		741	
Prepaid and other assets		168	
Unamortized prepaid bond insurance		1,931	
Total assets	1,486	37,129	$ 4,698
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding bonds		475	
Pension related items		1,175	
Total deferred outflows of resources		1,650	
LIABILITIES			
Accounts payable		591	
Wages payable		4	
Interest payable		6,036	
Deposits		398	
Due to bond holders			$ 4,698
Long-term liabilities:			
Due within one year		9,617	
Due in more than one year		233,094	
Net pension liabilities		7,845	
Total liabilities		257,285	$ 4,698
DEFERRED INFLOWS OF RESOURCES			
Pension related items		1,548	
Total deferred inflows of resources		1,548	
NET POSITION			
Held in trust for pool participants	1,486		
Held in trust for other purposes (deficit)		(220,354)	
Total net position (deficit)	$ 1,486	$ (220,354)	

The accompanying notes are an integral part of these financial statements.

Statement of Changes in Fiduciary Net Position (Deficit)
Fiduciary Funds
Year Ended June 30, 2016 (In thousands)

	Investment Trust Funds	Successor Agency Private Purpose Trust Fund
ADDITIONS		
Property taxes		$ 26,256
Contributions to pooled investments	$ 6,548	
Interest and investment income	25	423
Rental income		1,877
Other		379
Total additions	6,573	28,935
DEDUCTIONS		
Distributions from pool investments	6,439	
Salaries and administration		2,029
Program expenses		4,183
Book value of capital assets and land held for resale transferred to City of Anaheim		90,952
Interest expense		12,263
Depreciation		1,086
Total deductions	6,439	110,513
Change in net position	134	(81,578)
Net position (deficit) held in trust at beginning of year	1,352	(138,776)
Net position (deficit) held in trust at end of year	$ 1,486	$ (220,354)

The accompanying notes are an integral part of these financial statements.

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Notes to Financial Statements

(Amounts in thousands)

NOTE 1 —SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The financial reporting entity

As defined by U. S. generally accepted accounting principles (GAAP) that are established by the Governmental Accounting Standards Board (GASB), the financial reporting entity consists of the primary government, as well as its component units, which are legally separate organizations for which the elected officials of the primary government are financially accountable. Financial accountability is defined as 1) appointment of a voting majority of the component unit's board, and either a) the ability to impose will by the primary government, or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government; and 2) the component unit is fiscally dependent on and there is a potential for the component unit to provide specific financial benefit to or impose financial burden on the primary government regardless of whether the component unit has a) a separately elected government board, b) a governing board appointed by a higher level of government, or c) a jointly appointed board.

The accompanying financial statements present the City of Anaheim (City), the primary government, and its component units. The financial data of the component units are included in the City's reporting entity because of the significance of their operational or financial relationships with the City.

The component units described below are each legally separate from the City, but are so intertwined with the City that they are, in substance, the same as the City. They are reported as part of and accountable to the City and blended into the government-wide and fund financial statements.

Anaheim Housing Authority (Housing Authority) is a separate entity primarily funded by the U.S. Department of Housing and Urban Development to administer funds received under the Federal Housing Assistance Payments program. City Council members, in separate session, serve as the governing board of the Housing Authority. All budgeting, accounting and administrative functions of the Housing Authority are performed by the City. The financial activity of the Housing Authority has been blended into the City's Comprehensive Annual Financial Report (CAFR) in the government-wide governmental activities and in the fund financial statements as the Housing Authority Special Revenue Fund.

Community Center Authority (CCA), a joint powers authority, was created primarily to finance the initial construction of the Anaheim Convention Center. A five-member board appointed by the City Council governs the CCA. The City has entered into a noncancelable long-term lease with the CCA, which provides for lease payments in amounts sufficient to meet the annual debt service requirements on the certificates of participation issued by the CCA to finance the construction of the facility. The lease is a financing arrangement, which transfers the ownership of the facility to the City at the end of the lease term, and the sole activity of the CCA is to provide financing for the City. As such, the financial data for the CCA has been blended into the City's CAFR in the government-wide business-type activities and in the fund financial statements with the City's Convention, Sports and Entertainment Venues Fund, as all activity related to the Anaheim Convention Center is accounted for in this enterprise fund. The capital lease has been eliminated in the financial statements. For a copy of the CCA's separate financial statements, contact the Finance Director of the City.

Anaheim Public Improvement Corporation (APIC), a non-profit corporation, was created primarily to finance several construction projects in the City. City Council members, in separate session, serve as the governing board of APIC. The City has entered into noncancelable long-term leases with APIC, which provide for lease payments in amounts sufficient to meet the annual debt service requirements on the certificates of participation issued by APIC to finance these construction projects. The leases are financing arrangements, which transfer ownership of the constructed assets to the City at the end of the lease terms. The financial data of APIC has been blended into various governmental and business-type activities and funds of the City as applicable, and the capital leases have been eliminated.

Anaheim Public Financing Authority (APFA), a joint powers authority, was established as a vehicle to reduce local borrowing costs and promote greater use of existing and new financial instruments and mechanisms. City Council members, in separate session, serve as the governing board of the APFA. Financial activity of the APFA has been blended into the City's CAFR into various governmental and business-type activities and funds of the City as applicable.

The City is a participant in four joint ventures and jointly-owned properties (see note 12), which are not considered part of the financial reporting entity, as the City does not have significant equity interests in the joint ventures and jointly-owned properties.

The City is a participant in the California Municipal Finance Authority (CMFA), a non-profit Joint Power Authority created to strengthen local communities by assisting with the financing of economic development and charitable activities throughout the State of California. The CMFA acts as conduit issuer by assisting local governments, non-profits and businesses with the issuance of taxable and tax-exempt financing aimed at improving the quality of life in California. The City has no financial, budgeting and operational obligations and responsibilities of the CMFA. The CMFA is a jointly governed organization. The City has recorded assets and liabilities from the City's debt issuances through the CMFA in the business-type activities and funds of the City as applicable (see note 8).

Basic financial statements

In accordance with GASB Statement No. 34 – *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, the basic financial statements include both government-wide and fund financial statements.

The government-wide financial statements (Statement of Net Position and Statement of Activities) report on the City and its component units as a whole, excluding fiduciary activities. Governmental activities, which normally are supported

by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. All activities, both governmental and business-type, are reported in the government-wide financial statements using the economic resources measurement focus and the accrual basis of accounting, which includes long-term assets and receivables as well as long-term debt and obligations. The government-wide financial statements focus more on the sustainability of the City as an entity and the change in aggregate financial position resulting from the activities of the fiscal period.

Generally, the effect of interfund activity has been removed from the government-wide financial statements, except for interfund services provided and used. Net interfund activity and balances between governmental activities and business-type activities are shown as internal balances, net, in the government-wide financial statements. The "doubling up" effect of internal service fund activity has been eliminated from the government-wide financial statements with the expenses shown in the various functions and programs on the Statement of Activities.

Further, certain eliminations are also made to transfers of resources between funds in the fund financial statements so that only the net amount of the transfers are shown in the governmental activities and business-type activities columns.

The government-wide Statement of Net Position reports all financial and capital resources of the City (excluding fiduciary funds). It is displayed in a format of assets and deferred outflows of resources less liabilities and deferred inflows of resources equal net position, with the assets and liabilities shown in order of their relative liquidity. Net positions are required to be displayed in three components: 1) net investment in capital assets 2) restricted, and 3) unrestricted. Investment in capital assets represents capital assets net of accumulated depreciation which is reduced by outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Restricted net position is those with constraints placed on their use by either: 1) creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or 2) law through constitutional provisions or enabling legislation. All net positions not otherwise classified as restricted, are shown as unrestricted. Generally, the City would first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net positions are available.

The government-wide Statement of Activities demonstrates the degree to which both direct and indirect expenses of the various functions and programs of the City are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or program. Indirect expenses for administrative overhead are allocated among the functions and programs using a full cost allocation approach and are presented separately to enhance comparability of direct expenses between governments that allocate direct expenses and those that do not. Interest on general long-term debt is not allocated to the various functions. Program revenues include: 1) charges to customers or users who purchase, use or directly benefit from goods, services or privileges provided by a particular function or program and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or program. Taxes, unrestricted investment income and other revenues not identifiable with particular functions or programs are included as general revenues. The general revenues support the net costs of the functions and programs not covered by program revenues.

Also, part of the basic financial statements are fund financial statements for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. The focus of the fund financial statements is on major funds, as defined by GASB Statement No. 34. Although this reporting model sets forth minimum criteria for determination of major funds (a percentage of assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues, or expenditures/expenses of fund category and of the governmental and enterprise funds combined), it also gives governments the option of displaying other funds as major funds. Other nonmajor funds, as well as the internal service funds, are combined in a single column on the fund financial statements.

The City reports the following major governmental funds:

The General Fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Housing Authority Special Revenue Fund accounts for the providing of housing assistance to low and moderate-income families in the Anaheim area. Financing is provided primarily from Federal Section 8, U.S. Department of Housing and Urban Development (HUD) receipts.

The City reports the following major enterprise funds:

The Electric Utility Fund accounts for the operation of the City's electric utility, a self-supporting activity, which renders services on a user charge basis to residents and businesses located in Anaheim.

The Water Utility Fund accounts for the operation of the City's water utility, a self-supporting activity, which renders services on a user charge basis to residents and businesses located in Anaheim.

The Sanitation Utility Fund accounts for the operation of the City's solid waste and sanitation program, a self-supporting activity, which provides for the collection and disposal of solid waste, street sweeping, and sanitary sewer cleaning on a user charge basis to residents and businesses located in Anaheim.

The Golf Courses Fund accounts for the operation of the Anaheim Municipal ("Dad Miller") Golf Course and the Anaheim Hills Golf Course, a self-supporting activity that renders services on a user charge basis.

The Convention, Sports and Entertainment Venues Fund accounts for the operations of the Anaheim Convention Center, Angel Stadium of Anaheim, and The City National Grove of Anaheim. See note 13 for further discussions of the Angel Stadium of Anaheim and The City National Grove of Anaheim.

Anaheim Regional Transportation Intermodal Center (ARTIC) Management Fund accounts for the operation and maintenance of the ARTIC that serves as a rail station for Amtrak intercity rail, Metrolink commuter rail and bus station. The ARTIC renders services on a user charge basis.

The internal service funds, which provide services to the other funds of the City, are presented in a single column in the proprietary funds financial statements. Because the principal users of the internal service funds are the City's governmental activities, the assets and liabilities of the internal service funds are consolidated into the governmental activities column of the government-wide Statement of Net Position. The costs of the internal service fund services are spread to the appropriate function or program on the government-wide Statement of Activities and the revenues and expenses within the internal service funds are eliminated from the government-wide financial statements to avoid any doubling effect of these revenues and expenses. The City operates four internal service funds:

The General Benefits and Insurance Fund is used to account for employee compensated absences, retirement and health benefits, and self-insurance programs.

The Motorized Equipment Fund is used to account for motorized equipment used by City departments.

The Information and Communication Services Fund is used to account for data processing and telecommunication services provided to City departments.

The Municipal Facilities Maintenance Fund is used to account for office maintenance services and equipment used by City departments.

Fiduciary Funds account for assets held by the City in a trustee or agency capacity on behalf of others and, therefore, are not available to support City programs. The Fiduciary Funds are not included in the government-wide financial statements as they are not an asset of the City. The City reports the following fiduciary funds:

The Investment Trust Fund is used to account for the external portion of the City's investment pool, which commingles resources of legally separate entities administered by the City in an investment portfolio for the benefit of all participants. The entities include three Joint Powers Authorities (JPA) governed by local boards. The City separately maintains these entities' money in three individual funds; these funds represent the assets, primarily cash and investment, and the related net position held in trust by the City to disburse these monies on demand.

The Private Purpose Trust Fund is used to account for resources legally held in trust for use by the Successor Agency to the Former Anaheim Redevelopment Agency (Successor Agency). The Former Anaheim Redevelopment Agency, a former component unit of the City, dissolved on February 1, 2012 under the State of California Assembly Bill 1X26.

The Agency Fund is used to account for the monies collected and paid on behalf of the Mello-Roos Districts located in the City.

Measurement focus and basis of accounting

The governmental funds financial statements are prepared on a current financial resources measurement focus and modified accrual basis of accounting. To conform to the modified accrual basis of accounting, certain modifications must be made to the accrual method. These modifications are outlined below:

- Revenue is recorded when it becomes both measurable and available (received within 60 days after year-end). Revenue considered susceptible to accrual includes: property taxes, sales and use taxes, transient occupancy taxes, licenses, fees and permits, intergovernmental revenues (including motor vehicle license fees), charges for services, fines, forfeits and penalties, and interest.

- Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year.

- Disbursements for the purchase of capital assets providing future benefits are considered expenditures. Bond proceeds are reported as other financing source.

With this measurement focus, operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. This is the traditional basis of accounting for governmental funds and also is the manner in which these funds are normally budgeted. This presentation is deemed most appropriate to: 1) demonstrate legal and covenant compliance, 2) demonstrate the sources and uses of liquid resources, and 3) demonstrate how the City's actual revenues and expenditures conform to the annual budget. Since the governmental funds financial statements are presented on a different basis than the governmental activities column of the government-wide financial statements, a reconciliation is provided immediately following each fund statement. These reconciliations briefly explain the adjustments necessary to transform the fund financial statements into the governmental activities column of the government-wide financial statements.

The proprietary funds financial statements are prepared on the same basis (economic resources measurement focus and accrual basis of accounting) as the government-wide financial statements. Therefore, most lines for the total enterprise funds on the proprietary funds financial statements will directly reconcile to the

business-type activities column on the government-wide financial statements. Because the enterprise funds are combined into a single business-type activities column on the government-wide financial statements, certain interfund activities between these funds are eliminated in the consolidation for the government-wide financial statements, but are included in the fund columns in the proprietary funds financial statements. The net costs of the internal service funds are also partially allocated to the business-type activities column on the government-wide financial statements. A reconciliation of the total enterprise funds on the fund financial statements to the business-type activities column on the government-wide financial statements is provided on the face of the fund financial statements.

Enterprise funds account for operations where the intent of the City is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges and fees. Under GASB Statement No. 34, enterprise funds are also required for any activity whose principal revenue sources meet any of the following criteria: 1) any activity that has issued debt backed solely by the fees and charges of the activity, 2) the cost of providing services for an activity, including capital costs such as depreciation or debt service, must legally be recovered through fees and charges, or it is the policy of the City to establish activity fees or charges to recover the cost of providing services, including capital costs.

On the proprietary funds financial statements, operating revenues are those that flow directly from the operations of the activity, i.e. charges to customers or users who purchase or use the goods or services of that activity. Operating expenses are those that are incurred to provide those goods or services. Non-operating revenues and expenses are items such as investment income and interest expense that are not a result of the direct operations of the activity.

The Electric and Water Utility funds follow the uniform system of accounts prescribed by the Federal Energy Regulatory Commission (Electric Utility) and the California Public Utilities Commission (Water Utility). The utilities are not subject to the regulations of these commissions.

The reporting focus for the investment trust fund and the private-purpose trust fund is upon net position and changes in net position and employs accounting principles similar to proprietary funds. The agency fund has no measurement focus but utilizes the accrual basis of accounting for reporting its assets and liabilities.

Cash and investments

The City pools available cash from all funds for the purpose of increasing income through investment activities. Investments in U.S. Treasury obligations and agency securities and medium term corporate notes are carried at fair value based on quoted market prices. Nonparticipating guaranteed investment contracts, flexible repurchase agreements are carried at cost-based measure. Money market mutual funds and participating interest-earning investment contracts that have a remaining maturity at the time of purchase of one year or less are carried at amortized cost (which approximates fair value). The City's investment in the State of California Local Agency Investment Fund (LAIF) is carried at fair value based on the value of each participating dollar as provided by LAIF. LAIF is authorized by California Government Code (Government Code) Section 16429 under the oversight of the Treasurer of the State of California. Commercial paper, participating guaranteed investment contracts and negotiable certificates of deposit are carried at amortized cost (which approximates fair value). Interest income, which includes changes in fair value, on investments is allocated to all funds on the basis of daily cash and investment balances. See note 3 for further discussion.

For purposes of the basic financial statements, the City considers cash equivalents to be highly liquid short-term investments that are readily convertible to known amounts of cash and mature within three months of the date they are acquired. Cash and cash equivalents are included in the City's cash and investments pool and in accounts held by fiscal agents.

Notes receivable

In the government-wide financial statements, notes receivable of $88,769 includes accrued interest receivable of $18,905, ranging from 3% to 10% interest per annum, and is net of allowances of $19,772 for uncollectible accounts at June 30, 2016. Allowances for uncollectible accounts were estimated based on certain assumptions; therefore, actual results could differ from the estimates.

In the governmental funds financial statements, disbursements for providing notes and loan receivables are recorded as expenditures while the collections of these receivables are recorded as revenues. Due to the extended period of time over which notes receivable are to be collected and the contingent nature of certain sources of repayment, the City has recorded deferred inflows of resources equal to the outstanding principal and accrued interest balance, net of allowances of the notes receivable.

Inventories

Inventories are stated at average cost which consist of expendable supplies, electrical parts, and vehicle repair parts. The cost of such Inventories are recorded as expenditures/expenses when consumed rather than when purchased.

Prepaid and other assets

Certain payments to vendors such as insurance premiums, prepaid power, prepaid rents, and deposits for real property acquisitions reflect costs applicable to future periods and are recorded as prepaid and other assets in both government-wide and fund financial statements. These costs will be recognized in the period when services are received or when the City receives title to the real property.

Land held for resale

The Housing Authority has recorded parcels of land held for resale in their financial records. The properties held for resale are for the primary purpose of developing low and moderate income housing and are recorded at the lower of cost or estimated net realizable value. At June 30, 2016, land held for resale with an original cost of

$12,171 was recorded net of the allowance for decline in value of $5,984 and totaled $6,187, with this amount offset by a restriction of fund balance for low and moderate income housing in the Housing Authority major governmental fund financial statement.

The Long Range Property Management Plan nonmajor Special Revenue Fund records parcels of land held for resale transferred from the Successor Agency to the former Anaheim Redevelopment Agency on January 1, 2016, as Use of money and property, under the authorization of the approved Long Range Property Management Plan of the State of California Health and Safety Code Section 34191.5. The parcels are approved for future developments. The City has recorded the land held for resale equal to the net realizable value of these assets as recorded in the Successor Agency's financial records in the amount of $22,178 with a corresponding restriction in fund balance for future economic development.

Restricted assets

Certain proceeds of the City's bonds, as well as certain resources set aside for their repayment, are classified as restricted on the Statement of Net Position, or Balance Sheet, because they are maintained in separate bank accounts and their use is limited by applicable debt covenants. Additionally, resources set aside by the Electric Utility for future decommissioning of its former ownership share of the San Onofre Nuclear Generating Station, Units 2 and 3 (SONGS) and the San Juan Generating Station, Unit 4, are classified as restricted on both the government-wide Statement of Net Position and proprietary funds Statement of Net Position.

Capital assets

Under GASB Statement No. 34, all capital assets, whether owned by governmental activities or business-type activities are recorded and depreciated in the government-wide financial statements. No long-term capital assets or depreciation are shown in the governmental funds financial statements.

Capital assets, including public domain infrastructure (e.g., roads, bridges, sidewalks and other assets that are immovable and of value only to the City), are defined as assets with an initial, individual cost of more than $5 ($50 for infrastructure) and an estimated useful life of greater than one year. Capital assets are recorded at cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the capital asset or materially extend capital assets lives are not capitalized. Major improvements are capitalized and depreciated over the remaining useful lives of the related capital assets.

Major outlays for capital assets and improvements are capitalized as the projects are constructed. Interest incurred during the construction phase of projects is reflected in the capitalized value of the asset constructed for proprietary funds. For the year ended June 30, 2016, business-type activities capitalized net interest costs of $11,690 in the government-wide and fund financial statements. Total interest expense incurred by the business-type activities (and the enterprise funds on the proprietary funds statements) before capitalization was $44,030. Capitalized interest in the Convention, Sports and Entertainment Venues Fund in the amount of $7,982 was calculated by netting the actual interest expense on the bonds ($9,568) with the actual investment earnings on the unspent proceeds of the bonds ($1,586) as the 2014-A Lease Revenue Tax-Exempt Bonds was issued to finance the specific Convention Center Expansion .

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Buildings, structures and improvements	5 to 85 years
Utility plant	5 to 75 years
Machinery and equipment	2 to 40 years
Infrastructure	25 to 75 years

The net book value of capital assets retired or disposed of, related salvage value proceeds and the costs of removal are recorded in accumulated depreciation in the Electric Utility and Water Utility Funds. In all other cases, these amounts are recorded as gains or losses on disposal of capital assets.

Capital assets transferred between funds are transferred at their net book value (cost less accumulated depreciation), as of the date of the transfer.

Debt issuance costs

Debt issuance costs, with the exception of prepaid insurance costs, are recognized as outflow of resources (expense/expenditure) in the period when the debt is issued. Prepaid insurance costs are capitalized and amortized over the lives of the related debt issues on a basis that approximates the effective-interest method.

Bond refunding costs

Bond refunding costs are deferred and amortized over the life of the new bond or over the life of the old bond, whichever is shorter, on a basis that approximates the effective-interest method. These costs are shown as a deferred outflow of resources on the Statement of Net Position.

Accretion

Accretion is an adjustment of the difference between the price of a bond or certificate of participation (COP) issued at an original discount and the par value of the bond or COP. The accreted value is recognized as it accrues by fiscal year.

Deferred outflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial

statement element, deferred outflows of resources, represents consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. In the government-wide statement of net position, the City reported two items in this category:

1. Deferred charges on refunding bonds - A deferred charge on refunding bonds results from the difference in the carrying value of debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The City reported $1,813 in governmental activities and $9,628 in business-type activities in this category.

2. Deferred outflows of resources related to pension - these balances represent current fiscal year contribution to the pension plans that will be applied as a reduction in net pension liability in the next fiscal year; or other items arising from changes in actuarial assumptions, difference between actual and projected experience, difference between actual and projected investment gains/losses or changes in the Fund's proportionate share of the net pension liability; the amount will be amortized and reported as a component in pension expense in future fiscal years (refer to discussion of Pension Plans). The City reported $45,299 in governmental activities and $18,178 in business-type activities in this category.

Deferred inflows of resources

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents acquisitions of fund balance or net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City reported the following in these categories:

1. Unavailable revenues - (which include revenues, notes and long term receivables) measured under the modified accrual basis of accounting reported in governmental funds. These amounts are deferred and will be recognized as an inflow of resources in the period that the amounts become available.

	General Fund	Housing Authority	Nonmajor Governmental Funds	Total
Governmental Funds:				
Taxes	$ 3,716			$ 3,716
Grants		$ 10	$ 14,424	14,434
Other revenues	107			107
Notes and long term receivables	2,384	60,950	41,455	104,789
Total	$ 6,207	$ 60,960	$ 55,879	$123,046

2. Regulatory credits - accumulated from collections of the Electric and Water Utility customers reported in business-type activities. These amounts provide recovery in current period for costs to be incurred in future periods. (Refer to the discussion of Regulatory Credits).

	Business-type activities
Enterprise Funds:	
Electric Utility	$ 90,480
Water Utility	2,899
Total	$ 93,379

3. Deferred inflows of resources related to pension are certain changes in total pension liability and fiduciary net position that are to be recognized as an increase in pension expenses in future fiscal years. These are the balances arise from changes in actuarial assumptions; difference between actual and projected experience; difference between actual and projected investment gains/losses or changes in the Fund's proportionate share of the Plan's net pension liability. Refer to discussion of Pension Plans in note 10 of the notes to the financial statements on pages 71-77 of this report. The City reported $62,463 in governmental activities and $14,065 in business-type activities in this category.

Regulatory credits

The Electric Utility's Rates, Rules, and Regulations provide for the Rate Stabilization Account (RSA), which contains two components: the Power Cost Adjustment (PCA) that was adopted by City Council on April 1, 2001, and the Environmental Mitigation Adjustment (EMA) that was adopted by the City Council on January 13, 2009. The PCA has mitigated variations in the power supply or fuel costs. The EMA allows the recovery of environmental mitigation costs, such as greenhouse gas emissions costs, the marginal cost differential between renewable power and traditional fossil-fuel-based power. The RSA provides the City with operational and billing flexibility to mitigate material fluctuations in the cost of energy, loss of revenues, or unplanned costs including unexpected long-term loss of a generating facility, unplanned limits on the ability to transmit energy to the City, or major disasters. The RSA funded by PCA and EMA collections is billed to customers through standard rates.

As of September 1, 2015, PCA rates were decreased from $0.0150 per kWh to $0.0000 per kWh for all domestic customers and from $0.0150 per kWh to $0.0000 per kWh for all commercial, industrial and municipal customers. At June 30, 2016, the Electric Utility recorded deferred inflows of resources for regulatory credits related to PCA totaled $23,140.

As of September 8, 2015, the EMA rate was $0.0045 per kWh for all customers regardless of the amount of energy used. At June 30, 2016, the deferred inflows of resources recorded for regulatory credits related to EMA totaled $67,340. During

fiscal year 2016, $7,000 was recognized as RSA revenues to mitigate the impact of environmental mitigation costs.

The Water Utility's rates, rules and regulations provide for a water regulatory credit account to reflect variations in the cost of water to the Water Utility and provide more stable retail water rates to the customers of the City's Water Utility. This rate stabilization account (RSA) provides increased flexibility by allowing the Water Utility to maintain financial performance indicators and goals specified in bond covenants. The account is funded through expense reimbursements such as water supply cost refunds received from the Metropolitan Water District and Orange County Water District and other miscellaneous credits and revenue. At June 30, 2016 the deferred inflows of resources recorded for regulatory credits totaled $2,899 for the Water Utility. During fiscal year 2016, the Water Utility recognized $2,900 of PCA revenue in order to mitigate the impact of increased costs and reduced revenues.

Compensated absences

Compensated absences, vacation and sick pay, for all City employees are generally paid by the General Benefits and Insurance Fund, an internal service fund. The General Benefits and Insurance Fund is reimbursed through payroll charges to all other funds based on estimates of benefits to be earned and used during the fiscal year. It is the policy of the City to pay all accumulated vacation pay when an employee retires or terminates. Accumulated sick pay in excess of 175 hours per employee is paid to employees at their then current rate of pay in January each year or upon termination from the City. Employees are paid for all accumulated sick pay when they retire from the City. Vested vacation and sick pay benefits are accrued when incurred in the General Benefits and Insurance Fund and at June 30, 2016, totaled $20,052 and is included in long-term liabilities in the Statement of Net Position. Also included in long-term liabilities in the Statement of Net Position at June 30, 2016, is compensatory time liability of $486

Changes in the City's compensated absences liability in fiscal year 2016 were as follows:

Compensated absences liability at beginning of year	$ 19,172
Estimated compensated absence benefits earned	24,410
Compensated absences used	(23,044)
Compensated absences liability end of year	$ 20,538

Provision for decommissioning costs

Federal regulations require the Electric Utility to provide for the future decommissioning costs of its former ownership share of San Onofre Nuclear Generating Station (SONGS). The Electric Utility has established a provision for decommissioning costs of SONGS and restoration of the beachfront at San Onofre, California where it is located. A separate irrevocable trust account has been established for amounts funded and these amounts are classified as restricted assets in the accompanying statement of net position. At June 30, 2016, the Electric Utility has recorded a provision for decommissioning costs for SONG totaled $114,714.

On June 7, 2013, the Southern California Edison (SCE) announced the permanent retirement of SONGS plant. The estimated retirement for the plant is approximately 30 to 40 years from today. The Electric Utility continues to fund the reserve until the end of the trust fund. On September 23, 2014, the SCE submitted a decommissioning cost analysis study to Nuclear Regulatory Commission (NRC). According to this new study for the decommissioning costs of SONGS, the Electric Utility's share of decommissioning costs is $114,371 at June 30, 2016. The Electric Utility currently has $114,714 in an irrevocable trust for the decommissioning costs.

During fiscal year 2016, the Electric Utility has paid $16,598 in decommissioning obligations. The Electric Utility will continue to draw funds from the decommissioning trust for disbursements of decommissioning related obligations.

The Electric Utility has a 10.04% ownership interest of the San Juan Generating Station, Unit 4 (SJ). The Electric Utility is providing for the future demolition and reclamation costs of its ownership share of SJ. As of June 30, 2016, the Electric Utility has recorded a provision for decommissioning costs for SJ of $5,280 of which $1,623 was in irrevocable trust and $3,657 in the City's restricted cash account. The amount was reported as restricted assets in the accompanying statement of net position. For the year ended June 30, 2016, the Electric Utility has recorded decommissioning costs incurred for SJ of $440 in fuel and generation of power of the operating expenses.

Pension plan

Full-time City employees are members of the State of California Public Employees' Retirement System (CalPERS). The City's policy is to fund all required actuarially determined contribution; such costs to be funded are determined annually as of July 1 by the CalPERS's actuary. The City maintains three Pension Plans with CalPERS - Miscellaneous Plan, Police Safety Plan and Fire Safety Plan. See note 10 for further discussion.

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

Net position restricted by enabling legislation

The government-wide Statement of Net Position reports $211,338 of governmental activities restricted net position, of which $44,204 is restricted by enabling legislation.

Fund balances

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

- Nonspendable fund balance includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example, inventories, prepaid or long term loans and notes receivable.
- Restricted fund balance includes amounts when constraints placed on the use of the resources are either imposed by external resource providers, constitutional provisions or enabling legislation.
- Committed fund balance includes amounts that can be used only for the specific purposes pursuant to constraints imposed by formal action of the City's highest level of the decision-making authority. The City Council is the highest level of decision-making authority that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action by the City Council to remove or revise the limitation.
- Assigned fund balance includes amounts that the City intends to use for specific purposes but do not meet the criteria to be classified as restricted or committed. The City Council has by Resolution authorized the City Manager or his designee to establish, modify or rescind an assigned fund balance.
- Unassigned fund balance accounts for the residual balance of the City's general fund and includes all spendable amounts not contained in other classifications. In other governmental funds, the unassigned classification reports a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed or assigned.

Generally, the City would first apply restricted resources when expenditures incurred for which both restricted and unrestricted resources are available. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is applied first, followed by assigned fund balance. Unassigned fund balance is applied last.

In all governmental funds, encumbered amounts have been restricted or assigned for specific purposes for which resources have already been allocated. At June 30, 2016, encumbrances totaled $872, $0, and $20,139 in the General Fund, Housing Authority Special Revenue Fund, and other nonmajor governmental funds, respectively.

The accumulated deficit fund balances at June 30, 2016 of $8 in the Workforce Development Nonmajor Special Revenue Fund, $5,096 in the Street Construction nonmajor Capital Project Fund, and $7,658 in the Transportation Improvement Projects nonmajor Capital Project Fund, will be eliminated in future years by the receipt of reimbursements for grant expenditures.

Budgetary principles

The City is required by its charter to adopt an annual budget on or before June 30 for the ensuing fiscal year. The General, special revenue, debt service, and capital projects governmental fund types and proprietary fund types have legally adopted budgets approved by City Council. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established at the department level. From the effective date of the budget, the amounts stated herein as proposed expenditures/expenses become appropriations to the various City departments. Throughout the fiscal year the budget was amended to add supplemental appropriations. All amendments to the budget which change the total appropriation amount for any department require City Council approval and all increases in appropriations in operating expenditures must be accompanied by an increase in revenue sources of a like amount to maintain a balanced budget. The City Manager has the authority to change individual budget line items within a department as long as the total department's appropriation amount is not changed.

The City utilizes an encumbrance system as a management control technique to assist in controlling expenditures. All appropriations lapse at the end of the fiscal year, except for capital projects which are carried forward until such time as the project is completed or terminated and for encumbered balances that are re-appropriated in the next fiscal year.

GASB Statement No. 34 allows that budgetary comparison statements for the General Fund and major special revenue funds be presented in the basic financial statements rather than as Required Supplementary Information. These statements must display original budget, amended budget and actual results.

Budgeted revenue amounts represent the original budget modified by City Council authorized adjustments during the year, which were contingent upon new or additional revenue sources. Budgeted expenditure amounts represent original appropriations adjusted for supplemental appropriations during the year. Budgets are generally prepared in conformity with GAAP using the modified accrual basis of accounting, with the exception of capital leases, or other similar instruments, and land held for resale, which are budgeted on a cash basis.

Property taxes

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on July 1 and are payable in two installments due on November 1 and February 1 and become delinquent after December 10 and April 10. The County of Orange, California (County) bills and collects the property taxes and remits them to the City in installments during the year. City property tax revenues are recognized when levied in the governmental funds to the extent that they result in current receivables collectible within 60 days after year-end. See note 8 for discussion of pledged property tax revenues.

The County is permitted by State law (Proposition 13) to levy taxes at 1% of full market value (at time of purchase) and can increase the property tax rate no more than 2% per year from the full market value at the time of purchase. The City

receives a share of this basic levy proportionate to what it received in the 1976 and 1978 periods.

Entitlements, shared revenues and grants

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized in the fund financial statements as revenue when the qualifying expenditures have been incurred, all eligibility requirements have been met, and reimbursement is received within the availability period.

Revenue recognition for Electric Utility, Water Utility, and Sanitation Utility Funds

Revenue is recorded in the period in which services are provided. Most residential and smaller commercial customers are billed bimonthly and all other customers monthly. At June 30, 2016 unbilled but earned service charges recorded in accounts receivable for the Electric Utility, Water Utility, and Sanitation Utility Funds amounted to $27,551, $1,551, and $3,468, respectively. See note 8 for discussion of pledged revenues.

Use of estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of certain assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. As such, actual results could differ from those estimates.

NOTE 2 – NEW ACCOUNTING PRONOUCEMENTS

On July 1, 2015, the city adopted the following new accounting pronouncements issued by the GASB:

- GASB Statement No. 72, Fair Value Measurement and Application. *The requirements of this Statement are* effective for financial statements for fiscal years beginning after June 15, 2015.
- GASB Statement No 73, Accounting and Financial Reporting for Pension and related assets that are not within the scope of GASB Statement No. 68, and Amendments to Certain Provision of GASB Statement No. 67 and No 68. The requirements of this Statement are effective for fiscal year beginning after June 15, 2015 except those provisions that address employers and governmental non-employer contributing entities for pensions that are not within the scope of GASB Statement No 68, which are effective for fiscal years beginning after June 15, 2016
- GASB Statement No. 76, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments. The requirements of this Statement are effective for financial statements for fiscal year beginning after June 15, 2015

Implementation of these Statements has no material effect on amounts reported in the City's financial statements for fiscal year ended June 30, 2016.

The City is currently reviewing its accounting practices to determine the potential impacts on the financial statements for the following GASB Statements:

- Statement No. 74, Financial Reporting for Post-employment Benefit Plans Other Than Pension Plans . The requirements of this statement are effective for fiscal years beginning after June 15, 2016.
- Statement No. 75, Accounting and Financial Reporting for Post-employment Benefits Other Than Pension Plans. The requirements of this statement are effective for fiscal years beginning after June 15, 2017.
- Statement No. 77, Tax Abatement Disclosures. The requirements of this Statement are effective for fiscal year beginning after December 15, 2015.
- Statement No. 78, Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans. The requirements of this Statement are effective for fiscal year beginning after December 15, 2015.
- Statement No. 79, Certain External Investment Pools and Pool Participants. The requirements for this Statement are effective for fiscal year beginning after June 15, 2015, except for provisions in paragraphs 18,19,23-26 and 40, which are effective for fiscal year beginning December 15, 2015.
- Statement No. 80, Blending Requirements for Certain Component Units - An Amendment of GASB Statement No. 14. The requirements of this Statement are effective for fiscal year beginning after June 15, 2016.
- Statement No. 81, Irrevocable Split-Interest Agreement. The requirements of this Statement are effective for fiscal year beginning after December 15, 2016.
- Statement No. 82, Pension Issues - an amendment of GASB Statement No. 67, 68, and 73. The requirements of this Statement are effective for fiscal year beginning after June 15, 2016, except for the provision of paragraph 7 in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements of paragraph 7 are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017.

NOTE 3 – DEPOSITS AND INVESTMENTS:

The City maintains a cash and investment pool, which includes the cash balances of all funds, and is invested by the City Treasurer to enhance interest earnings. The pooled interest earned, net of administrative fees, is reallocated to each fund based on their respective average daily cash balances.

The City's pooled investment fund has been reviewed by Standard and Poor's Corporation (S&P) and received a credit rating of AAf/S1 in September 2014.

The City's investment policy further limits the permitted investments in Government Code Sections 53600 et al, 16429.1 and 53684 to the following: obligations of the United States government, federal agencies, and government sponsored enterprises; medium-term corporate notes; certificates of deposit; bankers' acceptances; commercial paper; LAIF; repurchase agreements; reverse repurchase agreements; and money market mutual funds.

Deposits and investments are comprised of the following at June 30, 2016:

	Cash and Cash Equivalents	Investments	Restricted Cash and Cash Equivalents	Restricted Investments	Total
Governmental activities:					
General Fund	$ 6,992	$ 28,477			$ 35,469
Housing Authority	11,138	45,364	$ 1,947		58,449
Nonmajor governmental funds	14,738	61,832	34,321	$ 94,691	205,582
Internal service funds	16,641	67,777			84,418
Total governmental activities	49,509	203,450	36,268	94,691	383,918
Business-type activities:					
Electric Utility	14,385	58,587	70,809	183,708	327,489
Water Utility	4,868	19,553	2,109	34,909	61,439
Sanitation Utility	11,046	33,581	10,135	5,149	59,911
Golf Courses	4	15			19
Convention, Sports and Entertainment Venues	6,961	33,253	23	138,952	179,189
ARTIC Management	713				713
Total business-type activities	37,977	144,989	83,076	362,718	628,760
Government-wide totals	87,486	348,439	119,344	457,409	1,012,678
Fiduciary funds			37,936	2,282	40,218
Total cash and investments	$ 87,486	$ 348,439	$ 157,280	$ 459,691	$ 1,052,896

Deposits and investments are comprised of the following at June 30, 2016:

Deposits	$ 36,454
Investments	1,016,442
Total deposits and investments	$ 1,052,896

At June 30, 2016, deposits of $36,454 with a corresponding bank balance of $42,555 were maintained in various federally regulated financial institutions. The difference of $6,101 represents deposits in transit, outstanding checks, and other reconciling items. Deposits with bank balances of $750 are insured by the Federal Depository Insurance Corporation. For deposits with bank balances totaling $41,805 California state statutes require federally regulated financial institutions to secure a city's deposits by pledging collateral consisting of either government securities with a value of 110% of a city's total deposits or by pledging first trust deed mortgage notes having a value of 150% of a city's total deposits. The collateral is required by regulation to be held by the counterparty's agent in the name of the City.

Investments

The City Treasurer prepares an investment policy statement annually, which is presented to the Budget, Investment and Technology Commission for review and the City Council for approval. The approved investment policy Statement is submitted to the California Debt and Investment Advisory Committee in accordance with Government Code.

The policy provides the basis for the management of a prudent, conservative investment program. Public funds are invested for the maximum security of principal and to meet daily cash flow needs while providing a return. All investments are made in accordance with the Government Code and, in general, the City Treasurer's policy is more restrictive than Government Code.

Investments authorized by the Government Code and the City's investment policy

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

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio*	Maximum Investment in One Issuer	Minimum Rating (S&P/Moody's / Fitch)
U.S. Treasury obligations	5 Years	100%	100%	None
U.S. agency securities	5 Years	100%	40%	None
Banker's acceptances	180 days	40%	5%	None
Commercial paper	270 days	25%	5%	A-1;P-1;F-1
Negotiable certificates of deposit	360 days	25%	5%	None
Repurchase agreements	1 Year	30%	None	None
Reverse repurchase agreements	90 days	20%	None	None
Medium-term corporate notes	5 Years	30%	5%	A
Money market mutual funds	N/A	20%	10%	None
LAIF	N/A	$50 million per account	$50 million per account	None
Time Certificate of Deposit (TCD)	1 year	20%	5%	None

*Excluding amounts held by bond trustees that are not subject to Government Code restrictions

The City's pooled investments comply with the requirements of the investment policy. GAAP requires disclosure of certain investments in any one issuer that exceeds five percent concentration of the total investments. At June 30, 2016, the following investments represent five percent or more of the City's total pooled investments:

Issuer	Investment Type	Fair Value	%
Federal National Mortgage Association	U.S. agency securities	$ 99,445	21%
Federal Home Loan Mortgage Corporation	U.S. agency securities	65,949	14%
LAIF	LAIF	63,669	14%
U.S. Treasury	Treasury securities	50,234	11%
Federal Home Loan Bank	U.S. agency securities	30,426	7%
Federal Farm Credit Bank	U.S. agency securities	28,488	6%

Investments authorized by debt agreements

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

At June 30, 2016, the following investments represent five percent or more of the City's total investments controlled by bond trustees:

Issuer	Investment Type	Fair Value	%
Deutsche Bank	Guaranteed investment agreement	$155,498	28%
Natixis Funding Corporation	Guaranteed investment agreement	75,341	14%
Morgan Stanley	Flexible repurchase agreement	71,432	13%
Federated	Money Market Mutual Funds	40,809	7%
LAIF	LAIF	32,562	6%
Federal National Mortgage Association	U.S. agency securities	30,943	6%

All guaranteed investment contracts have downgrade language that requires collateral should credit ratings drop below certain levels.

Custodial credit risk

Custodial credit risk for investments is the risk that the City will not be able to recover the value of investment securities that are in the possession of an outside party. All securities owned by the City with the exception of LAIF and money market mutual funds are deposited in trust for safekeeping with a custodial bank different from the City's primary bank. Securities are not held in broker accounts. Funds held by LAIF and money market mutual funds are held in the City's name.

Custodial credit risk for investments held by bond trustees is the risk that the City will not be able to recover the value of investment securities that are in the possession of an outside party. All securities held by bond trustees are in the name of the bond issue in trust for safekeeping with the bond trustee, which is different from the City's primary bank.

Interest rate risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City Treasurer mitigates this risk by investing in longer-term securities only with funds that are not needed for current cash flow purposes and holding these securities to maturity. The City Treasurer uses the segmented time distribution method to identify and manage interest rate risk. In accordance with the City investment policy, the City Treasurer monitors the segmented time distribution of its investment portfolio and analysis of cash flow demand.

Investments held by bond trustees are typically long-term securities which are not adversely affected by interest rate changes. Guaranteed investment contracts for construction funds are usually limited to three years or less. 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 at June 30, 2016:

Investments	Credit Rating (S&P/Moody's)	Fair Value 6/30/2016	12 months or less	13 to 24 Months	25 to 36 Months	37 to 60 Months	More than 60 Months
Investments controlled by City Treasurer:							
U.S. agency securities	AA+/Aaa	$ 224,307	$ 35,064	$ 108,829	$ 40,772	$ 39,642	
U.S. Treasuries	AA+/Aaa	50,234		20,046	30,188		
Medium term corporate notes	AAA/Aaa	21,570		12,423	5,045	4,102	
Medium term corporate notes	AA+/Aaa	10,016	10,016				
Medium term corporate notes	AA+/A1	5,039	5,039				
Medium term corporate notes	AA-/A1	15,347	5,002			10,345	
Medium term corporate notes	AA-/Aa2	13,120		13,120			
Medium term corporate notes	AA-/Aa3	10,047	5,012	5,035			
Medium term corporate notes	A+/A1	8,222		3,029		5,193	
Medium term corporate notes	A/A2	19,060	5,002	14,058			
Medium term corporate notes	A/A1	5,532	5,532				
Commercial paper	A-1+/P-1	9,992	9,992				
Commercial paper	A-1/P-1	8,979	8,979				
Money market mutual funds	AAA/Aaa	992	992				
LAIF	Unrated	63,669	63,669				
Total investments controlled by City Treasurer		466,126	154,299	176,540	76,005	59,282	
Investment controlled by bond trustees:							
U.S. agency securities	AA+/Aaa	73,532	4,440	43,690	25,402		
Guaranteed investment contracts	Unrated	246,905	74,409	140,772		15,658	16,066
Collaterized investment contracts	Unrated	1,211	1,211				
Flexible repurchase agreements	Unrated	84,779					84,779
Money market mutual funds	AAA/Aaa	111,327	111,327				
LAIF	Unrated	32,562	32,562				
Total investments controlled by bond trustees		550,316	223,949	184,462	25,402	15,658	100,845
Total Investments		$ 1,016,442	$ 378,248	$ 361,002	$ 101,407	$ 74,940	$ 100,845

Fair Value Measurement:

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is best determined based upon quoted market prices. However, in certain instances, there are no quoted market prices for the City's various financial instruments. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including discount rates and estimates of future cash flows. Accordingly, the fair value estimates may not be realized in an immediate settlement of the instrument.

The City groups its assets and liabilities measured at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value. The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the City has the ability to access at the measurement date.

- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

- Level 3 inputs are unobservable inputs for the asset or liability. This valuation is accomplished using management's best estimate of fair value, with inputs into the determination of fair value that require significant management judgment or estimation. The level in the fair value hierarchy within which a fair measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

The City has the following recurring measurements as of June 30, 2016:

		Fair Value Measurement Using	
		Quoted Prices in Active Markets for Identical Assets	
Investment by fair value level	6/30/2016	(Level 1)	Not required to be leveled
Debt securities:			
U.S. agency securities	$ 297,839	$ 297,839	
U.S. Treasuries	50,234	50,234	
Medium term corporate notes	107,953	107,953	
LAIF	96,231		$ 96,231
Total investment measured at fair value	552,257	$ 456,026	$ 96,231
Investments measured at amortized costs:			
Commercial paper	18,971		
Total investment measured at amortized	18,971		
Investments measured at cost-based:			
Guaranteed investment contracts	246,905		
Collaterized investment contracts	1,211		
Flexible repurchase agreements	84,779		
Money market mutual funds	112,319		
Total investment measured at cost-based	445,214		
Total pooled and bond trustee investments	$ 1,016,442		

NOTE 4 – ACCOUNTS RECEIVABLE, DUE FROM OTHER GOVERNMENTS, DUE FROM THE SUCCESSOR AGENCY, INTERFUND RECEIVABLE AND PAYABLE BALANCES, AND CERTAIN INTERFUND TRANSACTIONS:

Accounts receivable

Accounts receivable for the City's governmental and business-type activities, including the applicable allowance for uncollectible accounts at June 30, 2016, are as follows:

	Accounts Receivable	Less Allowance for Uncollectibles	Total
Governmental activities:			
General Fund	$ 20,189	$ (4,501)	$ 15,688
Housing Authority	126	(102)	24
Nonmajor governmental funds	1,624		1,624
Internal service funds	5,842		5,842
Total governmental activities	27,781	(4,603)	23,178
Business-type activities:			
Electric Utility	48,512	(984)	47,528
Water Utility	5,023	(104)	4,919
Sanitation Utility	8,073	(176)	7,897
Golf Courses	112		112
Convention, Sports and Entertainment Venues	2,112	(48)	2,064
ARTIC Management	140		140
Total business-type activities	63,972	(1,312)	62,660
Total accounts receivable	$ 91,753	$ (5,915)	$ 85,838

Due from other governments

Due from other governments for the City's governmental activities at June 30, 2016, are as follows:

	Taxes	Grants	Other	Total
Governmental activities:				
General Fund	$ 26,146	$ 49	$ 173	$ 26,368
Housing Authority		48		48
Nonmajor governmental funds	19	25,133	2	25,154
Total due from other governments	$ 26,165	$ 25,230	$ 175	$ 51,570

Revenues are reported net of estimated uncollectible amounts. Total estimated uncollectible amounts related to revenues of the current period are as follows:

General fund	$ 1,244
Electric Utility	837
Water Utility	47
Sanitation	246
Convention, Sports and Entertainment Venues	44
Total	$ 2,418

Due from the Successor Agency

The amount due from the Successor Agency at June 30, 2015 is $16,020. Due to the extended period of time over which the receivables are to be collected, for the amount due to the Governmental Funds, the City has recorded expenditures at the time the loans were provided and deferred inflows of resources equal to the amount due.

General Fund	$ 2,384
Housing Authority	1,905
Nonmajor governmental funds	11,731
Total	$ 16,020

- On April 1, 2003 the City and the former Anaheim Redevelopment Agency entered into a Cooperation Agreement whereby the City assisted the Redevelopment Agency with the development of Westgate utilizing $10,000 of funds from the HUD Section 108 loan program. The amount is due to the City by annual installment through June 2024. At June 30, 2016, the amount due is $6,372.

- On June 1, 2010, the City and the former Anaheim Redevelopment Agency entered into a Cooperation Agreement whereby the City assisted the Redevelopment Agency with the rehabilitation of the historic Packing House site utilizing $7,000 of funds from the HUD Section 108 $15,000 loan proceeds. The amount is due to the City by annual installment through June 2031. At June 30, 2016, the amount due is $5,359.

- In fiscal years 2010 and 2011, the former Anaheim Redevelopment Agency paid a total of $19,163 to the State of California Supplement Educational Revenue Augmentation Fund (SERAF). Of this amount, $8,500 was paid with funds borrowed from Housing Set-Aside property tax increment. At June 30, 2016, the amount due is $1,905.

- On February 5, 2013, the City and the Successor Agency entered into a Cooperation Agreement whereby the City assisted the Successor Agency with loaning the proceeds of one-time allocation of the $1,563 from the low-and moderate income housing fund for various Successor Agency projects. At June 30, 2016, the amount due to the City is $884.

- On May 14, 2013, the City and the Successor Agency entered into a Cooperation Agreement whereby the City assisted the Successor Agency by providing a loan up to $1,500 for making homebuyer loans. At June 30, 2016, the amount due is $1,500.

Interfund receivable and payable balances

Net internal balances between governmental activities and business-type activities of $15,596 are included in the government-wide financial statements at June 30, 2016.

Interfund receivables and payables that are included in the fund financial statements at June 30, 2016, are as follows:

	Interfund Receivable:					
	General Fund	Housing Authority	Nonmajor governmental funds	Internal service funds	Electric Utility	Total
Interfund Payable:						
Governmental Funds:						
General Fund		$ 1,500		$ 24		$ 1,524
Nonmajor governmental funds	$ 1,456		$ 19,552			21,008
Enterprise Funds:						
Water Utility					$ 3,097	3,097
Golf Courses	1,092		112			1,204
Internal Service Funds	2					2
Total	$ 2,550	$ 1,500	$ 19,664	$ 24	$ 3,097	$ 26,835

Certain interfund balances at June 30, 2016 are generally short-term loans to relieve temporary cash deficits in various funds. The following interfund balance is expected to be repaid in more than one year:

General Fund

Of the total interfund receivable in the General Fund, $1,092 is due from the Golf Courses Fund. On September 24, 2002, the City Council approved a loan up to $6,400 from the General Fund to the Golf Courses Fund for construction of the Anaheim Hills Golf Clubhouse. The loan is payable in annual amounts of not less than $548 beginning in July 2005 until July 2023 and bears interest at the City's investment yield as of June 30th of each year.

Certain interfund transactions

The net transfers between governmental funds and proprietary funds is $10,517 which are primarily comprised of operational subsidies from enterprise funds to the General Fund and are offset by debt service subsidies to the Convention, Sports and Entertainment Venues Fund.

The following interfund transfers are reflected in the fund financial statements at June 30, 2016:

	Transfer In:						
			Enterprise Funds				
	General Fund	Nonmajor governmental funds	Electric Utility	Water Utility	Convention, Sports and Entertain-ment Venues	ARTIC Manage-ment	Total
Transfer Out:							
General Fund		$ 66,249		$ 600	$ 10,696	$ 875	$ 78,420
Nonmajor governmental funds	$ 370	1,382				5,231	6,983
Electric Utility	23,196						23,196
Water Utility	940		$ 110				1,050
Sanitation Utility	2,366						2,366
Golf Courses	250						250
Convention, Sports and Entertainment Venues	1,167						1,167
Total	$ 28,289	$ 67,631	$ 110	$ 600	$ 10,696	$ 6,106	$ 113,432

The City made the following one-time transfer during fiscal year ended June 30, 2016:

- Transfer of $3,005 from the General Fund to the Other Capital Improvements nonmajor Capital Project Fund for various neighborhood capital project improvements.
- Transfer of $875 from the General Fund to ARTIC Management Enterprise Fund for operational subsidies.
- Transfer of $5,231 from nonmajor governmental funds to ARTIC Management Enterprise Fund from restricted resources of the City's Measure M2 allocation and the Anaheim Tourism Improvement District revenues. $3,000 of this amount was used to make the annual ARTIC land loan debt service payment.

The net transfer of $10,856 from the governmental activities to the business-type activities in the government-wide Statement of Activities is resulting from the reclassifications of expenses to Transfer Out from transfers of capital assets from the business-type activities to governmental activities, and reclassification of contribution revenues to Transfer In from transfers of capital assets from the governmental activities to the business-type activities.

- $1,428 Transfer Out of land capital asset from Electric Utility Enterprise Fund to governmental activities;
- $214 Transfer Out of infrastructure capital asset from Sanitation Utility Enterprise Fund to governmental activities;
- $888 Transfer In of building improvements from the governmental activities to the ARTIC Management business-type activities;
- $415 Transfer in of electric capital assets from the governmental activities to the Electric Utility business-type activities.

Except for the transfers detailed above, there were no other significant transfers during the fiscal year that were either non-routine in nature or inconsistent with the activities of the Fund making the transfer.

NOTE 5 – CAPITAL ASSETS:

Capital asset activities for the year ended June 30, 2016, were as follows:

	Beginning Balance	Additions	Tranfer In (Out)	Deletions	Ending Balance
Governmental activities:					
Nondepreciable assets:					
Land	$ 631,038	$ 14,823	$ 1,428		$ 647,289
Construction in progress	56,579	26,537	(33,083)		50,033
Total	687,617	41,360	(31,655)		697,322
Depreciable assets:					
Buildings, structures and improvements	296,484	40,673	2,990	$ (754)	339,393
Machinery and equipment	118,273	8,793	95	(1,550)	125,611
Infrastructure	825,900	54	28,695	(1,104)	853,545
Total	1,240,657	49,520	31,780	(3,408)	1,318,549
Total assets	1,928,274	90,880	125	(3,408)	2,015,871
Less accumulated depreciation for:					
Buildings, structures and improvements	(133,237)	(10,583)		754	(143,066)
Machinery and equipment	(82,400)	(7,743)		1,550	(88,593)
Infrastructure	(385,707)	(18,765)		147	(404,325)
Total accumulated depreciation	(601,344)	(37,091)		2,451	(635,984)
Total governmental activities capital assets, net	$ 1,326,930	$ 53,789	$ 125	$ (957)	$ 1,379,887
Business-type activities:					
Nondepreciable assets:					
Land	90,933		(1,428)		89,505
Construction in progress	112,134	134,082	(38,571)	(1)	207,644
Total	203,067	134,082	(39,999)	(1)	297,149
Depreciable assets:					
Buildings, structures and improvements	791,459	961	4,156	(5)	796,571
Utility plant	1,726,017	4,620	35,512	(4,706)	1,761,443
Machinery and equipment	36,137	3,271	206	(724)	38,890
Total	2,553,613	8,852	39,874	(5,435)	2,596,904
Total assets	2,756,680	142,934	(125)	(5,436)	2,894,053
Less accumulated depreciation for:					
Buildings, structures and improvements	(246,079)	(16,551)		5	(262,625)
Utility plant	(635,961)	(67,093)		4,706	(698,348)
Machinery and equipment	(25,327)	(1,822)		724	(26,425)
Total accumulated depreciation	(907,367)	(85,466)		5,435	(987,398)
Total business-type activities capital assets, net	$ 1,849,313	$ 57,468	$ (125)	$ (1)	$ 1,906,655

Depreciation expense was charged to functions/programs of the City during fiscal year 2016 as follows:

Governmental activities:	
General government	$ 133
Police	1,960
Fire	827
Community and Economic Development	1,249
Planning	33
Public Works	19,540
Community Services	3,117
Convention, Sports and Entertainment	5,436
Capital assets held by the City's internal service funds are charged to the various functions based on their usage of the assets	4,796
Total depreciation expense - governmental activities	$ 37,091
Business-type activities:	
Electric Utility	$ 56,019
Water Utility	11,074
Sanitation Utility	2,620
Golf Courses	556
Convention, Sports and Entertainment Venues	12,920
ARTIC Management	2,277
Total depreciation expense - business-type activities	$ 85,466

Capital leases

Included in the capital assets amounts listed above are the following capitalized leased assets:

	Governmental Activities
Machinery and equipment	$ 4,683
Less accumulated amortization	(2,236)
Capitalized leased assets, net	$ 2,447

Operating leases

Housing Authority

At June 30, 2016, the Housing Authority earned revenues as the lessor of land, carried at cost of $67,202 in the government-wide financial statements, under ten operating ground leases. These leases to developers are noncancelable. Terms of the leases range from 55 years to 65 years with lease expiration dates from 2054 to 2076. The total base rent to be collected over the terms of the leases are $73,270 with simple interest accruing on unpaid portions at a rate ranging from 1% to 6%. Minimum lease payments are calculated annually, based on residual receipts, as defined in the lease agreements. At June 30, 2016, the Housing Authority has recorded lease receivable due from developers related to these transactions of $13,766 and is net of allowances of $6,255 for uncollected accounts in the government-wide financial statements. In the governmental fund financial statements, this amount is included in the $59,045 notes receivable balance of the Housing Authority.

ARTIC Management

The ARTIC has entered into numerous long-term operating leases with tenants granting certain uses of the ARTIC premises described in the respective lease agreements. Terms of the leases range from 5 years to 15 years. Certain leases are subject to percentage rent in an amount equal to a percentage of the amount by which tenant's gross sales exceed certain thresholds.

Future minimum lease payments are as follows:

Fiscal Year Ending 6/30	
2017	$ 547
2018	580
2019	592
2020	550
2021	450
2022-2026	1,940
2027	24
Total	$ 4,683

ARTIC also entered into agreements to grant bus companies non-exclusive rights to use certain spaces in ARTIC. These agreements range from 5 years to perpetuity. Some of the agreements can be terminated by either parties with a 60 days termination notice; some of them have extension options, while others will automatically continue on a month-to-month basis upon expiration.

Fiduciary Fund

Successor Agency

Capital asset activities for the year ended June 30, 2016 were as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Nondepreciable assets:				
Land	$ 15,568	$	$ (15,568)	$
Total	15,568		(15,568)	
Depreciable assets:				
Buildings, structures and improvements	65,154		(65,154)	
Machinery and equipment	265		(265)	
Total	65,419		(65,419)	
Total assets	80,987		(80,987)	
Less accumulated depreciation for:				
Buildings, structures and improvements	(5,853)	(1,072)	6,925	
Machinery and equipment	(202)	(14)	216	
Total accumulated depreciation	(6,055)	(1,086)	7,141	
Total capital assets, net	$ 74,932	$ (1,086)	$ (73,846)	$

NOTE 6 – SELF INSURANCE:

The Insurance Fund (a function of the General Benefit and Insurance Fund), an internal service fund, is used to account for self-funded workers' compensation related benefits, self-funded general liability claims, commercial insurance purchases, and alternative risk financing vehicles. Revenues of the Insurance Fund are derived from cost-allocation charges to City departments using estimates of anticipated risk-transfer costs, new losses, payments on existing claims, and reserve development on known claims. In addition, the Fund receives interest income from reserves.

At June 30, 2016, the City was funded at an actuarially acceptable level for self-funded retention for workers' compensation and general liability claim exposures (with retention levels of $1,000 per occurrence for workers' compensation claims and $1,000 per occurrence for general liability claims). Above these retained levels, the City's potential liability is covered through various commercial insurance and intergovernmental risk pooling programs (collectively, "Insurance"). Settled claims have not exceeded total Insurance in any of the past three years, nor does management believe that there are any pending claims that will exceed total Insurance coverage.

The unpaid claims liability included in the Insurance Fund is based on the results of actuarial studies and includes amounts for claims incurred-but-not-reported, known-claim development, and allocated loss adjustment expenses. Claims liabilities are calculated using a discount rate of 1.75% and consider the effects of inflation, multi-year loss development trends, and other economic and social factors. It is the City's practice to obtain full actuarial studies annually for its retained levels for general liability and workers' compensation exposures. "Premiums" are charged by the Insurance Fund using various allocation methods that include actual costs, trends in claims experience and various exposure bases.

Changes in claims liability of the General Benefits and Insurance Fund and that relates to the governmental funds and reported in the governmental activities in the government-wide Statement of Net Position in fiscal years 2016 and 2015 were as follows:

	2016	2015
Claims liability at beginning of year	$ 46,035	$ 40,827
Current year claims and changes in estimates	14,642	13,469
Claims payments	(10,061)	(8,261)
Claims liability at end of year	$ 50,616	$ 46,035

Above the retained limit of $1,000 per occurrence for workers' compensation losses, the City purchases excess coverage, utilizing both commercial insurance and an intergovernmental risk pooling program (CSAC-EIA), to statutory limits.

Above the retained limit of $1,000 per occurrence for liability losses, the City maintains excess coverage for all City operations to $150,000 per occurrence, excluding helicopter operations for which the City purchases $50,000, per occurrence, of commercial aviation liability insurance (on a first-dollar basis). The first layer of excess liability loss coverage is procured through the Authority for California Cities Excess Liability (ACCEL), a joint powers insurance authority, formed in 1986, pooling catastrophic general, automobile, personal injury, and public officials errors and omissions liability losses among twelve California cities, through both risk-sharing and commercial insurance joint-purchase arrangements. The City, therefore, continues to maintain some limited excess liability risk sharing exposure, above $1,000 per occurrence, directly with ACCEL. This pooled coverage has exposure (i) from the run-out periods from prior years in which commercial excess insurance was not obtained, and (ii) from an ACCEL retained layer for fiscal year 2016 of $4,000 in excess of $1,000. Each ACCEL member's share of pooled losses is based on a retrospectively-rated risk-sharing formula which includes, but is not limited to, exposure and loss experience factors.

In order to provide funds to pay claims, ACCEL collects an annual deposit from each member. The deposits are credited with investment income at the rate earned on ACCEL's investments. At June 30, 2016, ACCEL's cash and investments totaled $55,190, of which $6,716 consists of deposits and interest on deposits provided by the City. The City has no specific equity interest in ACCEL. Deposits provided to ACCEL by the City are expensed when paid by the General Benefits and Insurance Fund.

ACCEL is responsible for deciding the risks it will underwrite, the monitoring, and handling of large claims, and arranging excess risk-financing programs. ACCEL does not have any debt outstanding. For a copy of ACCEL's separate financial statements, contact the Finance Director of the City.

Note 7 - SHORT-TERM BORROWINGS:

On March 1, 2013, the Public Utility Department entered into a Revolving Credit Agreement (Agreement) with Wells Fargo Bank, National Association for a note amount not to exceed $100,000, of which $86,000 is made available for the Electric Utility and $14,000 for the Water Utility. The note has a three year term at variable interest rate based on the LIBOR Daily Index Rate and a spread. The annual commitment fee is 0.175% of the total note amount of $100,000.

Upon expiration of the Agreement, on January 1, 2016, the Public Utility Department and Wells Fargo Bank, National Association entered into a new revolving Credit Agreement for the same term with a maturity date of January 28, 2021.

The Revolving Credit Agreement provides temporary financing to the Electric and Water Utilities for the costs of acquisitions, constructions and improvements of the electric and water systems.

During fiscal year 2016, The Electric Utility has drawn $11,008 from this note for disbursements of the SONG decommissioning costs. The Electric Utilities repaid a total of $12,631 from reimbursements of the decommissioning trust fund.

	Beginning Balance	Additions	Payments	Ending Balance
Electric Utility	$ 1,623	$ 11,008	$ (12,631)	$
Total	$ 1,623	$ 11,008	$ (12,631)	$

NOTE 8 – LONG-TERM LIABILITIES:

The following is a summary of changes in long-term liabilities reported in the government-wide financial statements for the year ended June 30, 2016:

	Beginning Balance	Additions/ Proceeds	Refunded	Reductions/ Payments	Ending Balance	Within One Year
Governmental activities:						
Bonds payable:						
General obiligation	$ 1,360			$ (660)	$ 700	$ 700
City lease revenue	443,991			(26,136)	417,855	23,363
Accretion	195,802	$ 18,178			213,980	
Unamortized bond discount/premium, net	(262)			48	(214)	
Total	640,891	18,178		(26,748)	632,321	24,063
Capitalized lease obligations:						
Internal Service Funds	2,346	955		(1,213)	2,088	1,111
Total	2,346	955		(1,213)	2,088	1,111
Notes and loans payable:						
City	21,372	1,100		(1,652)	20,820	1,835
Total	21,372	1,100		(1,652)	20,820	1,835
Claims liabilities (note 6)	46,035	14,642		(10,061)	50,616	10,228
Compensated absences (note 1)	19,172	24,410		(23,044)	20,538	15,672
Pension (note 10):						
Governmental Funds	397,049	10,084			407,133	
Internal Service Funds	20,820			(1,531)	19,289	
Total	417,869	10,084		(1,531)	426,422	
Governmental activities total	1,147,685	69,369		(64,249)	1,152,805	52,909
Business-type activities:						
Bonds payable:						
Electric Utility	624,310	92,865	$ (63,045)	(14,040)	640,090	17,630
Water Utility	132,200			(1,775)	130,425	2,620
Sanitation	42,540			(1,005)	41,535	1,045
Convention, Sports and Entertainment Venues	255,196			(10,934)	244,262	15,402
Unamortized bond discount/premium, net	62,197	14,149		(8,499)	67,847	
Total	1,116,443	107,014	(63,045)	(36,253)	1,124,159	36,697
Notes and loans payable:						
Electric Utility	24,400			(11,200)	13,200	11,200
Water Utility	6,999			(6,999)		
ARTIC Management	26,000			(3,000)	23,000	3,000
Total	57,399			(21,199)	36,200	14,200
Interest payable						
ARTIC Management	1,717	490			2,207	
Total	1,717	490			2,207	
Decommissioning provision (note 1)	134,414	2,178		(16,598)	119,994	
Pension (note 10):						
Electric Utility	62,750	8,485			71,235	
Water Utility	20,714	4,094			24,808	
Sanitation Utility	11,031	479			11,510	
Golf Courses	856	76			932	
Convention, Sports and Entertainment Venues	24,013	1,671			25,684	
Total	119,364	14,805			134,169	
Business-type activities total	1,429,337	124,487	(63,045)	(74,050)	1,416,729	50,897
Government-wide total	$ 2,577,022	$ 193,856	$ (63,045)	$ (138,299)	$ 2,569,534	$ 103,806

Bond ratings for the City's revenue bonds are as follows:

	Standard & Poor's	Fitch Ratings	Moody's
General Obligation Bonds	AA	AA+	Aa2
General Fund Lease Revenue Bonds	AA-	AA	Aa3
2007 Senior Lease Revenue Bonds	BBB+	A+	A1
Electric Revenue Bonds	AA-	AA-	Aa3
Water Revenue Bonds	AAA	AAA	Unrated
Sewer Revenue Bonds	AA+	AA+	Unrated

GOVERNMENTAL ACTIVITIES:

BONDS PAYABLE

At June 30, 2016, bonds payable consisted of the followings:

	Issued by	Date Issued	Final Maturity	Range of Interest Rates at Issue Date	Authorized and Issued	Out-standing 6/30/2016
City						
1993 General Obligation Refunding Bonds	City	11/01/93	10/1/16	4.0%-7.0%	$ 10,055	$ 700
1997 Anaheim Lease Revenue Bonds	APFA	02/01/97	03/01/37	4.5%-6.0%	510,427	157,898
Accretion						213,980
2007 Anaheim Lease Revenue Refunding Bonds	APFA	06/13/07	03/01/37	3.25% - 5.5%	256,320	236,165
2008 Anaheim Lease Revenue Refunding Bonds	APFA	12/10/08	08/01/19	3.0%-5.0%	5,084	2,038
2014 Anaheim Lease Revenue Bonds	APFA	11/14/14	05/01/46	0.4%-5.0%	27,954	21,754
Total						632,535
Unamortized bond premium/discounts, net						(214)
Total governmental activities bonds						$632,321

Bonds Payable - City

General obligation refunding bonds

The 1993 General Obligation Refunding Bonds were issued to finance storm drain improvements and are payable from the levy of ad valorem taxes. Total principal and interest remaining on the bonds is $714, payable through October 2016. During the fiscal year ended June 30, 2016, total principal and interest paid was $701.

Debt service requirements to maturity for the 1993 General Obligation Refunding Bonds to be paid by the General Obligation Bonds Debt Service Fund from future property tax revenues are as follows:

Fiscal Year Ending 6/30	Principal	Interest	Total
2017	$ 700	$ 14	$ 714
Total	$ 700	$ 14	$ 714

Lease payment measurement revenues

In February 1997, the Anaheim Public Financing Authority sold $510,427 of lease revenue bonds to construct public improvements in The Anaheim Resort. In June 2007, the Authority sold $256,320 of lease revenue bonds to defease $248,335 of the 1997 lease revenue bonds. The bonds are special obligations of the Authority payable solely from lease payments to be made by the City to the Authority for the use and occupancy of the leased premises. Debt service requirements to maturity for these lease revenue bonds are paid from lease payment measurement revenues (LPMR) defined as amounts equal to: 1) 3% of the 15% transient occupancy taxes (TOT) (i.e. 20% of the total transient occupancy taxes) for all hotel properties in the City, excluding certain Disney properties constructed prior to 2009, 2) 100% of the TOT revenues from certain Disney properties constructed prior to 2009 over the 1995 base, (adjusted each year by the CPI change), with a minimum 2% increase annually, 3) 100% of the sales tax revenues from certain Disney properties over the 1995 base (adjustment each year by the CPI change), with the minimum 2% increase and, 4) 100% of property tax revenues from certain Disney properties in excess of the 1995 base property tax amount, adjusted annually by 2%. The City is not required to pay any additional sums should the LPMR fall short of the amount required to pay debt service on the bonds.

LPMR began on January 1, 2001, with the first payment made to the trustee on July 7, 2001, for the LPMR generated during the period January through June 2001. Subsequent to that date, LPMR is

collected and remitted to the trustee monthly. During the fiscal year ended June 30, 2016, $54,776 was remitted to the trustee.

Debt service requirements to maturity for the 1997 Anaheim Lease Revenue Bonds and the 2007 Anaheim Lease Revenue Refunding Bonds to be paid by the Anaheim Resort Improvements Debt Service Fund from future LPMR are as follows:

Fiscal Year Ending 6/30	Principal	Interest	Total
2017	$ 22,900	$ 13,479	$ 36,379
2018	11,667	26,332	37,999
2019	12,030	27,086	39,116
2020	12,616	27,781	40,397
2021	13,279	28,464	41,743
2022-2026	74,915	152,849	227,764
2027-2031	89,630	173,391	263,021
2032-2036	108,557	194,309	302,866
2037	48,469	57,132	105,601
Total	394,063	700,823	1,094,886
Unamortized bond discount	(1,885)		(1,885)
Total bonds	$ 392,178	$ 700,823	$ 1,093,001

Included in interest is $213,980 related to accretion on capital appreciation bonds.

Lease revenue bonds – City

Debt service requirements to maturity for the City's lease revenue bonds to be paid from unrestricted revenues of the Municipal Facilities Debt Service Fund are as follows:

Fiscal Year Ending 6/30	Principal	Interest	Total
2017	$ 463	$ 1,177	$ 1,640
2018	501	1,154	1,655
2019	519	1,129	1,648
2020	555	1,102	1,657
2021		1,088	1,088
2022-2026	2,144	5,279	7,423
2027-2031	3,277	4,591	7,868
2032-2036	4,182	3,685	7,867
2037-2041	5,338	2,530	7,868
2042-2046	6,813	1,055	7,868
Total	23,792	22,790	46,582
Unamortized bond premium	1,671		1,671
Total Bonds	$ 25,463	$ 22,790	$ 48,253

CAPITAL LEASE OBLIGATIONS

The City has a long-term noncancelable agreement with HP Financial Services to finance the acquisition of the City's server, desktop, and portable computer equipment. The agreement qualifies as a capital lease for accounting purposes as defined under the Financial Accounting Standards Board (FASB) Statement No. 13, Accounting for Leases, and therefore has been recorded at the present value of future minimum lease payments at the date of inception of the lease. Future minimum lease payments to be made from unrestricted revenues of the Information Services Internal Service Fund under the capital lease are as follows:

Fiscal Year Ending 6/30	
2017	$ 1,174
2018	821
2019	212
2020	19
Total	2,226
Less amount representing interest, variable	(138)
Present value of future minimum lease payments	$ 2,088

NOTES AND LOANS PAYABLE

At June 30, 2016, notes and loans payable are as follows:

Notes and Loans Payable – City

HUD Section 108 guaranteed loans payable

In May 2003, the City entered into an agreement with HUD, making available

$10,000 to provide financial assistance related to the development of Westgate on a former landfill site located at the northeast corner of Beach Boulevard and Lincoln Avenue. The loan is payable from sales tax revenue generated by Westgate, from The Community Development Block Grant yearly entitlement, and from receipts of the Successor Agency receivable. The outstanding balance at June 30, 2016 was $6,322. The loan bears interest ranging from 1.74% to 5.97% and is payable over 20 years beginning on February 1, 2005, until August 1, 2023. Loan debt service requirements to maturity are as follows:

Fiscal Year Ending 6/30	Principal	Interest	Total
2017	$ 670	$ 342	$ 1,012
2018	685	305	990
2019	730	266	996
2020	785	223	1,008
2021	841	177	1,018
2022 - 2026	2,611	220	2,831
Total notes and loans	$ 6,322	$ 1,533	$ 7,855

In March 2010, the City entered into an agreement with HUD, making available $15,000 to fund the acquisitions of the Orange County Family Justice Center and Miraloma Park site, construction of the Thornton Brady storm drain and the rehabilitation of the historic Packing House site. The loan is payable from the Community Development Block Grant yearly entitlement and from the receipts of the Successor Agency receivable. The outstanding balance of the loan at June 30, 2016, was $11,565. The loan bears interest ranging from 1.74% to 3.97% and is payable over 20 years beginning on February 1, 2011 through August 1, 2030. Loan debt service requirements to maturity are as follows:

Fiscal Year Ending 6/30	Principal	Interest	Total
2017	$ 655	$ 433	$ 1,088
2018	670	415	1,085
2019	690	394	1,084
2020	710	372	1,082
2021	730	348	1,078
2022 - 2026	4,040	1,297	5,337
2027 - 2031	4,070	392	4,462
Total notes and loans	$ 11,565	$ 3,651	$ 15,216

Helicopter loan payable

In January 2009, the City entered into an agreement with Government Capital Corporation to finance the acquisition of a police helicopter. The amount of the loan totaled $1,799 and bears interest at 5.391% per annum for a term of 12 years. On January 29, 2009, Government Capital Corporation assigned this agreement to Bank of America which subsequently assigned it to Western Alliance Equipment

Finance on March 21, 2012. Principal and interest payments of $206 are due annually beginning on December 16, 2009, until December 16, 2020. The

outstanding balance at June 30, 2016 was $883. Loan debt service requirements to maturity are as follows:

Fiscal Year Ending 6/30	Principal	Interest	Total
2017	$ 159	$ 47	$ 206
2018	167	39	206
2019	176	30	206
2020	186	20	206
2021	195	11	206
Total notes and loans	$ 883	$ 147	$ 1,030

Lincoln Avenue construction loan payable

In March 2013, the City entered into a cooperative agreement with the County of Orange (County) for the funding and construction of Lincoln Avenue. The project includes widening of Lincoln Avenue from Rio Vista Street to Riverbend Parkway, and construction of the Lincoln Avenue Bridge over the Santa Ana River. Construction costs of the Lincoln Avenue within the City boundary is estimated to be $2,250 which will be payable to the County in seven installments starting on July 1, 2013 and on July 1 of each subsequent year at no interest cost. The outstanding balance at June 30, 2016 was $1,000.

800 Megahertz Communication Equipment

On November 30, 2015, the City entered into a Master Equipment Lease/Purchase Agreement (Agreement) with Banc of America Public Capital Corp., to finance the acquisitions and replacement of the City portion of the 800 Megahertz (MHz) Countywide Coordinated Communications System (CCCS). The CCCS project includes a plan for replacement of three main components: Backbone Equipment, Subscriber Equipment, and Dispatch Consoles. Refer to note 13 Commitments and Contingencies for further discussion of the City's commitment for this project.

The Agreement provides $1,100 financing for acquisition of a portion of the mobile radio equipment payable over 10 years and bears interest of 1.98% per annum, Principal and interest payments of $61 are due semi-annually beginning on May 30, 2016, until November 30, 2025. The outstanding balance at June 30, 2016 was $1,050. Loan debt service requirements to maturity are as follows:

Fiscal Year Ending 6/30	Principal	Interest	Total
2017	$ 102	$ 20	$ 122
2018	104	18	122
2019	106	16	122
2020	108	14	122
2021	110	12	122
2022-2026	520	26	546
Total notes and loans	$ 1,050	$ 106	$ 1,156

BUSINESS-TYPE ACTIVITIES:

BONDS PAYABLE

	Issued by	Date Issued	Maturity	Range of Interest Rates at Issue Date	Authorized and Issued	Outstanding 6/30/2016
Electric Utility						
2007 Revenue Bonds	APFA	02/1/07	10/01/37	4.0%-5.0%	$ 206,035	$ 150,230
2009 Revenue Bonds	APFA	03/10/09	10/01/39	3.0%-5.25%	70,000	62,705
2011 Revenue Bonds	APFA	05/11/11	10/01/36	3.0%-5.375%	90,390	90,390
2012 Revenue Bonds	APFA	09/19/12	10/01/31	3.125%-5%	92,130	92,130
2014 Revenue Bonds	CMFA	10/08/14	10/01/15	2.0%-5.0%	109,350	101,770
2015A Revenue	CMFA	04/21/15	10/01/45	Variable [a]	50,000	50,000
2015B Revenue	CMFA	07/21/15	10/01/35	3.0%-5.0%	92,865	92,865
Total						640,090
Unamortized bond premiums/discounts, net						37,472
Total Electric Utility						677,562
Water Utility						
2004 Revenue Bonds	APFA	05/10/04	10/1/16	4.0%-4.5%	12,105	5
2008 Revenue Bonds	APFA	07/09/08	10/1/38	4.0%-5.0%	48,580	1,160
2010 Revenue Bonds	APFA	10/28/10	10/1/40	2.0%-4.75%	34,525	34,150
2015 Revenue Bonds	CMFA	04/21/15	10/1/45	2.0%-5.0%	95,885	95,110
Total						130,425
Unamortized bond premiums/discounts, net						12,323
Total Water Utility						142,748
Sanitation Utility						
2007 Revenue Bonds	APFA	5/23/07	02/01/39	3.9%-5.0%	47,710	41,535
Unamortized bond premium						879
Total Sanitation						42,414
Convention, Sports and Entertainment Venues						
2008 Lease Revenue Refunding Bonds	APFA	12/10/08	08/01/19	3.0%-5.0%	45,847	19,861
2014 Lease Revenue Bonds	APFA	11/14/14	05/01/46	0.4%-5.0%	230,971	224,401
Total						244,262
Unamortized bond premiums/discounts, net						17,173
Total Convention, Sports and Entertainment Venues						261,435
Total business-type activities bonds					$1,226,393	$1,124,159

[a] SIFMA (Municipal Swap Index) rate up to the the period ending April 2, 2018. During this period. The interest is calculated weekly based on SIFMA index rate and a base SIFMA spread of 0.50%. On April 2, 2018, these bonds are subject to mandatory tender for purchase or conversion to a fixed rate.

Bonds Payable - Electric Utility

The City's Electric Utility has pledged future electric revenues, net of certain costs, to repay a total of $1,005,627 outstanding long-term obligations, principal and interest. Proceeds from bonds provided financing for various capital improvements, primarily distribution assets. The Electric Utility's bonds are payable solely from electric customer net revenues and are payable through 2046. At June 30, 2016, the annual principal and interest payments on the bonds, excluding early bond retirements, were 34.91% of net revenues. Principal and interest paid for the current fiscal year and total net revenues were $42,035 and $120,415 respectively.

Bond debt service requirements to maturity for the Electric Utility to be paid from revenues are as follows:

Fiscal Year Ending 6/30	Principal	Interest	Total
2017	$ 17,630	$ 29,351	$ 46,981
2018	18,325	28,624	46,949
2019	19,165	27,770	46,935
2020	23,110	26,734	49,844
2021	24,330	25,548	49,878
2022-2026	145,770	107,053	252,823
2027-2031	154,240	71,310	225,550
2032-2036	134,310	36,841	171,151
2037-2041	76,015	10,018	86,033
2042-2046	27,195	2,288	29,483
Total	640,090	365,537	1,005,627
Unamortized bond premiums/discounts, net	37,472		37,472
Total bonds	$ 677,562	$ 365,537	$ 1,043,099

Bonds Payable - Water Utility

The City's Water Utility has pledged future revenues from the sale of water, net of certain costs, to repay a total of $230,989 for outstanding long-term obligations, principal and interest. Proceeds from bonds provided financing for various capital improvements, primarily distribution assets. The bonds are payable solely from water net revenues and are payable through 2046. At June 30, 2016, the annual principal and interest payments on the bonds were 47.1% of net revenues. Principal and interest paid for current fiscal year and total net revenues were $7,662 and $16,278 respectively.

Bond debt service requirements to maturity for the Water Utility to be paid from revenues are as follows:

Fiscal Year Ending 6/30	Principal	Interest	Total
2017	$ 2,620	$ 6,055	$ 8,675
2018	2,710	5,972	8,682
2019	2,810	5,869	8,679
2020	2,800	5,747	8,547
2021	2,940	5,611	8,551
2022-2026	17,745	25,803	43,548
2027-2031	22,565	20,821	43,386
2032-2036	27,970	14,896	42,866
2037-2041	35,120	7,993	43,113
2042-2046	13,145	1,797	14,942
Total	130,425	100,564	230,989
Unamortized bond premiums/discount,	12,323		12,323
Total bonds	$ 142,748	$ 100,564	$ 243,312

Bonds Payable – Sanitation Utility

The City's Sanitation Utility has pledged future sanitation system net revenues to pay a total of $68,934 for revenue bonds issued in May 2007. Proceeds from the bonds provided financing for capital improvements to the sanitation sewer collection system. The bonds are payable solely from system net revenues and are payable through February 2039. At June 30, 2016, total principal and interest payments on the bonds were less than 39.7% of net revenues. Total principal and interest paid and total system net revenues for the current fiscal year were $2,999 and $7,558 respectively.

Bond debt service requirements to maturity for the Sanitation Utility to be paid from revenues are as follows:

Fiscal Year Ending 6/30	Principal	Interest	Total
2017	$ 1,045	$ 1,954	$ 2,999
2018	1,095	1,902	2,997
2019	1,145	1,853	2,998
2020	1,190	1,805	2,995
2021	1,245	1,750	2,995
2022-2026	7,225	7,762	14,987
2027-2031	9,020	5,964	14,984
2032-2036	11,370	3,618	14,988
2037-2039	8,200	791	8,991
Total	41,535	27,399	68,934
Unamortized bond premium	879		879
Total bonds	$ 42,414	$ 27,399	$ 69,813

Bonds Payable – Convention, Sports and Entertainment Venues

Bond debt service requirements to maturity for the Convention, Sports and Entertainment Venues to be paid from revenues are as follows:

Fiscal Year Ending 6/30	Principal	Interest	Total
2017	$ 15,402	$ 12,087	$ 27,489
2018	4,844	11,317	16,161
2019	5,096	11,073	16,169
2020	6,355	10,814	17,169
2021	2,400	10,628	13,028
2022-2026	23,871	50,326	74,197
2027-2031	31,133	43,612	74,745
2032-2036	39,728	35,012	74,740
2037-2041	50,712	24,034	74,746
2042-2046	64,721	10,024	74,745
Total	244,262	218,927	463,189
Unamortized bond premium/discounts, net	17,173		17,173
Total bonds	$ 261,435	$ 218,927	$ 480,362

NOTES AND LOANS PAYABLE

Note Payable – Electric Utility

On July 13, 2013, the Electric Utility used $44,000 from the proceeds of the Revolving Credit Agreement (Agreement) with Wells Fargo Bank, National Association (see note 7) to retire the outstanding principal balance of $60,205 of the 2002-B Electric Revenue Bonds.

During fiscal year 2016, the Electric Utility repaid $11,200 of the tax-exempt note. At June 30, 2016 the outstanding balance of long-term portion of the note was $13,200.

Note Payable – ARTIC Management

Anaheim Regional Transportation Intermodal Center (ARTIC) Land Acquisition Loan payable

In July 2012, the City entered into an agreement with the Orange County Transportation Authority (OCTA) for the Purchase and Sale of a 13.58 acres real property located at 1750 South Douglass Road in Anaheim. The purchase price for the site is $32,500. The City paid $1,000 at the close of escrow and the remaining $31,500 will be payable to OCTA over 13 years and bears 2% simple interest per annum. Annual principal payments are due on or before July 10th each year commencing 2012. The payment of accrued interest is deferred until equal payments of $1,883 are due and payable on or before July 10, 2024 and July 10, 2025. The loan is payable with Measure M2 Local Fair Share funds. OCTA will retain payments from Anaheim's "Local Fair Share" funds allocated by OCTA under Measure M2 each year until the final payment is made on July 10, 2025. At June 30, 2016, accrued interest payable for the ARTIC loan was $2,207. The City may elect to provide alternative funding from other City funds for transportation related purposes, such as gas tax funds. At June 30, 2016, the outstanding balance of the ARTIC loan was $23,000. Loan debt service requirements to maturity are as follows:

Fiscal Year Ending 6/30	Principal	Interest	Total
2017	$ 3,000		$ 3,000
2018	3,500		3,500
2019	3,500		3,500
2020	3,500		3,500
2021	3,500		3,500
2022-2025	6,000	3,766	9,766
Total notes and loans	$ 23,000	$ 3,766	$ 26,766

ARBITRAGE

The Tax Reform Act of 1986 (Act) substantially revised the treatment to be afforded to earnings on the proceeds of tax-exempt debt, and requires the City to calculate and remit rebatable arbitrage earnings to the Internal Revenue Service. Certain of the City's debt and interest earned on the proceeds thereof are subject to the requirements of the Act. The City has accrued a liability for estimated rebatable arbitrage earnings and has set aside such earnings as restricted cash. At June 30, 2016, the arbitrage rebate liability for governmental and business-type activities was zero and $508 respectively.

COMPLIANCE WITH DEBT COVENANTS

There are various limitations and restrictions contained in the City's bonds and certificates of participation indentures. The City believes they are in compliance with all significant limitations and restrictions.

DEBT ISSUANCES

City - Debt Issuance

On November 30, 2015, the City issued a loan payable of $1,100 under the Master Equipment Lease/Purchase Agreement with Banc of America Public Capital Corp., Proceed of the loan was deposited in escrow fund to finance the acquisition of certain mobile radio equipment. Total debt service to maturity through fiscal year 2025 will be $1,218.

The City has recorded the loan proceed in the Other Capital Project nonmajor capital project fund. The loan will be repaid from unrestricted revenue sources from the General Fund Transfer.

Electric Utility - Debt Issuances

On July 21, 2015, the Electric Utility issued California Municipal Finance Authority Revenue Refunding Bonds, Series 2015-B in the principal amount of $92,865 at a premium of $14,149. The Bonds are being issued to provide financing for the acquisition and construction of additional capital assets of the Electric Utility

distribution system ($33,585), to refund the outstanding principal balances of the 1999 Electric Revenue Bonds ($24,175), and partially refunded the 2007 Electric Revenue Bonds ($35,105), to fund debt service reserve funds and cost of issuance. The Electric Utility reduced its total debt service payments over the life of the refunded bonds by $8,830 and obtained an economic gain of $6,713. Total debt service to maturity through fiscal year 2035 will be $134,949.

The bond proceeds, net of premium and along with $3,913 of the previous debt service reserve and bond funds totaled $110,927 were deposited as follows:

Project Fund	$ 35,000
Debt service reserve funds	8,353
Cost of issuance fund	601
Deposited in escrow for the refundings of:	
1999 Electric Revenue Refunding Bonds	25,502
2007 Electric Revenue Refunding Bonds	41,471
Total	$ 110,927

DEBT RETIREMENTS

Water Utility

On July 1, 2015, the Water Utility repaid the total outstanding principal and accrued interest balance of the State of California Revolving Fund note payable from restricted funds set-aside in trustee. Total principal and interest paid was $7,097.

Debt Defeased

The City defeased the following bonds prior to June 30, 2016:

	Outstanding 6/30/2016
Electric Utility	
2007 Electric Revenue Bonds	$ 38,145
Water Utility	
Series 2008 Water System Revenue Bonds	$ 46,595

In the refunding, the proceeds of the refunding issue were placed in irrevocable escrow accounts and invested in government securities that, together with interest earnings thereon, will provide amounts sufficient for future payments of interest and principal on the issues refunded. Refunded debt is not included in the City's accompanying basic financial statements as the City has satisfied its obligation through the in-substance defeasance of these issues.

CONDUIT FINANCINGS

City

The City has entered into two conduit financings on behalf of a community care provider facility and one to facilitate the management agreement for the Honda Center (formerly the Arrowhead Pond) of Anaheim. In accordance with applicable agreements, the City has no obligation for debt service payments and therefore, the debt is not reflected in the accompanying basic financial statements. Bonds payable and certificates of participation related to conduit financings outstanding at June 30, 2016, were as follows:

	Date Issued	Final Maturity	Amount Issued	Outstanding 6/30/2016
1993 Anaheim Memorial Hospital Association	10/15/1993	5/15/2020	$ 46,690	$ 11,705
2003 Anaheim Arena Financing Project	12/11/2003	6/1/2023	42,600	25,000
Total			$ 89,290	$ 36,705

Anaheim Housing Authority

The Anaheim Housing Authority has entered into conduit debt financings on behalf of various developers to assist with the acquisition, construction, equipping, rehabilitation and refinancing of multifamily residential rental projects within the City of Anaheim. In accordance with the bond documents, neither the City nor the Housing Authority has an obligation for debt service payments and therefore, the debt is not reflected in the accompanying basic financial statements. Housing Authority revenue bonds related to conduit financings outstanding at June 30, 2016, were as follows:

	Date Issued	Final Maturity	Amount Issued	Outstanding 6/30/2016
1992 Heritage Village	07/15/03	07/15/33	$ 8,485	$ 5,485
1998 Sage Park Project	11/01/98	11/01/28	5,500	5,500
2000 Cobblestone Apartments	07/20/00	03/15/33	3,980	3,580
2000 Sea Wind Apartment	07/20/00	07/15/33	7,000	6,300
2000 Park Vista Apartments	07/24/00	07/01/33	27,180	27,180
2001 Solara Court Apartments	11/01/04	12/01/34	8,200	5,131
2008 Bel Age Manor Apartments	02/01/08	02/01/44	22,350	20,144
2009 Lincoln Anaheim Apartments Phase B	05/15/09	04/15/39	23,217	8,066
2012 Anton Monaco Apartments	12/14/12	01/01/46	35,460	35,025
2012 Crossings at Cherry Orchard Apartments Tranche A	08/23/12	12/01/44	9,365	1,095
2012 Crossings at Cherry Orchard Apartments Tranche B	08/23/12	12/01/29	2,985	2,774
2013 Paseo Village Apartments	02/28/13	09/01/45	19,750	12,778
2014 Village Center Apartments	08/01/14	03/01/47	15,000	15,000
2015 Pebble Cove Apartments Series A	08/01/15	09/01/31	13,000	13,000
2015 Pebble Cove Apartments Taxable Subordinate Series 2015A	08/01/15	08/01/55	3,550	3,550
Total			$ 205,022	$ 164,608

FIDUCIARY FUNDS

Successor Agency

The following is a summary of changes in long-term liabilities for the year ended June 30, 2016:

	Beginning Balance, as Restated	Additions/ Proceeds	Reductions/ Payments	Ending Balance	Within One Year
Bonds payable	$ 203,275		$ (3,510)	$ 199,765	$ 5,805
premium/(discount), net	2,523		(248)	2,275	
Notes and loans payable	6,526		(337)	6,189	376
Due to City of Anaheim	25,376		(9,356)	16,020	2,910
Pollution remediation liability	18,576		(114)	18,462	526
Net pension liability	8,565		(720)	7,845	
	$ 264,841	$	$ (14,285)	$ 250,556	$ 9,617

Bonds Payable

2007 Tax Allocation Refunding Bonds

The Successor Agency will repay a total of $294,422, principal and interest, for the outstanding 2007 tax allocation bonds issued in December 2007 from the semi-annual Redevelopment Property Tax Trust Fund (RPTTF) revenue allocations. Proceeds from the bonds provided financing for public improvements related to the merged project areas, for the supply of low-and moderate–income housing within the City, to repay certain Redevelopment Agency loan obligations and to advance refund the 1992, 1997 and 2000 bonds. The bonds bear interest at rates ranging from 4.25% to 6.50% and are payable through February 2031. During the fiscal year ended June 30, 2016, total principal and interest paid was $13,812.

Debt service requirements to maturity for 2007 Tax Allocation bonds are as follows:

Fiscal Year Ending 6/30	Principal	Interest	Total
2017	$ 5,565	$ 10,350	$ 15,915
2018	7,955	10,053	18,008
2019	8,340	9,662	18,002
2020	8,800	9,204	18,004
2021	9,290	8,720	18,010
2022-2026	56,170	35,602	91,772
2027-2031	98,215	16,496	114,711
Total	194,335	100,087	294,422
Unamortized bond premium/discounts, net	2,275		2,275
Total bonds	$ 196,610	$ 100,087	$ 296,697

2010 Recovery Zone Economic Development Bonds

The Successor Agency will repay a total of $8,667, principal and interest, outstanding Recovery Zone Economics Development Bonds issued in October 2010 from the semi-annual RPTTF revenue allocations. Proceeds from the bonds provided financing for public improvements related to the merged project areas. The bonds bear interest at rates ranging from 1.44% to 6.22% and are payable through February 2031. During the fiscal year ended June 30, 2016, total principal and interest paid was $575.

Debt service requirements to maturity for 2010 Recovery Zone Development bonds are as follows:

Fiscal Year Ending 6/30	Principal	Interest	Total
2017	$ 240	$ 337	$ 577
2018	250	326	576
2019	265	314	579
2020	280	301	581
2021	290	286	576
2022-2026	1,735	1,155	2,890
2027-2031	2,370	518	2,888
Total bonds	$ 5,430	$ 3,237	$ 8,667

Notes and Loans Payable

Savi Ranch Associates note payable

In July 1989, the former Redevelopment Agency executed a note with Savi Ranch Associates, a California general partnership. The amount of the note totaled $2,707 and bears interest at 9.5% per annum. The note is payable from net property tax increment as defined in the Redevelopment Agency note. If there is insufficient RPTTF revenue to pay for principal and interest at the termination of the River Valley project area plan in November 2031, the note ceases to be an obligation of the Successor Agency. For the fiscal year ended June 30, 2016, total interest paid was $349.

Contractual obligations

As part of the Redevelopment Agency's economic development program to attract and retain businesses in the City, the former Redevelopment Agency has entered into various contractual obligations to reimburse tenant improvement costs to be paid from property tax increment revenues (thereafter RPTTF). At June 30, 2016, the outstanding balance of these obligations totaled $80.

In December 1992, the former Redevelopment Agency has entered into an agreement with California State Teachers Retirement System (CALSTRS), to share in the development costs of the Plaza Redevelopment Project. In March 2004,

CALSTRS assigned the agreement to the new owners, Pan Pacific Retail Properties, Inc. (PPRP). In October 2006, Kimco Realty Corporation (KRC) acquired PPRP including the assumption of the assigned plaza project agreement. The KRC participation note bears 7% simple interest rate, and has a maximum term of 25 years. The Successor Agency's obligation to repay the note is entirely contingent on the revenues generated by the project. The note will be forgiven at the end of the term whether or not the entire amount has been repaid. At June 30, 2016, the outstanding balance of the participation note was $3,402.

Debt service requirements to maturity for the Successor Agency notes payable and contractual commitments to be paid from future RPTTF revenues are as follows:

Fiscal Year Ending 6/30	Principal	Interest	Total
2017	$ 376	$ 591	$ 967
2018	416	576	992
2019	461	559	1,020
2020	508	540	1,048
2021	1,721	415	2,136
2022-2026		2,215	2,215
2027-2031	1,347	1,221	2,568
2032-2033	1,360	3	1,363
Total notes and loans	$ 6,189	$ 6,120	$ 12,309

Due to the City of Anaheim

The Successor Agency will repay a total of $7,856 outstanding long-term obligations, principal and interest, from the semi-annual RPTTF revenue allocations for the $10,000 Cooperation Agreement dated April 1, 2003, between the former Redevelopment Agency and the City, whereby the City assisted the former Agency with the development of the Anaheim Westgate Center (Westgate project) utilizing $10,000 of funds from the HUD Section 108 loan. This Cooperation Agreement obligation (HUD Section 108 loan) bears interest ranging from 1.74% to 5.97% and is payable semi-annually through August 2023. At June 30, 2016, outstanding principal due to the City for the Westgate project obligation was $6,372. Principal and interest paid for the current fiscal year were $935.

The Successor Agency will repay a total of $7,025 outstanding long-term obligations, principal and interest, from the semi-annual RPTTF revenue allocations for the $7,000 Cooperation Agreement dated June 2010 between the former Redevelopment Agency and the City, whereby the City assisted the former Redevelopment Agency with the rehabilitation of the historic Packing House site utilizing proceeds from the HUD Section 108 loan. This Cooperation Agreement obligation (HUD 108 Section loan) bears interest ranging from 1.68% to 3.98% and is payable over 20 years beginning on February 1, 2011 through August 1, 2030. As of June 2016, the outstanding principal due to the City for the Packing House site project obligation was $5,359. Principal and interest paid for the current fiscal year were $540.

The former Redevelopment Agency paid a total of $19,163 to the State of California Supplemental Education Revenue Augmentation Fund (SERAF) in fiscal years 2010 and 2011. Of this amount, $8,500 was borrowed from the housing fund. The Successor Agency will repay this amount from future RPTTF revenue allocations. At June 30, 2016, the outstanding balance was $1,905. The Successor Agency repaid $5,660 during fiscal year 2016.

In 2013, the Successor Agency entered into two separate Cooperative Agreements with the City whereby the City assisted the Successor Agency by providing a loan of $1,563 to finance various Successor Agency projects and a loan $1,500 to fund homebuyer loans. The Successor Agency will repay the City from future RPTTF revenue allocation. At June 30, 2016, the outstanding balance of these loan are $884 and $1,500 respectively.

Westgate Pollution Remediation Obligation

In June 2003, the former Redevelopment Agency acquired property located at 2951 West Lincoln Avenue as part of a redevelopment project named the Westgate project. Approximately 11 acres of the property were formerly known as the Sparks and Rains Landfills. The County of Orange was the operator of these landfills until 1960. In November 2008, the County paid the Redevelopment Agency $5,176 in settlement of claims related to the pollution remediation for the Westgate project site prior to the development of a shopping center. The total costs of the pollution remediation work amounted to $12,420 based on actual contract received for the project. During the year ended June 30, 2015, management identified potential additional pollution remediation costs including ongoing maintenance responsibilities required for the Westgate project amounting to $18,576. At June 30, 2016, the pollution remediation liability is estimated to be $18,462.

Mello-Roos Community Facilities Districts

The City issued special tax bonds to finance construction in various Community Facilities Districts. These bonds were authorized pursuant to the Mello-Roos Community Facilities Act of 1982. The bonds are payable from a special assessment tax and are non-recourse bonds secured by the properties. Neither the faith and credit nor the taxing power of the City, the State of California or any political subdivision of either of the foregoing is pledged to the payment of the bonds. The bonds are not general or special obligations of the City, nor do they contain any credit enhancements that secondarily pledge existing or future resources of the City, accordingly they are not reflected in the accompanying basic financial statements. The City is acting as agent only for the property owners in collecting the special assessments and forwarding the collections to the fiscal agent. This activity is recorded in an agency fund in the basic financial statements.

At June 30, 2016, the City has the following outstanding Mello-Roos special tax bonds:

In February 2007, the City issued $9,060 in special tax bonds to finance a portion of the cost of acquisition and construction of facilities in the Platinum Triangle of Anaheim, Community Facility District 06-2. At June 30, 2016, the 2007 Mello-Roos bonds outstanding amounted to $7,680.

In August 2010, the City issued $28,630 in special tax bonds, Series 2010 to finance a portion of the cost of acquisition and construction of facilities in the Platinum Triangle of Anaheim, Community Facility District 08-1 and to fund a reserve fund for the Series 2010 Bonds. At June 30, 2016, the 2010 Mello-Roos bonds outstanding amounted to $25,045.

NOTE 9 – SEGMENT INFORMATION:

The Sanitation Utility Fund issued revenue bonds to finance sewer system expansion and improvements. The Sanitation Utility Fund accounts for three activities: solid waste collection, wastewater, and street cleaning. However, investors in the revenue bonds rely solely on revenue generated through wastewater activities for repayment. Summary financial information for wastewater activities is presented below:

Condensed Statement of Net Position

Assets	
Cash and cash equivalents	$ 7,800
Investments	20,359
Other current assets	1,584
Restricted cash and cash equivalents	10,135
Restricted investments	5,149
Capital assets, net	101,797
Total assets	146,824
Deferred outflows of resources - deferred pension	563
Liabilities	
Current liabilities	940
Current liabilities payable from restricted assets	1,831
Noncurrent liabilities	46,362
Total liabilities	49,133
Deferred inflows of resources - deferred pension	796
Net Position	
Net investment in capital assets	59,382
Restricted for debt services	436
Restricted for capital projects	13,439
Unrestricted	24,201
Total net position	$ 97,458

Condensed Statement of Revenues, Expenses and Changes in Net Position

Waste water fees (pledged against bonds)	$ 12,183
Other revenues	702
Depreciation and amortization	(2,070)
Other operating expenses	(5,733)
Total operating Income	5,082
Nonoperating income(expenses)	
Interest income	406
Interest expense	(1,680)
Transfer out	(495)
Total nonoperating expense	(1,769)
Change in net position	3,313
Net position at beginning of year	94,145
Net position at end of year	$ 97,458

Condensed Statement of Cash Flows

Net cash provided by (used for):	
Operating activities	$ 6,786
Noncapital financing activities	(495)
Capital and related financing activities	(8,895)
Investing activities	(2,016)
Net decrease	(4,620)
Beginning cash and cash equivalents	22,555
Ending cash and cash equivalents	$ 17,935
Reconciliation of cash and cash equivalents	
Cash and cash equivalent	$ 7,800
Restricted cash and cash equivalent	10,135
Total cash and cash equivalent	$ 17,935

NOTE 10– PENSIONS:

General information about the Pension Plans

Plan Description

The City provides pension benefits to eligible full-time employees in three separate pension plans: Miscellaneous Plan, Police Safety Plan and Fire Safety Plan. These plans are agent multiple-employer public employee defined benefit plans and are administered through the California Public Employees' Retirement System (CalPERS), which 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. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website @www.calpers.ca.gov.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employee's Retirement Law.

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

	Miscellaneous	
Hire Date	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	2.7% @ 55	2.0% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50-55	52-65
Monthly benefits, as a % of eligible compensation	2.70%	2.00%
Required employee contribution rates	8.00%	6.75%
Required employer contribution rates	26.371%	26.371%

	Police Safety	
Hire Date	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	3.0% @ 50	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50	52-57
Monthly benefits, as a % of eligible compensation	3.00%	2.70%
Required employee contribution rates	9.00%	12.75%
Required employer contribution rates	35.467%	35.467%

	Fire Safety	
Hire Date	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	3.0% @ 50	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50	50-57
Monthly benefits, as a % of eligible compensation	3.00%	2.0%-2.7%
Required employee contribution rates	9.00%	11.25%
Required employer contribution rates	38.102%	38.102%

Employees Covered

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

	Miscellan-eous	Police Safety	Fire Safety
Inactive employees or beneficiaries currently receiving benefits	1,927	513	293
Inactive employees entitled to but not yet receiving benefits	1,467	62	48
Active employees	1,653	398	197
Total	5,047	973	538

Contributions

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

The City pays a certain percentage of the Participant contribution. The following table summarizes the required contribution rates by employee and employer effective for fiscal year 2016. The contribution requirements of plan members and the City are established and may be amended by CalPERS.

				Employee Rate		Employer Rate		
Employee Group	**Anaheim Hire Date**	**CalPERS[1] Membership**	**Retirement Formula**	**Employee**	**City**	**Employee[2]**	**City**	**Total Rate**
Miscellaneous Employees								
Management	Before 1/1/2013	Classic	2.7% @ 55	8.00%	0.00%	4.000%	22.371%	34.371%
	On or After 1/1/2013	Classic	2.7% @ 55	8.00%	0.00%	4.000%	22.371%	34.371%
	On or After 1/1/2013	New	2.7% @ 62	6.75%	0.00%	0.000%	26.371%	33.121%
AMEA General	Before 1/1/2013	Classic	2.7% @ 55	8.00%	0.00%	4.000%	22.371%	34.371%
AMEA Clerical	On or After 1/1/2013	Classic	2.7% @ 55	8.00%	0.00%	4.000%	22.371%	34.371%
	On or After 1/1/2013	New	2.7% @ 62	6.75%	0.00%	0.000%	26.371%	33.121%
I.B.E.W.	Before 1/1/2013	Classic	2.7% @ 55	8.00%	0.00%	4.000%	22.371%	34.371%
Confidential	On or After 1/1/2013	Classic	2.7% @ 55	8.00%	0.00%	4.000%	22.371%	34.371%
	On or After 1/1/2013	New	2.7% @ 62	6.75%	0.00%	0.000%	26.371%	33.121%
APA Trainees	Before 1/1/2013	Classic	2.7% @ 55	8.00%	0.00%	4.000%	22.371%	34.371%
	On or After 1/1/2013	Classic	2.7% @ 55	8.00%	0.00%	4.000%	22.371%	34.371%
	On or After 1/1/2013	New	2.7% @ 62	6.75%	0.00%	0.000%	26.371%	33.121%
Safety Employees								
Fire Management	Before 1/10/2012	Classic	3% @ 50	9.00%	0.00%	3.000%	35.102%	47.102%
AFA	On or After 12/19/2012	Classic	2% @ 50	9.00%	0.00%	3.000%	35.102%	47.102%
	On or After 1/1/2013	New	2.7% @ 57	11.25%	0.00%	0.000%	38.102%	49.352%
Police Management	Before 1/1/2013	Classic	3% @ 50	9.00%	0.00%	3.000%	32.467%	44.467%
APMA	On or After 1/1/2013	Classic	3% @ 50	9.00%	0.00%	3.000%	32.467%	44.467%
APA	On or After 1/1/2013	New	2.7% @ 57	12.75%	0.00%	0.000%	35.467%	48.217%

[1] Definition of a 'New' PERS member
A new hire who is brought in CalPERS membership for the first time on or after January 1, 2013, and who has no prior membership in any California public retirement system.
A new hire who is brought into CalPERS membership for the first time on or after January 1, 2013, and who is not eligible for reciprocity with another California public retirement system.
A member who first established CalPERS membership prior to January 1, 2013, and who is rehired by a different CALPERS employer after a break in service of greater than six months.

[2] PERS Cost Share Caps at 4% for Miscellaneous Classic employees.

The pension plans (pensions) are recognized in the government-wide financial statements and proprietary funds financial statements on an accrual basis of accounting, while the contributions to the pension plan are recognized as expenditures on modified accrual basis of accounting on the governmental fund statements.

The net pension liability in the Statement of Net Position represents the City's excess of the total pension liability over the fiduciary net position reflected on the Valuation Reports provided by CalPERS. The net pension liabilities is measured as of the City's prior fiscal year. Changes in net pension liability are recorded as pension expense or as deferred inflows of resources or deferred outflows of resources depending on the nature of the change.

The changes in net pension liability that are recorded as deferred inflows of resources or deferred outflows of resources that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience are amortized over the weighted average remaining service life of all participants in the respective pension plan and are recorded as a component of pension expense beginning with the period in which the difference incurred.

Projected earnings on pension investments are recognized as a component of pension expense. Differences between projected and actual investment earnings are reported as deferred inflows of resources or deferred outflows of resources and amortized as a component of pension expense on a closed basis over a five-year period beginning with the period in which the difference occurred.

Net Pension Liability

The City's net pension liability for each Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of each of the Plan is measured as of June 30, 2015. Liabilities are based on the results of the actuarial calculations performed as of June 30, 2014 and were rolled forward to determine the June 30, 2015 total pension liability. Fiduciary net position is based on fair value of investments as of June 30, 2015.

A summary of principal assumptions and methods used to determine the net pension liability is shown below.

Actuarial Assumptions:

The total pension liabilities for the City's three Plans in the June 30, 2013 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date (VD)	June 30, 2014
Measurement Date (MD)	June 30, 2015
Measurement Period	July 1, 2014 to June 30, 2015
Reporting Date (RD)	June 30, 2016
Actuarial Cost Method	Entry Age Normal in accordance with the requirements of GASB 68
Actuarial Assumptions:	
Discount Rate	7.65%
Inflation	2.75%
Salary Increase	Varies by Entry Age and Service
Investment Rate of Return	7.65% Net of Pension Plan Investment Expenses, includes inflation
Mortality Rate Table[1]	Derived using CalPER' Membership Data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

1 The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Axtuaries Scale BB. For more details on this table, please refer to the 2014 experience

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

Change of Assumptions

GASB 68, paragraph 68 states that the long-term expected rate of return should be determined net of pension investment expense but without reduction for pension plan administrative expense. The discount rate of 7.5 percent used for the June 30, 2014 measurement date was net of administrative expenses. The discount rate of 7.65% used for the June 30, 2015 measurement date is without reduction of pension plan administrative expense.

Discount Rate

The discount rate used to measure the total pension liability was 7.65 percent. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing of the plans, the tests revealed the assets would not run out. Therefore, the current 7.65 percent discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long-term expected discount rate of 7.65 percent is applied to all plans in the Public Employees Retirement Fund.

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

In determining the long-term expected rate of return, CalPERS 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. The target allocation shown was adopted by CalPERS effective July 1, 2014.

Asset Class	Current Target Allocation	Real Return Years 1-10 [1]	Real Return Years 11+ [2]
Global Equity	51.00%	5.25%	5.71%
Global Fixed Income	19.00	0.99	2.43
Inflation Sensitive	6.00	0.45	3.36
Private Equity	10.00	6.83	6.95
Real Estate	10.00	4.50	5.13
Infrastructure and Forestland	2.00	4.50	6.09
Liquidity	2.00	(0.55)	(1.05)
	100.00%		

[1] An expected inflation of 2.5% used for this period

[2] An expected inflation of 3.0% used for this period

Recognition of Gains and Losses

Under GASB 68, gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time.

The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense.

Difference between projected and actual earnings on investments	5 year straight-line amortization
All other amounts	Straight-line amortization over the average expected remaining service lives of all members that are provided with benefits (active, inactive, and retired) as of the beginning of the measurement period

Change in the Net Pension Liability

Net pension liability is the plan's total pension liability based on the entry age normal actuarial cost method less the plan's fiduciary net position.

The following table shows the changes in net pension liability for each Plan recognized over the measurement period:

Miscellaneous Plan:	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/ (Asset) (c) = (a) - (b)
Balance at June 30, 2014 (VD)	$1,210,654	$ 902,234	$ 308,420
Changes recognized for the Measurement Period:			
Service Cost	20,334		20,334
Interest on the Total Pension Liability	88,334		88,334
Changes of Assumptions	(21,249)		(21,249)
Difference between Expected and Actual Experience	(16,296)		(16,296)
Plan to Plan Resource Movement		(5)	5
Contribution from the Employer		25,375	(25,375)
Contributions from Employees		8,877	(8,877)
Net Investment Income		20,081	(20,081)
Benefit Payments, including Refunds of Employee Contributions	(57,158)	(57,158)	
Administrative Expenses		(1,011)	1,011
Net Changes during 2014-2015	13,965	(3,841)	17,806
Balance at 6/30/2015 (MD)	$1,224,619	$ 898,393	$ 326,226

Police Safety Plan:	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/ (Asset) (c) = (a) - (b)
Balance at June 30, 2014 (VD)	$ 649,991	$ 500,264	$ 149,727
Changes recognized for the Measurement Period:			
Service Cost	12,193		12,193
Interest on the Total Pension Liability	46,658		46,658
Changes of Assumptions	(11,546)		(11,546)
Difference between Expected and Actual Experience	(19,370)		(19,370)
Plan to Plan Resource Movement		5	(5)
Contribution from the Employer		14,663	(14,663)
Contributions from Employees		4,192	(4,192)
Net Investment Income		10,967	(10,967)
Benefit Payments, including Refunds of Employee Contributions	(30,517)	(30,517)	
Administrative Expenses		(562)	562
Net Changes during 2014-2015	(2,582)	(1,252)	(1,330)
Balance at 6/30/2015 (MD)	$ 647,409	$ 499,012	$ 148,397

Fire Safety Plan:	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/ (Asset) (c) = (a) - (b)
Balance at June 30, 2014 (VD)	$ 381,274	$ 293,623	$ 87,651
Changes recognized for the Measurement Period:			
Service Cost	5,419		5,419
Interest on the Total Pension Liability	27,760		27,760
Changes of Assumptions	(6,582)		(6,582)
Difference between Expected and Actual Experience	(4,549)		(4,549)
Plan to Plan Resource Movement			
Contribution from the Employer		7,622	(7,622)
Contributions from Employees		2,075	(2,075)
Net Investment Income		6,515	(6,515)
Benefit Payments, including Refunds of Employee Contributions	(19,944)	(19,944)	
Administrative Expenses		(326)	326
Net Changes during 2014-2015	2,104	(4,058)	6,162
Balance at 6/30/2015 (MD)	$ 383,378	$ 289,565	$ 93,813

Combined Total:	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/ (Asset) (c) = (a) - (b)
Balance at June 30, 2014 (VD)	$ 2,241,919	$ 1,696,121	$ 545,798
Changes recognized for the Measurement Period:			
Service Cost	37,946		37,946
Interest on the Total Pension Liability	162,752		162,752
Changes of Assumptions	(39,377)		(39,377)
Difference between Expected and Actual Experience	(40,215)		(40,215)
Plan to Plan Resource Movement			
Contribution from the Employer		47,660	(47,660)
Contributions from Employees		15,144	(15,144)
Net Investment Income		37,563	(37,563)
Benefit Payments, including Refunds of Employee Contributions	(107,619)	(107,619)	
Administrative Expenses		(1,899)	1,899
Net Changes during 2014-2015	13,487	(9,151)	22,638
Balance at 6/30/2015 (MD)	$ 2,255,406	$ 1,686,970	$ 568,436

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

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

Plans' Net Pension Liability	Discount Rate - 1% (6.65%)	Discount Rate (7.65%)	Discount Rate + 1% (8.65%)
Miscellaneous	$ 487,009	$ 326,227	$ 193,250
Police Safety	236,209	148,395	76,254
Fire Safety	143,252	93,813	52,950
Combine total	$ 866,470	$ 568,435	$ 322,454

Pension Plan Fiduciary Net Position

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

Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

Pension expense is the change in net pension liability from the previous fiscal year to the current fiscal year less adjustments. For the fiscal year ended June 30, 2016, the City recognized pension expense of $25,807. At June 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 58,650	
Changes of Assumptions		$ 27,802
Difference between Expected and Actual Experiences		28,831
Net difference between projected and actual earnings on plan investments		15,441
Change in proportions	6,002	6,002
Total	$ 64,652	$ 78,076

$58,650 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Amount reported in Deferred inflows of resources related to pensions will be recognized as a component in pension expense as follows:

Fiscal Year Ended 6/30/2016	
2016	$ (34,104)
2017	(34,104)
2018	(21,590)
2019	17,724
Total	$ (72,074)

Payable to the Pension Plans

At June 30, 2016, the City reported a payable of $1,954 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2016.

NOTE 11 - Other Post-employment Benefits

In addition to the pension benefits described above, the City provides other post employment benefits (OPEB) as a single-employer defined benefit healthcare plan. The OPEB provides medical, dental and life insurance benefits to eligible retirees (hired prior to January 1, 1996, Anaheim Police Association employees hired prior to July 6, 2001, and Anaheim Fire Association employees hired prior to November 9, 2001) in accordance with City Personnel Resolutions and various Memoranda of Understanding. Eligible employees hired after the dates above have access to the City's medical and dental plans but do not receive a defined benefit. There are no separately issued financial statements for the OPEB.

Funding Policy

The contribution requirements of plan members and the City are established in accordance with City Personnel Resolutions and various Memoranda of Understanding. The retired plan members receiving benefits make varying contributions toward the cost of these benefits depending on the retiree's Medicare eligibility, year of hire, age and employee group. Retiree contributions for the fiscal year ended June 30, 2016 were 2.70% of total payroll.

In June 2008, the City joined the California Employer's Retiree Benefit Trust Program (CERBT) to pre-fund OPEB liabilities. The CERBT is an agent multiple employer plan consisting of an aggregation of single-employer plans, with pooled administrative and investment functions that are administered by PERS. A copy of the aggregated CERBT annual financial report may be obtained @www.calpers.ca.gov.

The City contributes an amount not less than the annual required contribution (ARC) of the employer. The ARC is an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The ARC rate for the fiscal year ended June 30, 2016, was 8.3% of total payroll.

Annual OPEB Cost and Net OPEB Asset

The City's annual OPEB cost, amount actually contributed to the plan, and changes in the City's net OPEB asset for the fiscal year ended June 30, 2016, are as follows:

ARC	$ 13,721
Interest on net OPEB asset	(853)
Adjustment to ARC	818
Annual OPEB cost	$ 13,686
Contributions made	$ 13,721
Annual OPEB cost	(13,686)
Change in OPEB asset	35
Net OPEB asset - beginning of year	11,209
Net OPEB asset - end of year	$ 11,244

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB asset for the fiscal year ended June 30, 2016 are as follows:

Funded Status and Funding Progress

Fiscal Year Ending	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	OPEB Asset
6/30/2014	$ 10,010	101.30%	$ 11,017
6/30/2015	13,192	100.40%	11,209
6/30/2016	13,686	100.26%	11,244

Actuarial valuation of an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with the past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, will present multi-year trend information in subsequent years, that will show whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

The table below displays the funding progress of the plan and is based upon the most recent actuarial valuation data:

Actuarial Valuation Date	(A) Actuarial Value of Assets (AVA)	(B) Accrued Liability	(C) Unfunded Liability (UL) (B) - (A)	(D) Funded Ratio AVA (A) / (B)	(E) Annual Covered Payroll	(F) UL as a % of Payroll (C) / (E)
7/1/2015	$ 79,787	$ 271,243	$ 191,456	29.4%	$ 166,522	115.0%

Actuarial Methods and Assumptions

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

In the July 1, 2013, actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumption included a 7.61% investment rate of return, an annual healthcare cost trend rate ranging from 8.00% - 8.50% initially and declining to 5.00% by 2022, payroll growth rate of 3.25% per year, and an inflation factor of 3.00%. The OPEB unfunded actuarial accrued liability is being amortized as a level percentage of payroll over a closed 30-year period. The remaining amortization period as of July 1, 2015, is 22 years.

NOTE 12 – JOINT VENTURES AND JOINTLY-OWNED PROPERTIES:

Orange County - City Hazardous Materials Emergency Response Authority

The City participates in joint powers authority (JPA), the Orange County-City Hazardous Materials Emergency Response Authority (OCCHMERA), for the purposes of responding to, assessing the nature of, and stabilizing any emergency created by the release or threatened release of hazardous materials.

The following entities are members of OCCHMERA: City of Anaheim and City of Huntington Beach (provider agencies). Members of the Board of Directors (OCCHMERA Board) consist of one voting Board member and an alternate appointed by the governing body from the provider agencies. Under the Fifth Amendment to the JPA agreement, three representatives from the subscribing agencies are also voting Board Members. The following cities were subscribing agencies: Brea, Costa Mesa, Fountain Valley, Fullerton, Garden Grove, Newport Beach and Orange.

Public entities in Orange County may receive hazardous materials response services from the Hazmat by executing an agreement and paying a fair share contribution. Audited financial information for the joint powers authority as of and for the year ended June 30, 2016, was as follows:

Total assets	$ 213
Total liability	7
Members' equity	206
Total revenues	100
Total expenses	44
Change in net position	56

Hazmat does not have any debt outstanding at June 30, 2016.

The City has no significant equity interest in Hazmat, and accordingly neither assets nor liabilities of Hazmat have been recorded in the City's basic financial statements. For a copy of Hazmat's separate financial statements, contact the Finance Director of the City.

Metro Cities Fire Authority

The City participates in a joint powers authority, Metro Cities Fire Authority (Fire Authority), for the purpose of providing a central communication network and record keeping system to support fire suppression, emergency medical assistance, rescue service, and related services provided by the members of the Fire Authority.

The following entities are members of the Fire Authority: City of Anaheim, City of Brea, City of Fountain Valley, City of Fullerton, City of Garden Grove, City of Huntington Beach, City of Newport Beach, and the City of Orange. Members of the Board of Directors (the "Board") consist of one voting Board member and an alternate appointed by their governing body.

Public entities in Orange County may receive services from the Fire Authority by executing an agreement and paying a fair share contribution. Audited financial information for the Fire Authority as of and for the year ended June 30, 2016, was as follows:

Total assets	$ 1,844
Total liabilities	306
Members' equity	1,538
Total revenues	5,715
Total expenses	5,932
Change in net position	(217)

The City has no significant equity interest in the Fire Authority, and accordingly neither assets nor liabilities of the Fire Authority have been recorded in the City's basic financial statements. For a copy of the Fire Authority's separate financial statements, contact the Finance Director of the City.

North Net Joint Training Authority

The City participates in a joint powers authority, North Net Training Authority (Authority), for the purpose of providing a joint use of a consolidated Training Center and record keeping system for fire training services.

The following entities are members of the North Net Training Authority: City of Anaheim, City of Garden Grove and City of Orange. Members of the Board of Directors (the "Board") consist of one voting Board member and an alternate appointed by their governing body.

Public entities in Orange County may receive training services from the Authority by executing a "subscription agreement" and by paying the annual fee and other costs. Audited financial information for the Authority as of and for the year ended June 30, 2016, was as follows:

Total assets	$ 1,654
Total liabilities	50
Members' equity	1,604
Total revenues	736
Total expenses	735
Change in net position	1

Jointly-owned utility plants

The City's Electric Utility owns a 10.04% ownership interest in the coal-fired San Juan Generating Station, Unit 4 (SJ), located near Waterflow, New Mexico. The other participants in SJ and their respective ownership include: Public Service of New Mexico, 45.48%; City of Farmington, New Mexico, 8.48%; County of Los Alamos, New Mexico, 7.20%; and M-S-R Public Power Agency, 28.80%. There are no separate financial statements for this venture, as each participant's interest in the utility plant is included in their respective financial statements. The City's cumulative share of construction costs included in the utility plant at June 30, 2016, amounted to $84,616.

On July 31, 2015, the Electric Utility and the other Parties involved with the San Juan Generating Plants agreed to a plan for the closure of 2 of the 4 units in New Mexico. As co-owner of one of the units that is not being closed, the Electric Utility are transferring the ownership rights to the parties that will continue in the Plant on December 31, 2017. The Electric Utility has been in discussions with the parties involved in the San Juan Generating Plant for the past several years related to the requirements and costs associated to bringing the plant up to environmental standards being required by the Environmental Protection Agency (EPA) and the State of New Mexico that would have required a significant capital investment in the plant would make the ensuing power uneconomical. Further, the State of California has limited investment in carbon producing generating facilities that extend the useful life more than five years. In addition, with California renewable requirements being mandated to 50% this plant would further hamper the Electric Utility portfolio flexibility. With this information, the Electric Utility decided it would be in the customers' best interest to divest the Electric Utility's interest in the unit and apply these resources to the renewable needs. Based on the remaining projected useful life of the Electric Utility participation in the plant, the Electric Utility are accelerating depreciation of the remaining book value of the plant over the period from July 1, 2015 to December 31, 2017 to reflect a fully amortization of the SJ plant for a period of 30 months.

The City sold its 3.16% ownership interest of SONGS to SCE on December 29, 2006. Accordingly, the Electric Utility ceased recording all related operating expenses, except marine mitigation costs and spent fuel storage charges, as of December 29, 2006. Based on the SONGS settlement agreement, the Electric Utility is responsible for the City's share of marine mitigation costs up to $2,300, and SCE is responsible for costs between $2,300 and $7,300. The Electric Utility is responsible for spent fuel storage charges until the federal government takes possession. The Decommissioning Trust Fund will pay for spent fuel storage charges after June 7, 2013.

As a former participant in SONGS, the Electric Utility is subject to assessment of retrospective insurance premiums in the event of a nuclear incident at SONGS or any other licensed reactor in the U.S.

NOTE 13 – COMMITMENTS AND CONTINGENCIES:

Intermountain Power Agency

The Electric Utility has entered into a power purchase contract with the Intermountain Power Agency (IPA) for delivery of electric power. The share of IPA power is equal to 13.225% of the generation output of IPA's two recently uprated coal-fueled generating units located in Delta, Utah (Unit 1 and 2 net output is 900 megawatts each). The City is obligated for the following percentage of electrical facilities at IPA:

	Entitlement	Expiration
Generation:		
Intermountain Power Project	13.225%	2027

The contract constitutes an obligation of the Electric Utility to make payments from revenues and requires payment of certain minimum charges. These minimum charges include debt service requirements on the financial obligations used to construct the plant. These requirements are considered a cost of purchased power.

Southern California Public Power Authority

The Electric Utility is a member of the Southern California Public Power Authority (SCPPA), a joint powers agency. SCPPA provides for the financing and construction of electric generating and transmission projects for participation by some or all of its members. To the extent the Electric Utility participates in projects developed by SCPPA, it is obligated for its proportional share of the cost of the project. The City is obligated for the following percentage of electrical facilities owned by SCPPA:

	Entitlement	Expiration
Transmission:		
Southern Transmission System (STS)	17.6%	2027
Mead-Adelanto Project (MAP)	13.5	2030
Mead-Phoenix Project (MPP)	24.2	2030
Generation:		
Hoover Dam Uprating (Hoover)	42.6%	2018
Magnolia Generating Station (Magnolia)	38	2037
Canyon Power Project (Canyon)	100	2040
Natural Gas Reserve Projects (Natural Gas)		
SCPAA Natural Gas Project-Pinedale, Wyoming	35.7%	2033
SCPPA Natural Gas Project-Barnett, Texas	45.5	2033

Take or pay commitments

As part of the take or pay commitments with IPA and SCPPA, the Electric Utility has agreed to pay its share of current and long-term obligations. Payment for these obligations will be made from the operating revenues received during the year that the payment is due. A long-term obligation has not been recorded on the accompanying basic financial statements as these commitments do not represent an obligation of the Electric Utility until the year the power is available to be delivered to the Electric Utility. The following schedule details the amount of debt service that is due and payable by the Electric Utility for each project and the final maturity date.

Fiscal Year Ending 6/30	IPA	STS	MAP	MPP	Hoover	Magnolia	Natural Gas	Canyon	Total
2017	$ 26,851	$ 14,257	$ 3,058	$ 1,727	$ 934	$ 8,787	$ 6,723	$ 18,282	$ 80,619
2018	22,321	13,975	3,264	2,079	932	6,933	5,984	19,325	74,813
2019	28,880	13,813	3,252	2,095		6,930	5,360	19,353	79,683
2020	30,683	12,112	3,228	2,076		6,930	4,895	19,323	79,247
2021	31,617	14,415	2,504	1,679		6,927	4,514	19,292	80,948
2022-2026	22,419	54,656	1,834	2,673		36,437	17,939	96,308	232,266
2027-2031		11,299	1,824	2,655		39,531	12,245	91,610	159,164
2032-2036						40,797	3,711	96,120	140,628
2037-2041						26,794		95,833	122,627
Total	$162,771	$134,527	$ 18,964	$14,984	$ 1,866	$180,066	$ 61,371	$ 475,446	$ 1,049,995

In addition to debt service, the City's entitlement requires the payment for fuel costs, operations and maintenance (O&M), administration and general (A&G) and other miscellaneous costs associated with the generation and transmission facilities discussed above. These costs do not have a similar structured payment schedule as debt service; however, prior experience indicates that annual costs are generally consistent from year to year. The fiscal year 2016 expenses for fuel, O&M, A&G and other costs at these projects were as follows:

Fiscal Year	IPA	STS	MAP	MPP	Hoover	Magnolia	Natural Gas	Canyon	Total
2016	$40,447	$5,742	$314	$330	$133	$21,567	$913	$4,968	$74,414

Cap-and-Trade Program

California Assembly Bill (AB) 32 requires that Utilities in California reduce their greenhouse gas (GHG) emissions to 1990 levels by the year 2020. It directed the California Air Resources Board (CARB) to develop regulations of GHG that became effective January 2012. Emission compliance obligations under the Cap-and-Trade regulation began in January 2013.

The Cap-and-Trade program (Program) was implemented beginning January 1, 2013. This Program requires Electric Utilities to have GHG allowances on an annual basis to offset GHG emissions associated with generating electricity. CARB will provide a free allocation of GHG allowance to each electric utility to mitigate retail

rate impacts. This free allocation of GHG allowance is expected to be sufficient to meet Electric Utility's GHG compliance obligations for retail sales. During this fiscal year, an unused portion of retail allowance was sold for $16,208 to reduce future renewable energy costs for retail customers. The compliance obligation for the wholesale sales requires allowance to be obtained through the auction or in the secondary market quarterly. At June 30, 2016, the value of prepaid Cap and Trade allowance is $17,990, and the value of the Cap and Trade obligation is $8,438.

Operating Leases

In January 2005, the City entered into a long-term noncancelable ground lease with City of Fullerton, for an approximately 1.56 acre site at the Fullerton Municipal Airport for the operation of the Anaheim Police Department Heliport. The term of the lease is 40 years with two 10-year extensions commencing from January 2005 and ending December 2044. The base rent is adjusted every five years by ten percent (10%). The City constructed a building of approximately 30,000 square feet that includes offices, aircraft maintenance and storage facilities and other infrastructure supporting such facilities on the leased premise. Future minimum lease payments to be made from unrestricted revenues of the General Fund are as follows:

Fiscal Year Ending June 30	
2017	$ 59
2018	59
2019	59
2020	62
2021	65
2022-2026	336
2027-2031	369
2032-2036	406
2037-2041	447
2042-2045	334
Total minimum future rentals	$ 2,196

The Honda Center

On January 26, 1999, the City entered into a series of lease transactions for the Honda Center. Under these transactions, the City leased the Honda Center to a third party trustee acting for the benefit of an equity investor for a term of approximately 39.2 years. The trustee sublet the facility back to the City for 20 years, which was shorter than the then remaining term of the management agreement between the third-party manager at that time (Manager) and the City in consideration of an advance rental payment for the entire lease term. At the end of the sublease, the City has a purchase option to purchase the trustee's rights under the lease for a fixed amount. The advance rent payments to the City were deposited into a trust fund and invested. The cash scheduled to be available from this trust fund is sufficient to pay the City's rent payments for the term of the sublease and to exercise the City's purchase option at the end of the sublease. The excess of the amount of the advance rent payment made by the trustee to the City over the deposit to the trust funds, after the payment of transaction expenses and payment to the Manager for agreeing to pledge its interest as Manager under the management agreement then in effect and agreeing to undertake certain additional obligations to the transaction, was approximately $4,000. This amount was recognized by the City as unearned revenue and is being amortized over the sublease term. The City has secured its obligations to the other parties to these lease transactions by a pledge of its respective interest in revenues from the facility, subordinate (with certain exceptions) to any interests of the debt holders of the facility. The City's obligations under these lease transactions are considered to be defeased in substance, and therefore the related liabilities as well as the trust assets have been excluded from the City's financial statements. The City's and AAM's respective rights under the FMA are subject in certain respects to the effect of the 1999 lease transaction.

Effective December 16, 2003, the City and Anaheim Arena Management LLC (AAM) entered into a Facility Management Agreement (FMA) whereby AAM has the exclusive right and license to manage, maintain and operate all aspects of the Honda Center in accordance with the FMA through June 30, 2023, with an option to extend the term for an additional period not to exceed 10 years. Annual distributions to the City, AAM and the County of Orange are required for their respective share of adjusted net revenues, as defined in the FMA. In the event that cash on hand is insufficient to pay operating expenses, debt service, distributions to the City, the County of Orange, or other amounts payable, AAM shall make or cause an affiliate or third-party lending institution to make loans for such purposes, as defined in the FMA. Such funds will be repaid from gross revenues or adjusted net revenues, if any, as defined in and in accordance with disbursement priorities established in the FMA. At June 30, 2016, the outstanding conduit debt on the Honda Center totaled $25,000. The debt is non-recourse, payable from revenues generated by the facility. Neither the faith and credit nor the taxing power of the City is pledged to the payment of the debt. The debt is not a general or special obligation of the City, nor does it contain any credit enhancements that secondarily pledge existing or future resources of the City (other than revenues generated by the facility), and accordingly it is not reflected in the accompanying basic financial statements.

Angel Stadium of Anaheim

On May 14, 1996, the City and the California Angels, LP (Team), which was then managed by Disney Sports Enterprises, Inc. (subsequently known as Anaheim Sports, Inc.), entered into an agreement to provide for the operation and refurbishment of the Stadium. Pursuant to the agreement, the Team assumed responsibility for the operation of the Stadium on October 1, 1996. The agreement runs for 33 years (subject to a limited Team option to cancel at 20 years and the Team's right to extend the term). In September 2013, the agreement was modified extending the Team's right to terminate the agreement by three years to October 16, 2019. Concurrent with amending the termination right, the City and the Team entered into two Memorandums of Understanding providing a nonbinding framework for negotiations relating to an extension of the Team's tenancy at the stadium and for the potential development of the surrounding stadium area.

Under the terms of the agreement, the Team assumed full responsibility for all Stadium operations and maintenance, including capital maintenance. The Team books all Stadium and parking lot events (except for ten annual City events), pays all expenses, and retains all revenue (subject to the City's rights to share in certain net revenues) except that the City credits the Team up to $500 per year adjusted annually for CPI as a capital reserve contribution, calculated on the basis of property taxes. The City's participation in net revenues includes amounts received by the Team above certain thresholds including paid admissions ($2.00 per paid admission in excess of 2.6 million admissions per year), net income from non-game events (in excess of $2,000 per year adjusted annually for CPI), and parking lot net income (25% in excess of $4,000 per year adjusted annually for CPI). Additionally, as indicated above, the City retained the right to book and retain all revenue from ten parking lot events per year. Major League Baseball consented to the transfer of the Team in fiscal year 2003 to interests controlled by Arte Moreno. No changes in the terms of the agreement with the Team were made in connection with that transfer.

The Agreement also provided that the City had the right to develop approximately 42 acres of the parking lot development site. In 1998 a land sale of $1,000 for a 1.25 acre site was approved for the construction of a 1,100-seat theatre called "Tinseltown Studios" (now known as "City National Grove of Anaheim"). In November 2002, the City purchased the facility and the land for $6,700 from its then owner, SMG. Concurrent with the purchase, the City granted to Nederlander-Grove LLC (Nederlander) a license to operate the facility for three years with the right to extend another five years. In May 2009, the management agreement was amended extending the term to December 31, 2015 with the right to extend another five year period. In June 2015, the option to extend was exercised, which extends the term to December 31, 2020. Additionally, under the amended management agreement, effective January 1, 2009, Nederlander no longer receives a management fee of $150 and the City's share in the annual net profits and losses from operations increased from 50% to 60%. Nederlander is responsible for 100% of losses in excess of $400, thereby limiting the City's share of net losses to a maximum of $240 in any given year. The City may elect to terminate the agreement prior to expiration of the term under certain conditions, and pay the unamortized balance of capital assets purchased during the term to Nederlander. Concurrent with the amendment to the management agreement, the parking license fee agreement was amended, wherein the parking license fees from Nederlander were reduced to $176 and is subject to adjustment annually based on CPI increases. Nederlander paid the City $194 for the year ended June 30, 2016, for parking and common area maintenance.

Muzeo

In October 2007, the City and the former Redevelopment Agency entered into a property operating agreement with the Muzeo Foundation to operate and provide programming for the Muzeo, the downtown museum. The property operating agreement is for a term of 30 years and provides for a line of credit for the first 3 years from the City to the Muzeo Foundation in an amount not to exceed $1,000 or 95% of pledges at an annual interest rate of 5%. The property operating agreement was amended on August 1, 2010, to extend the maturity date to June 30, 2015. It also amended the aggregate amount of the line of credit to $500 during fiscal year 2011 and $200 during each fiscal year thereafter with amounts being converted to grants upon achieving fund raising thresholds. At June 30, 2016, there was no amount due to the City.

800 Megahertz Countywide Coordinated Communications System

On March 17, 2015, the City Council approved an Amendment to the Joint Agreement with the County of Orange for the operation, Maintenance and Financial Management of the 800 Megahertz (MHz) Countywide Coordinated Communication System (CCCS). The 800 MHz CCCS allows all police, fire, public works, and marine safety agencies in Orange County to share a common radio system, yet still provide agencies their own unique dispatch and tactical channel in addition to seamless interoperability throughout the County. The Joint Agreement with the County calls for the CCCS to be systematically upgraded in phases over the next four years, including replacement of three main components; the backbone equipment, subscriber equipment and dispatch consoles. The Joint Agreement requires the financial participation of all 34 cities as well as the County and participating agencies. The City portion of the equipment cost is estimated to be $14,408 as follows:

Fiscal Year	Component	Estimated Cost
2016	Consoles	$ 1,929
2017	Backbone	3,876
2017	Radios	8,603
		$ 14,408

On September 15, 2015, the City Council approved the purchase of the replacement consoles and the related system integration services at a cost of $1,422. The City paid the purchase with cash on hand.

On November 3, 2015, the City Council approved a Master Equipment Lease/ Purchase Agreement with Banc of America Public Capital Corp.,. This Agreement provides $1,100 financing for the purchase of a portion of the required replacement radios. This loan bears 1.98% interest rate, payable semi-annually over a period of 10 years.

The remaining City commitment for the CCCS will be completed in the subsequent fiscal years.

Litigation

A number of claims and suits are pending against the City for alleged damages to persons and/or property and for other alleged liabilities arising out of matters usually incident to the operation of a city such as Anaheim. Although the aggregate amount asserted for such lawsuits and claims is significant, in the opinion of City management, the City has strong defenses against such claims, and thus the ultimate loss, if any, relating to these claims and suits not covered by insurance or reflected in the financial statements, will not materially affect the financial position of the City.

Grants

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

Construction and other significant commitments

At June 30, 2016, the City had the following commitments with respect to unfinished capital projects, disposition and development agreements, reimbursement agreements and cooperation agreements:

Capital Projects	Remaining Construction Commitment	Expected Completion Date
ARTIC	$ 1,487	2017
Wells No. 36 and 59	1,278	2016
Convention Center Expansion Betterment VII	83,579	2016
Direct Buried Cable Replacement Phase II	570	2016
Downtown Anaheim Water Design-Build	687	2016
Historic Rehabilitation Of 883 S. Anaheim Blvd	523	2016
La Palma Complex Reservoir And Pump Station	9,332	2017
Ponderosa Park Family Resource Center & Park Upgrade	13,374	2017
Residential Street Improvements Bond Project Group 6	3,100	2016
Santa Ana Street Improvement	589	2016
Software Upgrades	1,117	2017
Underground District No 57 Phase 1	1,118	2016
Underground District No. 62 Phase 2	9,369	2017
Underground District No. 63 - Lincoln / Rio Vista	11,840	2017
Vehicle acquisitions	2,416	2017
Windy Ridge Water Storage Tank Project	9,882	2018
Total	$ 150,261	

NOTE 14 – SUBSEQUENT EVENTS:

On August 10, 2016 the City issued Special Tax Refunding Bonds, Series 2016, for the Community Facilities District No. 06-2 (CFD 06-2) Stadium Loft in the principal amount of $7,540 and at a premium of $91 to refund $7,680 outstanding principal of the CFD 06-2, Special Tax Bonds, Series 2007. The City reduced the CFD 06-2 total debt service payments over the life of the refunded bonds by $1,989 with a present value savings of $1,352. The true interest cost is 2.89% payable semi-annually commencing from March 1, 2017 through September 1, 2037. Total debt service is $10,181 to maturity.

Proceeds of the refunded bonds together with $1,067 of the prior debt service reserve and special tax funds totaled $8,699 were deposited as follows:

Deposited in escrow for the refunding bonds	$ 7,942
Debt service reserve fund	487
Cost of issuance	252
Administration fund	18
Total	$ 8,699

On August 10, 2016 the City issued Special Tax Bonds, Series 2016, for the Community Facilities District No. 08-1 (CFD 08-1) Platinum Triangle in the principal amount of $60,000 and at a premium of $5,923. The bonds are being used to provide financing for acquisition and construction of certain public facilities necessary for the continued development of the District, and to refund the $ 22,730 outstanding principal of the CFD 08-1, Special Tax Bonds, Series 2010. The City reduced the CFD 08-1 total debt service payments over the life of the refunded bonds by $13,325 with a present value savings of $8,649. The true interest cost is 3.38% payable semiannually commencing from March 1, 2017 through September 1, 2037. Total debt service is $110,392 to maturity.

Proceeds of the bonds together with $3,500 from prior debt service reserve and special tax funds totaled $69,423 were deposited as follows:

Project Fund	$ 36,772
Deposited in escrow for the refunding bonds	26,544
Debt service reserve fund	4,591
Capitalized interest	672
Cost of issuance	791
Administration fund	53
Total	$ 69,423

On September 13, 2016, the City entered into a Lease-Purchase agreement with Government Capital Corporation to provide financing for the purchase of a permit tracking and land management system to replace the existing Tidemark system. The principal amount of the loan is $5,190 at an interest rate of 2.48% per annum, payable over a 5-year period. Total principal and interest is $5,448 to maturity.

On October 19, 2016, the Electric Utility issued Anaheim Housing and Public Improvements Authority Revenue Tax-Exempt Bonds Series 2016-A in the principal amount of $219,285 at a premium of $35,183 to refund $77,290 of the outstanding balance on the 2007-A Revenue bonds, the remaining outstanding balance of $58,260 on the 2009-A Revenue bonds and to provide financing of $100,000 for capital improvements related to the transmission, distribution and storage system. The total debt service is $402,762 to maturity. The true interest cost is 3.71%. The bonds will mature serially from April 1, 2017 and October 1, 2017 through 2041 in

annual principal installments ranging from $690 to $27,885. Additionally, term bonds will be due on October 1, 2041 for a principal amount of $28,520.

On October 19, 2016, the Electric Utility issued Anaheim Housing and Public Improvements Authority Revenue Taxable Bonds Series 2016-B in the principal amount of $69,780 to refund the remaining outstanding balance of $69,430 on the 2007-A Revenue bonds. The true interest cost is 2.38%. The bonds will mature serially from April 1, 2017 and October 1, 2017 through 2029 in annual principal installments ranging from $1,320 to $8,205.

Bonds proceeds of the 2016-A and 2016-B, together with the prior debt service reserve funds of $15,289 totaled $339,537 were deposited as follows:

	2016-A	2016-B
Project Fund	$ 100,000	
Deposited in escrow for the refunding bonds		
2007-A Bonds	78,868	
2009-A bonds	64,417	
2007-A Bonds		$ 70,892
Debt service reserve	18,399	5,855
Cost of issuance	843	263
Total	$ 262,527	$ 77,010

On October 19, 2016, the Water Utility issued Anaheim Housing and Public Improvements Authority Revenue Bonds Series 2016-A in the principal amount of $35,225 at a premium of $5,230. The true interest cost is 3.82%. The bonds will mature serially from April 1, 2017 and October 1, 2017 through 2036 in annual principal installments ranging from $760 to $1,485. Additionally, term bonds will be due on October 1, 2041 for a principal amount of $6,945 and October 1, 2046 for a principal amount of $7,655. The proceeds of $40,000 will be used for capital improvements related to the transmission, distribution and storage system and $450 to pay for cost issuance. The total debt service is $65,458 to maturity.

On November 22, 2016, the City entered into a Master Equipment Lease/Purchase Agreement with Banc of America Public Capital Corp., to provide financing for the purchase of the remaining required mobile radio equipment required replacement of the CCCS. Principal amount of the loan is $6,840 at an interest rate of 1.87% per annum, payable semiannually over a 10-year period. Total principal and interest is $7,531 to maturity.

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Supplementary Information

Required Supplementary Information

Schedule of Changes in the Net Pension Liability and Related Ratios
Last Ten Fiscal Years[1] (In thousands)

Measurement Period	Miscellaneous 2014-2015	Police Safety 2014-2015	Fire Safety 2014-2015	Total 2014-2015	Miscellaneous 2013-2014	Police Safety 2013-2014	Fire Safety 2013-2014	Total 2013-2014
TOTAL PENSION LIABILITY								
Service cost	$ 20,334	$ 12,193	$ 5,419	$ 37,946	$ 21,254	$ 13,088	$ 5,961	$ 40,303
Interest on the Total Pension Liability	88,334	46,658	27,760	162,752	85,591	45,898	27,044	158,533
Difference Between Expected and Actual Experience								
Changes of Assumptions	(21,249)	(11,546)	(6,582)	(39,377)				
Difference Between Expected and Actual Experience	(16,296)	(19,370)	(4,549)	(40,215)				
Benefit Payments, including Refunds of Employee Contributions	(57,158)	(30,517)	(19,944)	(107,619)	(53,552)	(28,845)	(18,657)	(101,054)
Net Change in Total Pension Liability	13,965	(2,582)	2,104	13,487	53,293	30,141	14,348	97,782
Total Pension Liability - Beginning	1,210,654	649,990	381,275	2,241,919	1,157,361	619,849	366,927	2,144,137
Total Pension Liability - Ending (a)	1,224,619	647,408	383,379	2,255,406	$ 1,210,654	$ 649,990	$ 381,275	$2,241,919
PLAN FIDUCIARY NET POSITION								
Contributions - Employer	25,375	14,663	7,622	47,660	$ 23,841	$ 13,505	$ 7,723	$ 45,069
Contributions - Employees	8,877	4,192	2,075	15,144	8,893	4,064	2,337	15,294
Net Investment Income	20,081	10,967	6,515	37,563	135,468	75,115	44,305	254,888
Benefit Payments, including Refunds of Employee Contributions	(57,158)	(30,517)	(19,944)	(107,619)	(53,552)	(28,845)	(18,657)	(101,054)
Plan to Plan Resource Movement	(5)	5						
Administrative Expense	(1,011)	(562)	(326)	(1,899)				
Net Change in Fiduciary Net Position	(3,841)	(1,252)	(4,058)	(9,151)	114,650	63,839	35,708	214,197
Plan Fiduciary Net Position - Beginning	902,234	500,263	293,624	1,696,121	787,584	436,424	257,916	1,481,924
Plan Fiduciary Net Position - Ending (b)	898,393	499,011	289,566	1,686,970	902,234	500,263	293,624	1,696,121
Plan Net Pension Liability (Asset) - Ending (a) - (b)	$ 326,226	$ 148,397	$ 93,813	$ 568,436	$ 308,420	$ 149,727	$ 87,651	$ 545,798
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	73.36%	77.08%	75.53%	74.80%	74.52%	76.96%	77.01%	75.65%
Covered-Employee Payroll	$ 116,954	$ 56,963	$ 32,798	$ 206,715	$ 117,360	$ 54,378	$ 33,488	$ 205,226
Plan Net Pension Liability (Asset) as a Percentage of Covered Employee Payroll	278.94%	260.51%	286.03%	274.99%	262.80%	275.34%	261.74%	265.95%

[1] Historical information is required only for measurement periods for which GASB 68 is applicable, Additional years will be presented as they become available

Notes:

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

Changes of Assumptions: The discount rate was changed from 7.5% (net of administrative expense) to 7.65%

See accompanied Independent auditors' report

Schedule of Pension Plan Contributions

Last Ten Fiscal Years[1] (In thousands)

	Miscellaneous 2014-2015	Police Safety 2014-2015	Fire Safety 2014-2015	Total 2014-2015	Miscellaneous 2013-2014	Police Safety 2013-2014	Fire Safety 2013-2014	Total 2013-2014
Actuarially Determined Contribution	$ 25,375	$ 14,663	$ 7,622	$ 47,660	$ 23,841	$ 13,505	$ 7,723	$ 45,069
Contributions in Relation to the Actuarially Determined Contribution	(25,375)	(14,663)	(7,622)	(47,660)	(23,841)	(13,505)	(7,723)	(45,069)
Contribution Deficiency (Excess)								
Covered-Employee Payroll	$ 116,954	$ 56,963	$ 32,798	$ 206,715	$ 117,360	$ 54,378	$ 33,488	$ 205,226
Plan Net Pension Liability/(Asset) as a Percentage of Covered Employee Payroll	21.70%	25.74%	23.24%	23.06%	20.31%	24.84%	23.06%	21.96%

[1] Historical information is required only for measurement periods for which GASB 68 is applicable. Additional years will be presented as they become available.

Notes to Schedule:

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2013-14 and 2014-2015 were from the June 30, 2011 and June 30, 2012 funding valuation reports respectively. valuations.

Actuarial Cost Method	Entry Age Normal
Amortization Method/Period	Level Percent of Payroll
Asset Valuation Method	Actuarial Value of Assets
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Payroll Growth	3.00%
Investment Rate of Return, for Measurement Date June 30, 2014	7.50% Net of Pension Plan Investment and Administrative Expenses; includes Inflation
Investment Rate of Return, for Measurement Date June 30, 2015	7.65% Net of Pension Plan Investment Expenses; includes Inflation
Retirement Age	The probabilities of Retirement are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007
Mortality	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and Post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.

See accompanied Independent auditors' report

Schedule of Funding Progress for Other Post - Employment Benefits

(Amounts in Thousands)

Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Accrued Liability	Unfunded Liability AVA	Funded Ratios AVA	Annual Covered Payroll	UL as a % of Payroll
July 1, 2015	$ 9,787	$ 271,243	$ 191,456	29.4%	$ 6,522	115.0%
July 1, 2013	74,013	237,202	163,189	31.2%	155,317	105.1%
July 1, 2011	67,747	201,108	133,361	33.7%	169,331	78.8%
July 1, 2010	63,920	211,914	147,994	30.2%	177,229	83.5%

See accompanied Independent auditors' report

Supplementary Information

Summary of Pension Obligation Funding Progress

(in thousands)

June 30, 2015 Actuarial Valuation Date	Market Value of Assets (MVA)	Accrued Liability	Unfunded Liability	Funded Ratio	Annual Covered Payroll	UL as a % of Payroll
Miscellaneous	$ 896,992	$ 1,217,106	$ 320,114	73.7%	$ 108,154	296.0%
Police Safety	498,226	666,459	168,233	74.8%	45,125	372.8%
Fire Safety	289,122	387,567	98,445	74.6%	20,971	469.4%
Total	$ 1,684,340	$ 2,271,132	$ 586,792	74.2%	$ 174,250	336.8%

June 30, 2014 Actuarial Valuation Date	Market Value of Assets (MVA)	Accrued Liability	Unfunded Liability	Funded Ratio	Annual Covered Payroll	UL as a % of Payroll
Miscellaneous	$ 900,750	$ 1,194,359	$ 293,609	75.4%	$ 108,776	269.9%
Police Safety	499,432	630,621	131,189	79.2%	40,583	323.3%
Fire Safety	293,153	376,725	83,572	77.8%	20,326	411.2%
Total	$ 1,693,335	$ 2,201,705	$ 508,370	76.9%	$ 169,685	299.6%

June 30, 2013 Actuarial Valuation Date	Market Value of Assets (MVA)	Accrued Liability	Unfunded Liability	Funded Ratio	Annual Covered Payroll	UL as a % of Payroll
Miscellaneous	$ 786,278	$ 1,101,160	$ 314,882	71.4%	$ 107,587	292.7%
Police Safety	435,595	586,151	150,556	74.3%	41,946	358.9%
Fire Safety	257,573	352,186	94,613	73.1%	21,464	440.8%
Total	$ 1,479,446	$ 2,039,497	$ 560,051	72.5%	$ 170,997	327.5%

See accompanied Independent auditors' report

Nonmajor Governmental Funds

Nonmajor Governmental Funds

SPECIAL REVENUE FUNDS are used to account for revenues derived from specific taxes or other earmarked revenue sources (other than for major capital projects) that are restricted by law or administrative action to expenditures for specified purposes

GAS TAX - Established to account for the construction and maintenance of the road network system of the City. Financing is provided primarily by the City's share of Federal, State, and local gasoline taxes. Federal, State, and local regulations require that these gasoline taxes be used to improve and maintain streets, and includes programs intended to improve the air quality of the region.

WORKFORCE DEVELOPMENT FUND - Established to account for the City's involvement in Federal, State, and local programs to create jobs and provide the unemployed citizens in the Anaheim area with job training opportunities.

COMMUNITY DEVELOPMENT BLOCK GRANT FUND - Established to account for fi ancing of the development of viable urban communities through the provision of decent housing, suitable living environments and economic opportunity, principally for persons of low and moderate income. Financing is provided by the Federal Housing and Urban Development (HUD) grants.

GRANTS FUND - Established to account for various grants requiring segregated fund accounting. Financing is provided by Federal, State, and local agencies.

ANAHEIM RESORT MAINTENANCE DISTRICT FUND - Established to account for the levy and collection of special assessments to pay the cost of annual maintenance and improvements within the district against those parcels that specifically benefit from the enhanced maintenance and improvement

ANAHEIM TOURISM IMPROVEMENT DISTRICT FUND - Established to account for the collection of a special assessment supporting marketing, promotion and transit project costs in support of the City's tourism and convention industry.

NARCOTIC ASSET FORFEITURE FUND - Established to account for funds received from Federal and State agencies that are derived from monies and property seized by the Police Department in drug related incidents. These funds are used to supplement existing resources of the City's law enforcement activities.

LONG RANGE PROPERTY MANAGEMENT PLAN - Established to account for future development and property management activities of the assets that were trasferred from the Successor Agency to the Former Anaheim Redevelopment Agency's approved Long Range Property Management Plan.

DEBT SERVICE FUNDS are used to account for the accumulation of resources and the payment of principal and interest on general debt of the City and related entities.

GENERAL OBLIGATION BONDS FUND - Established to accumulate resources for the payment of principal and interest on general obligation bonds of the City. Debt service is financed by property tax revenues.

MUNICIPAL FACILITIES FUND - Established to accumulate resources for payment of the principal and interest on the certificates of participation for the Parking Facility Project, Police Facilities Projects, Arena Land Acquisition, and other various acquisitions and capital improvements.

ANAHEIM RESORT IMPROVEMENTS FUND - Established to accumulate resources for payment of the principal and interest on the lease revenue bonds for the Anaheim Resort improvements.

CAPITAL PROJECTS FUNDS are used to account for resources used for the acquisition and construction of capital assets by the City, except for those financed by proprietary funds

STREET CONSTRUCTION: Established to account for transportation improvement construction in the City's right-of-way. Financing is provided primarily by Federal, State and local grants, and Measure M2 allocations by the County of Orange.

TRANSPORTATION IMPROVEMENT PROJECT FUND - Established to account for transportation improvement projects in the City, primarily in support of the Anaheim Regional Transportation Intermodal Center (ARTIC), which is a transportation gateway and mixed-use activity center funded by grants from OCTA. Financing is provided by Federal, State and local agencies.

DEVELOPMENT IMPACT PROJECTS FUND - Established to account for infrastructure improvements, primarily in the Platinum Triangle area, which provide development opportunities for high density, mixed use, office, restaurant, and residential projects. Financing is provided primarily by development impact fees

COMMUNITY SERVICES FACILITIES - Established to account for the development of new parksites, playgrounds and library facilities. Federal and State grant programs, in conjunction with fees charged to residential and commercial developers, provide financing. Mu h of this revenue is used to support the capital construction of parks and other recreational facilities throughout the City.

STORM DRAIN CONSTRUCTION FUND - Established to account for the City's storm drain construction. Financing is provided by drainage assessment fees charged to residential and commercial developers.

OTHER CAPITAL IMPROVEMENTS FUND - Established to account for various capital projects as determined by the City Council. Currently, financing for these projects is provided by bond proceeds and subsidies from the General Fund.

MELLO-ROOS PROJECTS - Established to account for road, sewer and water improvements in the community facility districts. Financing is provided by the sale of special tax bonds that are secured by and payable from the proceeds of an annual special assessment on the property within the district.

Combining Balance Sheet
Nonmajor Governmental Funds by Fund Type
June 30, 2016 (In thousands)

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	$ 6,763	$ 414	$ 7,561	$ 14,738
Investments	29,350	1,686	30,796	61,832
Accounts receivable, net	1,607		17	1,624
Accrued interest receivable	84	19	97	200
Due from other funds	8,620		11,044	19,664
Due from other governments	8,587	5	16,562	25,154
Land held for resale	22,178			22,178
Prepaid and other assets	13		5,987	6,000
Restricted cash and cash equivalents		25,895	8,426	34,321
Restricted investments		80,468	14,223	94,691
Notes receivable, net	29,724			29,724
Due from Successor Agency	5,359		6,372	11,731
Total assets	$ 112,285	$ 108,487	$ 101,085	$ 321,857
LIABILITIES				
Accounts payable	$ 5,298	$ 5	$ 4,944	$ 10,247
Wages payable	191		31	222
Deposits			1,187	1,187
Due to other funds	1,344		19,664	21,008
Due to other governments	1,500			1,500
Total liabilities	8,333	5	25,826	34,164
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues	178		14,246	14,424
Unavailable resources- long-term notes receivable	29,724			29,724
Unavailable resources - due from Successor Agency	5,359		6,372	11,731
Total deferred inflows of resources	35,261		20,618	55,879
FUND BALANCES				
Nonspendable:				
Prepaid and other assets	13		5,987	6,000
Restricted:				
Anaheim Resort maintenance and improvement	6,292			6,292
Capital projects			15,387	15,387
Community and economic development projects	25,674			25,674
Debt service		107,227		107,227
Development impact projects			47,662	47,662
Grant purposes	6,907			6,907
Homebuyer assistance program	2,476			2,476
Streets, roads and transportation improvement projects	26,305			26,305
Assigned				
Debt service		1,255		1,255
Capital projects	1,032		3,588	4,620
Other purposes				
Unassigned	(8)		(17,983)	(17,991)
Total fund balances	68,691	108,482	54,641	231,814
Total liabilities, deferred inflows of resources, and fund balances	$ 112,285	$ 108,487	$ 101,085	$ 321,857

See accompanied Independent auditors' report

Combining Statement of Revenues, Expenditures and Changes in Fund Balances Nonmajor Governmental Funds by Fund Type Year Ended June 30, 2016 (In thousands)

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues:				
Property taxes		$ 745		$ 745
Licenses, fees and permits	$ 22		$ 5,945	5,967
Intergovernmental revenues	32,333	4	12,125	44,462
Charges for services	21,003			21,003
Use of money and property	45,443	235	1,107	46,785
Other	2,186		613	2,799
Total revenues	100,987	984	19,790	121,761
Expenditures:				
Current:				
City Attorney	120			120
Finance		23		23
Police	7,005		260	7,265
Fire	760		138	898
Community and Economic Development	26,772		16	26,788
Planning	1,379		257	1,636
Public Works	11,035	1	2,054	13,090
Community Services	362		1,101	1,463
Convention, Sports and Entertainment	12,200			12,200
Capital outlay	6,367		23,066	29,433
Debt service:				
Principal retirement	1,041	26,796	611	28,448
Interest charges	504	16,041	385	16,930
Debt issuance costs	67,545	42,861	27,888	138,294
Total expenditures				
Excess (deficiency) of revenues over (under) expenditures	33,442	(41,877)	(8,098)	(16,533)
Other financing sources (uses):				
Transfers in	605	62,391	4,635	67,631
Transfers out	(6,591)	(206)	(186)	(6,983)
Issuance of loan payable			1,100	1,100
Total other financing sources	(5,986)	62,185	5,549	61,748
Net change in fund balances	27,456	20,308	(2,549)	45,215
Fund balances at beginning of year	41,235	88,174	57,190	186,599
Fund balances at end of year	$ 68,691	$ 108,482	$ 54,641	$ 231,814

See accompanied Independent auditors' report

Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2016 (In thousands)

	Gas Tax	Workforce Development	Community Development Block Grant	Grants	Anaheim Resort Maintenance District	Anaheim Tourism Improvement District	Narcotic Asset Forfeiture	Long Range Property Management Plan	Total
ASSETS									
Cash and cash equivalents	$ 1,603		$ 136	$ 37	$ 1,359	$ 1,550	$ 1,104	$ 974	$ 6,763
Investments	7,999		553	150	5,536	6,651	4,495	3,966	29,350
Accounts receivable, net	31					1,488		119	1,638
Accrued interest receivable				8	18	19	8		53
Notes receivable, net			5,336	24,388					29,724
Due from other funds	8,620								8,620
Due from other governments	1,666	$ 639	286	5,981	15				8,587
Land for resale								22,178	22,178
Prepaid and other assets								13	13
Due from Successor Agency			5,359						5,359
Total assets	$ 19,919	$ 639	$ 11,670	$ 30,564	$ 6,928	$ 9,708	$ 5,607	$ 27,250	$ 112,285
LIABILITIES									
Accounts payable	$ 1,202	$ 363	$ 204	$ 701	$ 627	$ 2,061	$ 77	$ 63	$ 5,298
Wages payable	56	22	29	17	9	3	55		191
Due to other funds		244		1,100					1,344
Due to other governments								1,500	1,500
Total liabilities	1,258	629	233	1,818	636	2,064	132	1,563	8,333
DEFERRED INFLOWS OF RESOURCES									
Unavailable revenues		18		160					178
Unavailable resources- long-term notes receivable			5,336	24,388					29,724
Unavailable resources - due from Successor Agency			5,359						5,359
Total deferred inflows of resources		18	10,695	24,548					35,261
FUND BALANCES									
Nonspendable:									
Prepaid and other assets								13	13
Land held for resale									
Restricted:									
Anaheim Resort maintenance and improvement					6,292				6,292
Capital projects									
Community and economic development projects								25,674	25,674
Grant purposes			742	690			5,475		6,907
Homebuyer assistance program				2,476					2,476
Streets, roads and transportation improvement projects	18,661					7,644			26,305
Assigned:									
Capital projects				1,032					1,032
Unassigned		(8)							(8)
Total fund balances	18,661	(8)	742	4,198	6,292	7,644	5,475	25,687	68,691
Total liabilities, deferred inflows of resources, and fund balance	$ 19,919	$ 639	$ 11,670	$ 30,564	$ 6,928	$ 9,708	$ 5,607	$ 27,250	$ 112,285

See accompanied Independent auditors' report

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
June 30, 2016 (In thousands)

	Gas Tax	Workforce Development	Community Development Block Grant	Grants	Anaheim Resort Maintenance District	Anaheim Tourism Improvement District	Narcotic Asset Forfeiture	Long Range Property Management Plan	Total
Revenues:									
Licenses, fees and permits				$ 22					$ 22
Intergovernmental revenues	$ 13,244	$ 3,498	$ 4,017	8,807			$ 2,767		32,333
Charges for services	189				$ 4,377	$ 16,437			21,003
Use of money and property	213		302	282	69	52	51	$ 44,474	45,443
Other	9	3	835	1,297	38		4		2,186
Total revenues	13,655	3,501	5,154	10,408	4,484	16,489	2,822	44,474	100,987
Expenditures:									
Current:									
City Attorney			120						120
Police				4,910			2,095		7,005
Fire			12	748					760
Community and Economic Development		3,524	1,288	2,906				19,054	26,772
Planning			1,379						1,379
Public Works	5,056				5,553	426			11,035
Community Services			342	20					362
Convention, Sports and Entertainment						12,200			12,200
Capital outlay	4,405		547	965	189	191		70	6,367
Debt service:									
Principal retirement	250		640				151		1,041
Interest charges			449				55		504
Total expenditures	9,711	3,524	4,777	9,549	5,742	12,817	2,301	19,124	67,545
Excess (deficiency) of revenues over (under) expenditures	3,944	(23)	377	859	(1,258)	3,672	521	25,350	33,442
Other financing sources (uses):									
Transfers in	68				200			337	605
Transfers out	(3,527)					(3,064)			(6,591)
Total other financing sources (uses)	(3,459)				200	(3,064)		337	(5,986)
Net change in fund balances	485	(23)	377	859	(1,058)	608	521	25,687	27,456
Fund balances at beginning of year	18,176	15	365	3,339	7,350	7,036	4,954		41,235
Fund balances at end of year	$ 18,661	$ (8)	$ 742	$ 4,198	$ 6,292	$ 7,644	$ 5,475	$ 25,687	$ 68,691

See accompanied Independent auditors' report

Schedule of Revenues, Expenditures and Changes in Fund Balances Budget and Budgetary Basis Actual - All Nonmajor Special Revenue Funds Year Ended June 30, 2016 (In thousands)

	Gas Tax			Workforce Development		
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:						
Licenses, fees and permits	$ 40		$ (40)			
Intergovernmental revenues	13,666	$ 13,244	(422)	$ 4,076	$ 3,498	$ (578)
Charges for services	190	189	(1)			
Use of money and property		213	213			
Other	9	9			3	3
Total revenues	13,905	13,655	(250)	4,076	3,501	(575)
Expenditures:						
City Attorney						
Finance						
Police						
Fire						
Community Development and Economic Development				4,094	3,524	(570)
Planning						
Public Works	27,607	9,711	(17,896)			
Community Services						
Convention, Sports and Entertainment						
Total expenditures	27,607	9,711	(17,896)	4,094	3,524	(570)
Excess (deficiency) of revenues over (under) expenditures	(13,702)	3,944	17,646	(18)	(23)	(5)
Other financing sources (uses):						
Transfers in	66	68	2			
Transfers out	(2,331)	(3,527)	(1,196)			
Issuance of loan payable						
Total other financing sources (uses)	(2,265)	(3,459)	(1,194)			
Net change in fund balances	(15,967)	485	16,452	(18)	(23)	(5)
Fund balances at beginning of year	18,176	18,176		15	15	
Fund balance at end of year	$ 2,209	$ 18,661	$ 16,452	$ (3)	$ (8)	$ (5)

(continued)

Schedule of Revenues, Expenditures and Changes in Fund Balances Budget and Budgetary Basis Actual - All Nonmajor Special Revenue Funds Year Ended June 30, 2016 (In thousands) (continued)

	Community Development Block Grant			Grants		
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:						
Licenses, fees and permits				$ 30	$ 22	$ (8)
Intergovernmental revenues	$ 8,079	$ 4,017	$ (4,062)	16,374	8,807	(7,567)
Charges for services						
Use of money and property	227	302	75	21	282	261
Other	471	835	364	5	1,297	1,292
Total revenues	8,777	5,154	(3,623)	16,430	10,408	(6,022)
Expenditures:						
City Attorney	120	120				
Finance						
Police				6,605	5,726	(879)
Fire	12	12		1,846	894	(952)
Community Development and Economic Development	6,891	2,924	(3,967)	5,999	2,906	(3,093)
Planning	1,471	1,379	(92)			
Public Works	546		(546)	236	3	(233)
Community Services	494	342	(152)	186	20	(166)
Convention, Sports and Entertainment						
Total expenditures	9,534	4,777	(4,757)	14,872	9,549	(5,323)
Excess (deficiency) of revenues over (under) expenditures	(757)	377	1,134	1,558	859	(699)
Other financing sources (uses):						
Transfers in						
Transfers out						
Issuance of loan payable						
Total other financing sources (uses)						
Net change in fund balances	(757)	377	1,134	1,558	859	(699)
Fund balances at beginning of year	365	365		3,339	3,339	
Fund balances at end of year	$ (392)	$ 742	$ 1,134	$ 4,897	$ 4,198	$ (699)

See accompanied Independent auditors' report

Schedule of Revenues, Expenditures and Changes in Fund Balances Budget and Budgetary Basis Actual - All Nonmajor Special Revenue Funds Year Ended June 30, 2016 (In thousands) (continued)

	Anaheim Resort Maintenance District			Anaheim Tourism Improvement District		
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:						
Licenses, fees and permits						
Intergovernmental revenues						
Charges for services	$ 4,411	$ 4,377	$ (34)	$ 15,845	$ 16,437	$ 592
Use of money and property	67	69	2	57	52	(5)
Other	4	38	34			
Total revenues	4,482	4,484	2	15,902	16,489	587
Expenditures:						
City Attorney						
Finance						
Police						
Fire						
Community Development and Economic Development						
Planning						
Public Works	6,450	5,742	(708)	1,539	617	(922)
Community Services						
Convention, Sports and Entertainment				12,200	12,200	
Total expenditures	6,450	5,742	(708)	13,739	12,817	(922)
Excess (deficiency) of revenues over (under) expenditures	(1,968)	(1,258)	710	2,163	3,672	1,509
Other financing sources (uses):						
Transfers in	200	200				
Transfers out				(3,058)	(3,064)	(6)
Issuance of loan payable						
Total other financing sources (uses)	200	200		(3,058)	(3,064)	(6)
Net change in fund balances	(1,768)	(1,058)	710	(895)	608	1,503
Fund balances at beginning of year	7,350	7,350		7,036	7,036	
Fund balances at end of year	$ 5,582	$ 6,292	$ 710	$ 6,141	$ 7,644	$ 1,503

See accompanied Independent auditors' report

Schedule of Revenues, Expenditures and Changes in Fund Balances Budget and Budgetary Basis Actual - All Nonmajor Special Revenue Funds Year Ended June 30, 2016 (In thousands)

	Narcotic Asset Forfeiture			Long Range Property Management Plan		
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:						
Licenses, fees and permits						
Intergovernmental revenues	$ 3,226	$ 2,767	$ (459)			
Charges for services						
Use of money and property	35	51	16	$ 1,445	$ 6,246	$ 4,801
Other		4	4			
Total revenues	3,261	2,822	(439)	1,445	6,246	4,801
Expenditures:						
City Attorney						
Finance						
Police	3,261	2,301	(960)			
Fire						
Community Development and Economic Development				3,074	3,074	
Planning						
Public Works						
Community Services						
Convention, Sports and Entertainment						
Total expenditures	3,261	2,301	(960)	3,074	3,074	
Excess (deficiency) of revenues over (under) expenditures		521	521	(1,629)	3,172	4,801
Other financing sources (uses):						
Transfers in					337	337
Transfers out						
Issuance of loan payable						
Total other financing sources (uses)					337	337
Net change in fund balance (deficits)		521	521	(1,629)	3,509	5,138
Fund balances (deficits) at beginning of year	4,954	4,954				
Fund balances at end of year	$ 4,954	$ 5,475	$ 521	$ (1,629)	$ 3,509	$ 5,138

Adjustment to reconcile to GAAP:	
Land held for resale transferred from the Successor Agency to the former Anaheim Redevelopment Agency	43,028
Proceeds on sale of land held for resale	(4,800)
Loss on sale of land held for resale	(16,050)
Ending fund balance - GAAP basis	25,687

See accompanied Independent auditors' report

Combining Balance Sheet
Nonmajor Debt Service Funds
June 30, 2016 (In thousands)

	General Obligation Bonds	Municipal Facilities	Anaheim Resort Improvements	Total
ASSETS				
Cash and cash equivalents	$ 169	$ 245		$ 414
Investments	688	998		1,686
Accrued interest receivable	2	17		19
Due from other governments	5			5
Restricted cash and cash equivalents		66	$ 25,829	25,895
Restricted investments		2,206	78,262	80,468
Total assets	$ 864	$ 3,532	$ 104,091	$ 108,487
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable		$ 5		$ 5
Total liabilities		5		5
Fund balances:				
Restricted for debt service	$ 864	2,272	$ 104,091	107,227
Assigned for debt service		1,255		1,255
Total fund balances	864	3,527	104,091	108,482
Total liabilities and fund balances	$ 864	$ 3,532	$ 104,091	$ 108,487

See accompanied Independent auditors' report

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Debt Service Funds
Year Ended June 30, 2016 (In thousands)

	General Obligation Bonds	Municipal Facilities	Anaheim Resort Improvements	Total
Revenues:				
Property taxes	$ 745			$ 745
Intergovernmental revenues	4			4
Use of money and property	4	$ 218	$ 13	235
Total revenues	753	218	13	984
Expenditures:				
Current:				
Finance		1	22	23
Public Works	1			1
Debt service:				
Principal retirement	660	5,506	20,630	26,796
Interest charges	41	1,249	14,751	16,041
Total expenditures	702	6,756	35,403	42,861
Excess (deficiency) of revenues over (under) expenditures	51	(6,538)	(35,390)	(41,877)
Other financing sources:				
Transfers in		6,722	55,669	62,391
Transfers out		(206)		(206)
Total other financing sources		6,516	55,669	62,185
Net change in fund balances	51	(22)	20,279	20,308
Fund balances at beginning of year	813	3,549	83,812	88,174
Fund balances at end of year	$ 864	$ 3,527	$ 104,091	$ 108,482

See accompanied Independent auditors' report

Schedule of Revenues, Expenditures and Changes in Fund Balances Budget and Actual - All Debt Service Funds Year Ended June 30, 2016 (In thousands)

	General Obligation Bonds			Municipal Facilities		
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:						
Property taxes	$ 698	$ 745	$ 47			
Intergovernmental revenues	8	4	(4)			
Use of money and property	6	4	(2)		$ 218	$ 218
Total revenues	712	753	41		218	218
Expenditures:						
Finance				$ 1,089	1,089	
Public Works	702	702		617	617	
Convention, Sports and Entertainment				5,050	5,050	
Total expenditures	702	702		6,756	6,756	
Excess (deficiency) of revenues over (under) expenditures	10	51	41	(6,756)	(6,538)	218
Other financing sources:						
Transfers in				6,739	6,722	(17)
Transfers out					(206)	(206)
Issuance of refunding bonds						
Payment to refunded bond escrow agent						
Total other financing sources				6,739	6,516	(223)
Net change in fund balances	10	51	41	(17)	(22)	(5)
Fund balances at beginning of year	813	813		3,549	3,549	
Fund balances at end of year	$ 823	$ 864	$ 41	$ 3,532	$ 3,527	$ (5)

See accompanied Independent auditors' report

Schedule of Revenues, Expenditures and Changes in Fund Balances Budget and Actual - All Debt Service Funds Year Ended June 30, 2016 (In thousands) (continued)

	Anaheim Resort Improvements		
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:			
Property taxes			
Intergovernmental revenues			
Use of money and property	$ 2	$ 13	$ 11
Total revenues	2	13	11
Expenditures:			
Finance	35,461	35,403	(58)
Public Works			
Convention, Sports and Entertainment			
Total expenditures	35,461	35,403	(58)
Excess (deficiency) of revenues over (under) expenditures	(35,459)	(35,390)	69
Other financing sources:			
Transfers in	56,589	55,669	(920)
Transfers out			
Issuance of refunding bonds			
Payment to refunded bond escrow agent			
Total other financing sources	56,589	55,669	(920)
Net change in fund balances	21,130	20,279	(851)
Fund balances at beginning of year	83,812	83,812	
Fund balances at end of year	$ 104,942	$ 104,091	$ (851)

Combining Balance Sheet
Nonmajor Capital Projects Funds
June 30, 2016 (In thousands)

	Street Construction	Transportation Improvement Projects	Development Impact Projects	Community Services Facilities	Storm Drain Construction	Other Capital Improvements	Mello-Roos Projects	Total
ASSETS								
Cash and cash equivalents	$ 2	$ 6	$ 3,661	$ 814	$ 474	$ 802	$ 1,802	$ 7,561
Investments	6	26	14,911	3,316	1,931	3,266	7,340	30,796
Accounts receivable, net			1	16				17
Accrued interest receivable			41	12	12	9	23	97
Due from other funds			7,044		2,000	2,000		11,044
Due from other governments	11,693	4,869						16,562
Prepaid and other assets	5,229			1			757	5,987
Restricted cash and cash equivalents						136	8,290	8,426
Restricted investment						14,223		14,223
Due from the Successor Agency						6,372		6,372
Total assets	$ 16,930	$ 4,901	$ 25,658	$ 4,159	$ 4,417	$ 26,808	$ 18,212	$ 101,085
LIABILITIES								
Accounts payable	$ 563	$ 97	$ 292	$ 702	$ 1,502	$ 1,728	$ 60	$ 4,944
Wages payable	15		3	1	1	10	1	31
Deposits					1,187			1,187
Due to other funds	11,043	8,621						19,664
Total liabilities	11,621	8,718	295	703	2,690	1,738	61	25,826
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenues	10,405	3,841						14,246
Unavailable resources- due from Successor Agency						6,372		6,372
Total deferred inflows of resources	10,405	3,841				6,372		20,618
FUND BALANCES								
Nonspendable:								
Prepaid and other assets	5,229			1			757	5,987
Restricted:								
Capital projects						15,387		15,387
Development impact projects			25,363	3,178	1,727		17,394	47,662
Assigned:								
Capital projects				277		3,311		3,588
Unassigned	(10,325)	(7,658)						(17,983)
Total fund balances (deficits)	(5,096)	(7,658)	25,363	3,456	1,727	18,698	18,151	54,641
Total liabilities, deferred inflows of resources, and fund balances (deficits)	$ 16,930	$ 4,901	$ 25,658	$ 4,159	$ 4,417	$ 26,808	$ 18,212	$ 101,085

See accompanied Independent auditors' report

Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits)
Nonmajor Capital Projects Funds
June 30, 2016 (In thousands)

	Street Construction	Transportation Improvement Projects	Development Impact Projects	Community Services Facilities	Storm Drain Construction	Other Capital Improvements	Mello-Roos Projects	Total
Revenues:								
Licenses, fees and permits			$ 4,817	$ 939	$ 189			$ 5,945
Intergovernmental revenues	$ 5,193	$ 4,266		2,666				12,125
Use of money and property			278	256	31	$ 426	$ 116	1,107
Other		52				561		613
Total revenues	5,193	4,318	5,095	3,861	220	987	116	19,790
Expenditures:								
Current:								
Police			19			241		260
Fire						138		138
Community and Economic Development						16		16
Planning						257		257
Public Works	1,141	217	99		178	354	65	2,054
Community Services			223	209		669		1,101
Capital outlay	6,989	348	1,788	5,455	63	8,186	237	23,066
Debt service:								
Principal retirement						611		611
Interest charges						385		385
Total expenditures	8,130	565	2,129	5,664	241	10,857	302	27,888
Excess (deficiency) of revenues over (under) expenditures	(2,937)	3,753	2,966	(1,803)	(21)	(9,870)	(186)	(8,098)
Other financing sources (uses):								
Transfers in	1,115	265				3,255		4,635
Transfers out	(3)		(183)					(186)
Issuance of loan payable						1,100		1,100
Total other financing sources (uses)	1,112	265	(183)			4,355		5,549
Net change in fund balances	(1,825)	4,018	2,783	(1,803)	(21)	(5,515)	(186)	(2,549)
Fund balances (deficits) at beginning of year	(3,271)	(11,676)	22,580	5,259	1,748	24,213	18,337	57,190
Fund balances (deficits) at end of year	$ (5,096)	$ (7,658)	$ 25,363	$ 3,456	$ 1,727	$ 18,698	$ 18,151	$ 54,641

See accompanied Independent auditors' report

Schedule of Revenues, Expenditures and Changes in Fund Balances (Deficits) Budget and Budgetary Basis Actual - All Capital Projects Funds Year Ended June 30, 2016 (In thousands)

	Street Construction			Transportation Improvement Projects		
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:						
Licenses, fees and permits						
Intergovernmental revenues	$ 50,583	$ 5,193	$ (45,390)	$ 4,838	$ 4,266	$ (572)
Charges for services						
Use of money and property						
Other				5	52	47
Total revenues	50,583	5,193	(45,390)	4,843	4,318	(525)
Expenditures:						
Police						
Fire						
Community and Economic Development						
Planning						
Public Works	53,782	8,130	(45,652)	851	565	(286)
Community Services						
Total expenditures	53,782	8,130	(45,652)	851	565	(286)
Deficiency of revenues under expenditures	(3,199)	(2,937)	262	3,992	3,753	(239)
Other financing sources (uses):						
Transfers in		1,115	1,115		265	265
Transfers out		(3)	(3)			
Issuance of note payable						
Total other financing sources		1,112	1,112		265	265
Net change in fund balances	(3,199)	(1,825)	1,374	3,992	4,018	26
Fund balances at beginning of year	(3,271)	(3,271)		(11,676)	(11,676)	
Fund balances at end of year	$ (6,470)	$ (5,096)	$ 1,374	$ (7,684)	$ (7,658)	$ 26

(continued)

Schedule of Revenues, Expenditures and Changes in Fund Balances (Deficits) Budget and Budgetary Basis Actual - All Capital Projects Funds Year Ended June 30, 2016 (In thousands) (continued)

	Development Impact Projects			Community Services Facilities		
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:						
Licenses, fees and permits	$ 5,594	$ 4,817	$ (777)		$ 939	$ 939
Intergovernmental revenues	902		(902)	$ 3,619	2,666	(953)
Charges for services						
Use of money and property	4,005	278	(3,727)	67	256	189
Other				283		(283)
Total revenues	10,501	5,095	(5,406)	3,969	3,861	(108)
Expenditures:						
Police	555	26	(529)			
Fire						
Community and Economic Development						
Planning						
Public Works	1,403	476	(927)			
Community Services	14,389	1,627	(12,762)	7,100	5,664	(1,436)
Total expenditures	16,347	2,129	(14,218)	7,100	5,664	(1,436)
Deficiency of revenues under expenditures	(5,846)	2,966	8,812	(3,131)	(1,803)	1,328
Other financing sources (uses):						
Transfers in						
Transfers out		(183)	(183)			
Issuance of note payable						
Total other financing sources (uses)		(183)	(183)			
Net change in fund balances	(5,846)	2,783	8,629	(3,131)	(1,803)	1,328
Fund balances at beginning of year	22,580	22,580		5,259	5,259	
Fund balances at end of year	$ 16,734	$ 25,363	$ 8,629	$ 2,128	$ 3,456	$ 1,328

(continued)

Schedule of Revenues, Expenditures and Changes in Fund Balances (Deficits) Budget and Budgetary Basis Actual - All Capital Projects Funds Year Ended June 30, 2016 (In thousands) (continued)

	Storm Drain Construction			Other Capital Improvements		
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:						
Licenses, fees and permits	$ 6	$ 189	$ 183			
Intergovernmental revenues				$ 2,174		$ (2,174)
Charges for services						
Use of money and property		31	31	374	$ 426	52
Other				561	561	
Total revenues	6	220	214	3,109	987	(2,122)
Expenditures:						
Police				799	799	
Fire				8,327	1,813	(6,514)
Community and Economic Development				951	951	
Planning				257	257	
Public Works	260	241	(19)	14,662	5,277	(9,385)
Community Services				674	674	
Total expenditures	260	241	(19)	25,670	9,771	(15,899)
Deficiency of revenues under expenditures	(254)	(21)	233	(22,561)	(8,784)	13,777
Other financing sources (uses):						
Transfers in				850	3,255	2,405
Transfers out						
Issuance of note payable					1,100	1,100
Total other financing sources (uses)					4,355	3,505
Net change in fund balances	(254)	(21)	233	(21,711)	(4,429)	17,282
Fund balances at beginning of year	1,748	1,748		24,213	24,213	
Fund balances at end of year	$ 1,494	$ 1,727	$ 233	$ 2,502	19,784	$ 17,282
Adjustment to reconcile to GAAP:						
Equipment acquisition from loan proceeds					(1,086)	
Ending fund balance - GAAP basis					$ 18,698	

(continued)

Schedule of Revenues, Expenditures and Changes in Fund Balances (Deficits) Budget and Budgetary Basis Actual - All Capital Projects Funds Year Ended June 30, 2016 (In thousands) (continued)

	Mello-Roos Projects		
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:			
Licenses, fees and permits			
Intergovernmental revenues			
Charges for services			
Use of money and property		$ 116	$ 116
Other			
Total revenues		116	116
Expenditures:			
Police			
Fire			
Community and Economic Development			
Planning			
Public Works	$ 18,478	302	(18,176)
Community Services			
Total expenditures	18,478	302	(18,176)
Deficiency of revenues under expenditures	(18,478)	(186)	18,292
Other financing sources (uses):			
Transfers in			
Transfers out			
Issuance of bonds			
Total other financing sources (uses)			
Net change in fund balances	(18,478)	(186)	18,292
Fund balances at beginning of year	18,337	18,337	
Fund balances at end of year	$ (141)	$ 18,151	$ 18,292

See accompanied Independent auditors' report

Internal Service Funds

Internal Service Funds

INTERNAL SERVICE FUNDS are used to account for the financing of centralized services to City departments on a cost-reimbursement basis (including depreciation)

GENERAL BENEFITS AND INSURANCE FUND - Established to account for employee compensated absences, retirement and health benefits, and self-insurance programs

MOTORIZED EQUIPMENT FUND - Established to account for motorized equipment used by City departments.

INFORMATION AND COMMUNICATION SERVICES FUND - Established to account for data processing and communication services to City departments.

MUNICIPAL FACILITIES MAINTENANCE - Established to account for City building maintenance services and equipment used by City departments.

Combining Statement of Net Position
Internal Service Funds
June 30, 2016 (In thousands)

	General Benefits and Insurance	Motorized Equipment	Information and Communication Services	Municipal Facilities Maintenance	Total
ASSETS					
Current assets:					
Cash and cash equivalents	$ 14,314	$ 1,070	$ 727	$ 530	$ 16,641
Investments	58,298	4,356	2,962	2,161	67,777
Accounts receivable, net	2,681	10			2,691
Accrued interest receivable	168	13		8	189
Interfund receivable	7				7
Inventories		790			790
Prepaid and other assets	1,695		186		1,881
Total current assets	77,163	6,239	3,875	2,699	89,976
Noncurrent assets:					
Accounts receivable, less current portion	3,151				3,151
Interfund receivable, less current portion	17				17
Net other post-employment benefits (OPEB) asset	11,244				11,244
Capital assets:					
Buildings, structures and improvements		3,230		5,465	8,695
Machinery and equipment	93	41,271	23,622	2,993	67,979
Construction in progress			1,131	190	1,321
Less accumulated depreciation	(75)	(30,071)	(17,491)	(4,533)	(52,170)
Capital assets, net	18	14,430	7,262	4,115	25,825
Total noncurrent assets	14,430	14,430	7,262	4,115	40,237
Total assets	91,593	20,669	11,137	6,814	130,213
DEFERRED OUTFLOW OF RESOUCES					
Deferred pension related items	659	670	201	511	2,041
Total deferred outflow of resources	659	670	201	511	2,041
LIABILITIES					
Current liabilities:					
Accounts payable	2,440	322	2,130	1,931	6,823
Wages payable	4,034	58	13	50	4,155
Due to other Funds			2		2
Compensated absences	15,186				15,186
Self-insurance liability	10,228				10,228
Long-term liabilities			1,111		1,111
Unearned revenues	2,203				2,203
Total current liabilities	34,091	380	3,256	1,981	39,708
Noncurrent liabilities:					
Compensated absences, less current portion	4,866				4,866
Self-insurance liability, less current portion	40,388				40,388
Long-term liabilities, less current portion			977		977
Net pension liabilities	6,629	6,228	1,134	5,298	19,289
Total noncurrent liabilities	51,883	6,228	2,111	5,298	65,520
Total liabilities	85,974	6,608	5,367	7,279	105,228
DEFERRED INFLOW OF RESOURCES					
Deferred pension related items	1,428	1,113	420	947	3,908
Total deferred inflow of resources	1,428	1,113	420	947	3,908
NET POSITION					
Net investment in capital assets	18	14,430	5,174	4,115	23,737
Unrestricted	4,832	(812)	377	(5,016)	(619)
Total net position	$ 4,850	$ 13,618	$ 5,551	$ (901)	$ 23,118

See accompanied Independent auditors' report

Combining Statement of Revenues, Expenses and Changes in Net Position
Internal Service Funds
Year Ended June 30, 2016 (In thousands)

	General Benefits and Insurance	Motorized Equipment	Information and Communication Services	Municipal Facilities Maintenance	Total
Operating revenues:					
Charges for services	$ 100,189	$ 12,184	$ 17,624	$ 10,241	$ 140,238
Other	433	30			463
Total operating revenues	100,622	12,214	17,624	10,241	140,701
Operating expenses:					
Salaries and wages	3,036	3,827	645	3,193	10,701
Maintenance and operations	2,650	5,008	14,230	7,701	29,589
Insurance premiums and claims	16,660				16,660
Compensated absences and other benefits	78,138				78,138
Depreciation		2,163	2,429	204	4,796
Total operating expenses	100,484	10,998	17,304	11,098	139,884
Operating income (loss)	138	1,216	320	(857)	817
Nonoperating income (expenses):					
Investment income	716	53	11	36	816
Interest expense			(70)		(70)
Gain from disposal of capital assets		264			264
Total nonoperating income (loss)	716	317	(59)	36	1,010
Change in net position	854	1,533	261	(821)	1,827
Net position at beginning of year	3,996	12,085	5,290	(80)	21,291
Net position at end of year	$ 4,850	$ 13,618	$ 5,551	$ (901)	$ 23,118

See accompanied Independent auditors' report

Combining Statement of Cash Flows
Internal Service Funds
Year Ended June 30, 2016 (In thousands)

	General Benefits and Insurance	Motorized Equipment	Information and Communication Services	Municipal Facilities Maintenance	Total
Cash flows from operating activities:					
Receipts from interfund services provided	$ 100,189	$ 12,184	$ 17,624	$ 10,241	$ 140,238
Payments to suppliers	(861)	(4,953)	(12,852)	(5,667)	(24,333)
Payments for salaries and wages to employees	(1,021)	(4,351)	(807)	(3,606)	(9,785)
Payments for interfund services used	(1,819)	(415)	(1,485)	(864)	(4,583)
Payments for insurance premiums and claims	(12,899)				(12,899)
Payments for compensated absences and other benefits	(77,122)				(77,122)
Other receipts	425	25			450
Net cash provided by operating activities	6,892	2,490	2,480	104	11,966
Cash flows from noncapital financing activities:					
Receipt of interfund balances	18,972				18,972
Receipt of loan receivable	2,801				2,801
Net cash provided by noncapital financing activities	21,773				21,773
Cash flows from capital and related financing activities:					
Proceeds from sale of capital assets		428			428
Capital purchases	(18)	(3,138)	(1,523)	(2,601)	(7,280)
Capital grant receipts		29			29
Principal payments on long-term debt			(1,213)		(1,213)
Interest payments			(70)		(70)
Net cash used for capital and related financing activities	(18)	(2,681)	(2,806)	(2,601)	(8,106)
Cash flows from investing activities:					
Purchase of investment securities	(45,861)	(1,646)	(948)		(48,455)
Proceeds from sale and maturity of investment securities	21,057	1,573	1,068	1,795	25,493
Interest received	356	36		30	422
Net cash provided by (used for) investing activities	(24,448)	(37)	120	1,825	(22,540)
Increase (decrease) in cash and cash equivalents	4,199	(228)	(206)	(672)	3,093
Cash and cash equivalents at beginning of the year	10,115	1,298	933	1,202	13,548
Cash and cash equivalents at end of the year	$ 14,314	$ 1,070	$ 727	$ 530	$ 16,641

(continued)

Combining Statement of Cash Flows
Internal Service Funds
Year Ended June 30, 2016 (In thousands) (continued)

	General Benefits and Insurance	Motorized Equipment	Information and Communication Services	Municipal Facilities Maintenance	Total
Reconciliation of operating income to net cash provided by operating activities:					
Operating income	$ 138	$ 1,216	$ 320	$ (857)	$ 817
Adjustment to reconcile operating income to net cash provided by operating activities:					
Depreciation		2,163	2,429	204	4,796
Changes in assets, deferred outflows of resources, liabilities and deferred inflows of resources:					
Accounts receivable	(62)	(5)			(67)
Inventories		(7)			(7)
Prepaid and other assets	(1,628)		(86)		(1,714)
Other post retirement employment benefits (OPEB) assets	(35)				(35)
Accounts payable	369	(353)	(21)	1,170	1,165
Wages and benefit payable	1,946	(524)	(162)	(413)	847
Unearned revenues	277				277
Compensated absences	1,306				1,306
Self-insurance liability	4,581				4,581
Total adjustments	6,754	1,274	2,160	961	11,149
Net cash provided by operating activities	$ 6,892	$ 2,490	$ 2,480	$ 104	$ 11,966
Schedule of noncash financing and investing activities:					
Capital assets financed through capital leases			$ 955		$ 955
Increase in fair value of investments	$ 255	$ 17	15	$ 8	295

See accompanied Independent auditors' report

Fiduciary Funds

Statement of Changes in Fiduciary Assets and Liabilities
Agency Fund - Mello-Roos
Year Ended June 30, 2016 (In thousands)

	Beginning Balance	Additions	Deductions	Ending Balance
ASSETS				
Restricted cash and cash equivalents	$ 2,797	$ 5,051	$ (3,275)	$ 4,573
Restricted investments	2,741		(2,710)	31
Due from other governments	13	2,403	(2,322)	94
Total assets	$ 5,551	$ 7,454	$ (8,307)	$ 4,698
LIABILITIES				
Due to bond holders	$ 5,551	$ 2,422	$ (3,275)	$ 4,698

See accompanied Independent auditors' report

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Statistical Section

Statistical Section

The Statistical Section is included to provide detailed data on the physical, economic, social and political characteristics of the reporting government. It is intended to provide the user with a broader and more complete understanding of the government and its financial affairs than is possible from the basic financial statements and supplementary information included in the Financial Sectio

STATISTICAL INFORMATION

(Unaudited)

The Statistical Section is included to provide financial statement users with additional historical perspective, context, and detail for them to use in evaluating the information contained within the financial statements, notes to the financial statements, and required supplementary information with the goal of providing the user a better understanding of the City's economic condition.

Contents **Page**

Financial trends

These schedules contain information to help the reader understand how the City's financial performance and well-being have changed over time.

Net Position by Component - Last Ten Fiscal Years	114
Changes in Net Position - Last Ten Fiscal Years	115
Governmental Activities Tax Revenues by Source - Last Ten Fiscal Years	117
Fund Balances of Governmental Funds - Last Ten Fiscal Years	118
Changes in Fund Balances of Governmental Funds - Last Ten Fiscal Years	119

Revenue capacity

These schedules contain information to help the reader assess the City's most significant local revenue sources.

General Government Tax Revenues by Source - Last Ten Fiscal Years	120
Assessed Value and Estimated Actual Value of Taxable Property - Last Ten Fiscal Years	121
Property Tax Rates - Direct and Overlapping Governments - Last Ten Fiscal Years	122
Principal Property Tax Payers - Current Year and Nine Years Ago	123
Property Tax Levies and Collections - Last Ten Fiscal Years	124

Debt capacity

These schedules contain information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Ratio of Outstanding Debt by Type - Last Ten Fiscal Years	125
Ratio of Net General Bonded Debt Outstanding - Last Ten Fiscal Years	126
Direct and Overlapping Governmental Activities Debt - As of June 30, 2016	127
Legal Debt Margin information - Last Ten Fiscal Years	129
Pledged-Revenue Coverage - Last Ten Fiscal Years	130

Demographic and economic information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

Demographic and Economic Statistics - Last Ten Fiscal Years	132
Principal Employers - Current and Nine Years Ago	133

Operating information

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

Full-Time Equivalent City government Employees by Function / Program - Last Ten Fiscal Years	134
Operating Indicators by Function - Last Ten Fiscal Years	135
Capital Assets Statistics by Function - Last Ten Fiscal Years	137
City of Anaheim Map	139

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

Net Position by Component
Last Ten Fiscal Years (In thousands)
(Accrual basis of accounting)

	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Governmental Activities										
Net investment in capital assets	$ 968,473	$ 894,651	$ 1,016,259	$ 894,625	$ 831,430	$ 832,951	$ 794,164	$ 751,910	$ 731,726	$ 665,828
Restricted	211,338	210,934	205,998	196,853	190,868	182,011	150,750	154,306	87,566	69,949
Unrestricted [1]	(417,976)	(447,817)	(455,863)	30,341	16,760	(124,422)	(121,283)	(92,773)	(70,621)	(12,765)
Total Governmental Activities	761,835	$ 657,768	$ 766,394	$ 1,121,819	1,039,058	890,540	823,631	813,443	748,671	723,012
Business-type Activities										
Net investment in capital assets	997,292	993,075	823,505	787,459	780,093	779,224	756,020	747,379	746,450	701,088
Restricted	76,749	83,448	77,311	71,131	61,235	54,626	49,325	45,493	47,406	38,572
Unrestricted [1]	36,644	(1,725)	(37,696)	121,083	112,159	115,445	130,812	145,269	165,196	203,967
Total Business-type Activities	1,110,685	1,074,798	863,120	979,673	953,487	949,295	936,157	938,141	959,052	943,627
Total Government										
Net investment in capital assets	1,965,765	1,887,726	1,839,764	1,682,084	1,611,523	1,612,175	1,550,184	1,499,289	1,478,176	1,366,916
Restricted	288,087	294,382	283,309	267,984	252,103	236,637	200,075	199,799	134,972	108,521
Unrestricted	(381,332)	(449,542)	(493,559)	151,424	128,919	(8,977)	9,529	52,496	94,575	191,202
Total Government	$ 1,872,520	$ 1,732,566	$ 1,629,514	$ 2,101,492	$ 1,992,545	$ 1,839,835	$ 1,759,788	$ 1,751,584	$ 1,707,723	$ 1,666,639

Note: [1] The City implemented Governmental Accounting Standards Board (GASB) Statement No. 68 *Accounting and Financial Reporting for Pension, and Statement No. 71* Pension *Transition for Contributions Made Subsequent to the Measurement Date,* for the fiscal year ended June 30, 2015. Implementation of these Statements require the City to restate prior period net position and are reflected in the fiscal year 2014 Unrestricted net position. Information prior to the implementation of these Statements is not available.

Certain reclassifications have been made to prior year data to conform to the current presentation.

Source: Finance Department, City of Anaheim

Changes in Net Position
Last Ten Fiscal Years (In thousands)
(Accrual basis of accounting)

	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Program Revenues										
Governmental activities:										
Charges for services										
General government	$ 1,892	$ 2,253	$ 1,779	$ 1,670	$ 1,872	$ 1,872	$ 1,708	$ 1,890	$ 2,088	$ 1,238
Police	11,775	10,001	9,927	9,859	10,122	10,435	10,127	10,089	10,235	9,715
Fire	9,814	9,024	10,166	9,912	9,431	9,518	9,369	9,122	9,850	9,070
Community and Economic Development	10,210	14,023	17,305	9,151	7,281	8,143	7,306	5,459	6,212	6,713
Planning	11,515	9,800	7,746	6,404	5,327	6,263	6,453	7,724	9,084	10,778
Public Works	15,817	13,309	13,037	14,012	11,401	9,837	7,619	7,421	8,619	8,234
Community Services	3,430	3,408	3,479	3,556	3,386	4,024	4,561	4,833	4,855	4,043
Convention, Sports and Entertainment	12,528	11,124	10,236	9,574	9,142	4,356	202	200	218	200
Total charges for services	76,981	72,942	73,675	64,138	57,962	54,448	47,345	46,738	51,161	49,991
Operating grants and contributions	108,131	109,968	114,584	112,507	108,620	124,358	121,731	110,200	100,393	98,699
Capital grants and contributions	85,782	67,014	110,295	71,472	44,184	70,080	31,828	66,347	30,361	42,997
Governmental activities program revenues	270,894	249,924	298,554	248,117	210,766	248,886	200,904	223,285	181,915	191,687
Business-type activities:										
Charges for services										
Electric Utility	430,485	453,697	426,051	451,958	397,931	381,496	377,387	365,526	351,160	310,074
Water Utility	60,509	63,495	65,946	60,785	57,748	55,598	56,368	50,807	49,125	49,600
Sanitation Utility	61,006	60,076	57,843	57,230	56,630	56,359	56,023	55,424	54,017	53,215
Golf Courses	4,114	4,435	4,667	4,759	4,802	4,711	5,168	5,634	5,947	6,022
Convention, Sports and Entertainment	35,363	34,742	32,084	29,656	29,389	27,981	30,797	26,987	31,197	32,308
ARTIC Management	878	448								
Total charges for services	592,355	616,893	586,591	604,388	546,500	526,145	525,743	504,378	491,446	451,219
Operating grants and contributions	776	287	452	952	1,101	746	1,990	965	1,194	1,160
Capital grants and contributions	11,743	8,734	8,441	6,698	8,954	12,667	5,622	6,620	12,332	4,808
Business-type activities program revenues	604,874	625,914	595,484	612,038	556,555	539,558	533,355	511,963	504,972	457,187
Total government program revenues	875,768	875,838	894,038	860,155	767,321	788,444	734,259	735,248	686,887	648,874
Expenses										
Governmental activities:										
General government	10,331	12,370	15,790	13,275	11,617	10,911	10,917	12,144	12,610	10,951
Police	132,889	135,161	127,037	124,556	117,840	119,504	125,121	121,162	122,883	115,714
Fire	62,520	61,794	59,510	58,508	58,027	56,393	58,229	57,768	56,434	50,727
Community and Economic Development	111,528	80,976	80,043	82,769	95,683	105,937	117,621	109,523	105,651	93,089
Planning	20,049	18,303	17,030	16,917	15,648	15,627	16,822	17,057	17,199	16,107
Public Works	48,719	66,023	60,262	44,740	41,228	44,109	39,017	47,226	43,680	44,473
Community Services	34,212	31,587	34,130	28,925	28,282	30,958	35,372	37,704	39,033	36,827
Public Utilities	2,687	2,599	2,514	2,405	2,315	2,218	1,952	1,515	2,128	1,800
Convention, Sports and Entertainment	18,503	17,026	15,586	13,935	13,584	13,633	9,931	10,069	10,781	10,539
Interest on long-term debt	35,185	35,340	35,514	35,880	42,824	47,985	47,610	47,779	45,502	51,639
Governmental Activities Expenses	476,623	461,179	447,416	421,910	427,048	447,275	462,592	461,947	455,901	431,866

(continued)

Changes in Net Position
Last Ten Fiscal Years (In thousands)
(Accrual basis of accounting) (continued)

	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Expenses										
Business-type Activities:										
Electric Utility	390,732	401,243	411,246	417,008	386,358	372,129	375,173	359,320	353,204	339,928
Water Utility	61,620	68,011	62,996	57,056	58,319	56,608	55,478	49,309	49,219	51,638
Sanitation	56,564	55,979	53,508	52,813	55,939	49,845	50,521	52,702	49,693	49,338
Golf Courses	4,405	4,418	4,399	4,473	4,114	4,256	4,436	4,495	4,810	4,365
Convention, Sports and Entertainment Venues	44,285	56,715	46,385	45,001	45,278	44,662	45,954	45,487	48,292	46,610
ARTIC Management	6,235	5,075								
Business-type activities expense	563,841	591,441	578,534	576,351	550,008	527,500	531,562	511,313	505,218	491,879
Total government expenses	1,040,464	1,052,620	1,025,950	998,261	977,056	974,775	994,154	973,260	961,119	923,745
Net (Expense)/Revenue										
Governmental activities	(205,729)	(211,255)	(148,862)	(173,793)	(216,282)	(198,389)	(261,688)	(238,662)	(273,986)	(240,179)
Business-type activities	41,033	34,473	16,950	35,687	6,547	12,058	1,793	650	(246)	(34,692)
Total government, net (expense) revenue	(164,696)	(176,782)	(131,912)	(138,106)	(209,735)	(186,331)	(259,895)	(238,012)	(274,232)	(274,871)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes:										
Property taxes	70,646	68,405	66,282	64,311	58,896	59,053	59,689	60,806	59,592	57,937
Property tax increments				-	28,678	47,040	47,731	47,115	45,719	40,710
Sales tax and use tax	77,162	72,356	67,505	65,445	59,654	54,711	51,214	56,035	62,510	64,878
Transient occupancy taxes	138,480	119,744	110,134	102,936	90,376	82,605	77,139	80,055	87,183	83,914
Motor vehicle license fees	142	145		331		1,783	1,026	1,180	1,532	1,866
Other taxes	8,731	8,318	7,780	7,756	7,272	7,288	7,288	8,041	9,529	10,337
Unrestricted investment earnings	3,692	2,725	2,930	1,094	3,598	3,667	7,012	8,667	15,337	17,597
Other	87	55	49	1,857	873	614	1,175	394	2,670	1,701
Transfers	10,856	(169,119)	7,288	12,824	12,571	8,537	19,602	41,141	15,573	(42,874)
Extraordinary gain					102,882					
Governmental activities	309,796	102,629	261,968	256,554	364,800	265,298	271,876	303,434	299,645	236,066
Business-type activities:										
Unrestricted investment earnings	5,710	8,086	6,986	3,323	10,216	9,617	15,825	19,580	31,244	27,375
Other										
Transfers	(10,856)	169,119	(7,288)	(12,824)	(12,571)	(8,537)	(19,602)	(41,141)	(15,573)	42,874
Business-type activities	(5,146)	177,205	(302)	(9,501)	(2,355)	1,080	(3,777)	(21,561)	15,671	70,249
Total government	304,650	279,834	261,666	247,053	362,445	266,378	268,099	281,873	315,316	306,315
Change in Net Position										
Governmental activities	104,067	(108,626)	113,106	82,761	148,518	66,909	10,188	64,772	25,659	(4,113)
Business-type activities	35,887	211,678	16,648	26,186	4,192	13,138	(1,984)	(20,911)	15,425	35,557
Total government change in net position	$ 139,954	$ 103,052	$ 129,754	$ 108,947	$ 152,710	$ 80,047	$ 8,204	$ 43,861	$ 41,084	$ 31,444

Note: Certain reclassifications have been made to prior fiscal years' data to conform to the current presentation.

Source: Finance Department, City of Anaheim

See accompanied Independent auditors' report

Governmental Activities Tax Revenues By Source
Last Ten Fiscal Years (In thousands)
(Accrual basis of accounting)

Fiscal Year	Amounts						
	Property Taxes	Property Tax Increments	Sales and Use Taxes	Transient Occupancy Taxes	Motor Vehicle License Fees[1]	Other Taxes	Total
2016	$ 70,646		$ 77,162	$ 138,480	$ 142	$ 8,731	$ 295,161
2015	68,405		72,356	119,744	145	8,318	268,968
2014	66,282		67,505	110,134		7,780	251,701
2013	64,311		65,445	102,936	331	7,756	240,779
2012	58,896	$ 28,678[2]	59,654	90,376	[3]	7,272	244,876
2011	59,053	47,040	54,711	82,605	1,783	7,288	252,480
2010	59,689	47,731	51,214	77,139	1,026	7,288	244,087
2009	60,806	47,115	56,035	80,055	1,180	8,041	253,232
2008	59,592	45,719	62,510	87,183	1,532	9,529	266,065
2007	57,937	40,710	64,878	83,914	1,866	10,337	259,642

[1] The decrease in motor vehicle license fees starting from fiscal year 2005 is due to the shifting of revenue from motor vehicle license fees category to the property tax category. This was part of the State of California 2004 Budget Act.

[2] The decrease in Property tax increments from fiscal year 2012 was due to the dissolution of Redevelopment Agency on February 1, 2012.

[3] Motor Vehicle License Fees allocation was eliminated per the fiscal year 2012 State Budget.

Note: Certain reclassifications have been made to prior fiscal years' data to conform to the current presentation.

Source: Finance Department, City of Anaheim

Fund Balances of Governmental Funds
Last Ten Fiscal Years (In thousands)
(Modified accrual basis of accounting)

	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
General Fund										
Nonspendable	$ 958	$ 1,538	$ 2,099	$ 2,531	$ 3,082	$ 3,626				
Restricted	7,730	6,124	6,449	1,766	982	582				
Committed				788						
Assigned	7,442	513	4,073	6,879	320	141				
Unassigned	39,850	39,615	30,394	26,920	22,636	22,139				
Reserved							$ 4,092	$ 4,530	$ 5,001	$ 8,525
Unreserved - designated										
Unreserved - undesignated							29,490	47,729	37,347	47,409
Total General fund	55,980	47,790	43,015	38,884	27,020	26,488	33,582	52,259	42,348	55,934
Housing Authority Fund										
Nonspendable	2	4	7	38		42				
Restricted	48,974	43,703	41,134	32,234	29,935	7,778				
Assigned	16,129	14,283	11,664	11,823	11,237	9,922				
Unassigned										
Reserved							1,373	1,830	830	162
Unreserved - undesignated							11,603	5,669	6,474	7,935
Total Housing Authority Fund	65,105	57,990	52,805	44,095	41,172	17,742	12,976	7,499	7,304	8,097
Nonmajor Governmental Funds										
Nonspendable	6,000	6,270	3,542	4,619	1	631				
Restricted	237,930	197,360	170,950	164,870	158,933	241,674				
Assigned	5,875	3,040	3,291	8,055	7,400	7,761				
Unassigned	(17,991)	(20,071)	(19,005)	(11,231)	(32,448)	(34,293)				
Reserved							130,313	142,760	138,402	120,885
Unreserved - designated, reported in:										
Special revenue funds							7,349	7,211	6,809	2,415
Debt service funds							156	4,433	1,656	2,276
Capital projects funds							31,899	41,544	32,809	38,430
Unreserved - undesignated, reported in:										
Special revenue funds							14,350	5,342	4,199	4,183
Capital projects funds							(3,376)	(7,037)	(15,551)	(25,687)
Total nonmajor governmental funds	231,814	186,599	158,778	166,313	133,886	215,773	180,691	194,253	168,324	142,502
Total governmental funds[1]	$ 352,899	$ 292,379	$ 254,598	$ 249,292	$ 202,078	$ 260,003	$ 227,249	$ 254,011	$ 217,976	$ 206,533

[1] The City implemented Governmental Accounting Standards Board Statement No 54 (GASB 54) for the Fiscal Year Ended June 30, 2011.

Fund Balance Classifications prior to the implementation of GASB 54 is not available.

Source: Finance Department, City of Anaheim

See accompanied Independent auditors' report

Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years (In thousands)
(Modified accrual basis of accounting)

	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Revenues										
Property taxes	$ 70,646	$ 68,405	$ 66,282	$ 64,311	$ 58,896	$ 59,053	$ 59,689	$ 60,806	$ 59,592	$ 57,937
Property tax increments					28,678	47,040	47,731	47,115	45,719	40,710
Sales and use taxes	82,031	71,977	68,581	62,793	58,589	55,034	48,210	56,493	64,296	65,695
Transient occupancy taxes	138,480	119,744	110,134	102,936	90,376	82,605	77,139	80,055	87,183	83,914
Other taxes	8,024	7,478	7,012	7,078	6,401	6,486	6,303	6,451	6,753	7,531
Licenses, fees, and permits	30,653	28,573	21,353	22,305	17,067	18,772	21,580	21,062	24,705	37,991
Intergovernmental revenues	121,055	155,314	215,755	186,018	143,348	150,394	141,418	158,729	135,072	112,593
Charges for services	36,147	33,295	32,569	30,883	29,672	24,408	18,351	17,874	17,730	16,799
Fines, forfeits, and penalties	2,875	2,823	2,656	2,907	3,515	3,304	3,255	3,409	3,767	3,689
Use of money and property	55,052 [1]	13,233	16,681	8,058	7,657	10,159	10,236	9,293	16,923	18,208
Other	13,520	16,573	6,555	8,926	6,617	43,645	4,009	10,137	3,755	7,601
Total revenues	558,483	517,415	547,578	496,215	450,816	500,900	437,921	471,424	465,495	452,668
Expenditures										
General government	18,679	19,052	21,070	18,270	16,502	16,055	15,822	16,953	16,325	15,354
Police	139,775	127,226	120,962	117,702	112,656	114,678	115,379	112,057	115,195	109,467
Fire	66,399	61,483	57,529	56,127	55,886	55,802	55,713	55,966	54,685	48,201
Community and Economic Development	108,454 [2]	89,446	83,658	86,282	95,352	110,138	126,590	112,406	104,991	94,789
Planning	20,122	17,667	16,086	15,785	14,408	14,560	15,173	15,489	15,949	14,762
Public Works	30,388	29,814	29,737	25,387	22,861	27,087	19,957	29,321	25,810	26,820
Community Services	31,980	28,394	30,602	25,268	24,618	27,813	31,311	33,572	35,203	32,788
Public Utilities	2,727	2,622	2,510	2,398	2,313	2,220	1,939	1,507	2,120	1,791
Convention, Sports and Entertainment	13,089	11,608	10,714	10,002	9,725	9,917	6,369	6,699	7,390	7,399
Capital outlay	32,589	79,710	136,597	98,601	55,505	70,918	62,422	52,229	60,906	76,161
Debt service:										
Principal	28,448	25,289	24,220	18,948	16,294	12,219	12,777	16,085	27,472	18,065
Interest charges	16,930	18,085	18,797	19,808	26,927	33,032	33,509	34,830	28,324	41,187
Debt issuance costs		127				227		70	5,182	4,017
Total expenditures	509,580	510,523	552,482	494,578	453,047	494,666	496,961	487,184	499,552	490,801
Revenues over (under) expenditures	48,903	6,892	(4,904)	1,637	(2,231)	6,234	(59,040)	(15,760)	(34,057)	(38,133)
Other Financing Sources (Uses)										
Transfers in	95,920	85,818	84,813	73,470	131,093	99,571	83,498	121,987	299,410	101,249
Transfers out	(85,403)	(79,373)	(75,953)	(59,393)	(119,552)	(86,621)	(59,970)	(76,304)	(288,985)	(91,028)
Issuance of refunding bonds		6,200						5,084	201,680	253,134
Payments to refunded bond escrow agent		(6,200)						(5,683)	(171,222)	(255,325)
Premium on long term debt		1,790						94	4,641	
Discount on long term debt									(199)	
Issuance of long-term debt	1,100	22,654	1,350	31,500		13,570	8,000	2,769	175	18,238
Capital leases										1,649
Claims settlement proceeds							750	3,848		
Extraordinary loss					(67,235)					
Total other financing sources	11,617	30,889	10,210	45,577	(55,694)	26,520	32,278	51,795	45,500	27,917
Net change in fund balances	$ 60,520	$ 37,781	$ 5,306	$ 47,214	$ (57,925)	$ 32,754	$ (26,762)	$ 36,035	$ 11,443	$ (10,216)
Debt service as a percentage of non-capital expenditures	9.51%	10.07%	10.34%	9.79%	10.87%	10.68%	10.65%	11.71%	12.72%	14.29%

[1] Increase in Use of money and property is due to one-time land held for resale transferred from the Successor Agency.

[2] Increase in Community and Economic Development expenditures is due to a one-time loss on sale of land held for resale.

Source: Finance Department, City of Anaheim

See accompanied Independent auditors' report

General Government Tax Revenues By Source
Last Ten Fiscal Years (In thousands)
(Modified accrual basis of accounting)

	Property Taxes				Property Tax Increments							
Fiscal Year	Secured Property Taxes	Unsecured Property Taxes	Supplemental Property Taxes	Residual	Secured Property Taxes	Unsecured Property Taxes	Supplemental Property Taxes	Property Taxes in-lieu of VLF[1]	Sales and Use Taxes	Transient Occupancy Taxes	Other Taxes	Total
2016	$ 37,000	$ 1,256	$ 991	$ 2,203				$ 29,196	$ 82,031	$ 138,480	$ 8,024	$ 299,181
2015	35,624	1,358	1,001	1,001				28,160	71,977	119,744	7,478	267,604
2014	33,976	1,243	832	832				27,358	68,581	110,134	7,012	252,009
2013	33,114	1,194	806	806				26,363	62,793	102,936	7,078	237,118
2012	31,770	1,289	207	207	$ 21,576 [2]	$ 6,884 [2]	$ 218 [2]	25,630	58,589	90,376	6,401	242,940
2011	31,848	1,300	373	373	36,824	8,859	1,357	25,532	55,034	82,605	6,486	250,218
2010	32,267	1,341	385	385	38,809	8,221	701	25,696	48,210	77,139	6,303	239,072
2009	32,496	1,351	712	712	37,710	7,986	1,419	26,247	56,493	80,055	6,451	250,920
2008	31,073	1,343	1,326	1,326	34,772	9,105	1,842	25,850	64,296	87,183	6,753	263,543
2007	29,919	1,384	1,551	1,551	29,090	8,591	3,029	25,083	65,695	83,914	7,531	255,787

[1] Collection of property taxes in-lieu of VLF starting in fiscal year 2005 is due to the shifting of revenue from motor vehicle license fees category to the property tax category. This was part of the State of California 2004 Budget Act.

[2] Decrease in property tax increments revenues in fiscal year 2012 was due to dissolution of the Redevelopment Agency on February 1, 2012. Property tax increments were received up to January 31, 2012.

[3] Increase in sales and use taxes in fiscal year 2016 was due to the sales tax triple flip final distribution.

Note: Certain reclassifications have been made to prior fiscal years' data to conform to the current presentation.

Source: Finance Department, City of Anaheim

Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years (In thousands)
(Modified Accrual Basis of Accounting)

	Fiscal Year				
	2016	2015	2014	2013	2012
City of Anaheim					
Secured property	$33,338,748	$32,023,757	$30,548,214	$29,608,967	$28,808,849
Unsecured property	1,243,307	1,515,905	1,266,403	1,265,519	1,232,825
Total City of Anaheim	34,582,055	33,539,662	31,814,617	30,874,486	30,041,674
Dissolved Anaheim Redevelopment Agency					
Secured property	4,479,386	4,102,931	3,916,169	4,338,935	3,977,843
Unsecured property	753,736	759,729	654,982	683,237	656,505
Total Anaheim Redevelopment Agency	5,233,122	4,862,660	4,571,151	5,022,172	4,634,348
Total Taxable Assessed Value	$39,815,177	$38,402,322	$36,385,768	$35,896,658	$34,676,022
Total Direct Tax Rate	0.11024%	0.11049%	0.11062%	0.11078%	0.11075%

	Fiscal Year				
	2011	2010	2009	2008	2007
City of Anaheim					
Secured property	$28,600,152	$28,775,989	$29,329,062	$28,473,221	$26,507,229
Unsecured property	1,278,062	1,283,263	1,226,209	1,198,812	2,442,959
Total City of Anaheim	29,878,214	30,059,252	30,555,271	29,672,033	28,950,188
Dissolved Anaheim Redevelopment Agency					
Secured property	3,751,227	3,762,168	3,644,931	3,360,645	2,838,528
Unsecured property	743,403	762,903	789,618	818,255	813,249
Total Anaheim Redevelopment Agency	4,494,630	4,525,071	4,434,549	4,178,900	3,651,777
Total Taxable Assessed Value	$34,372,844	$34,584,323	$34,989,820	$33,850,933	$32,601,965
Total Direct Tax Rate	0.11075%	0.11031%	0.11024%	0.11041%	0.11041%

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

Source: Auditor-Controller, California Municipal Statistics, Inc, County of Orange

Property Tax Rates
Direct and Overlapping Governments
Last Ten Fiscal Years (Rate per $100 assessed value)

	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
City Direct Rate [1]										
City Basic Rate [2]	0.10851	0.10851	0.10851	0.10851	0.10851	0.10851	0.10816	0.10816	0.10816	0.10816
Anaheim General Obligation Bond Fund	0.00173	0.00198	0.00211	0.00227	0.00224	0.00224	0.00215	0.00208	0.00225	0.00225
	0.11024	0.11049	0.11062	0.11078	0.11075	0.11075	0.11031	0.11024	0.11041	0.11041
Overlapping Rates:										
Anaheim Elementary General Fund	0.29873	0.29873	0.29873	0.29873	0.29873	0.29873	0.29778	0.29778	0.29778	0.29778
Anaheim High General Fund	0.19043	0.19043	0.19043	0.19043	0.19043	0.19043	0.18982	0.18982	0.18982	0.18982
Educational Revenue Augmentation Fund	0.15592	0.15592	0.15592	0.15592	0.15592	0.15592	0.15543	0.15543	0.15543	0.15543
North Orange Co. Community College General Fund	0.07755	0.07755	0.07755	0.07755	0.07755	0.07755	0.07730	0.07730	0.07730	0.07730
Orange County Cemetery District	0.00057	0.00057	0.00057	0.00057	0.00057	0.00057	0.00057	0.00057	0.00057	0.00057
Orange County Department Of Education	0.01579	0.01579	0.01579	0.01579	0.01579	0.01579	0.01574	0.01574	0.01574	0.01574
Orange County Flood Control District General	0.02197	0.02197	0.02197	0.02197	0.02197	0.02197	0.02190	0.02190	0.02190	0.02190
Orange County General Fund	0.06849	0.06849	0.06849	0.06849	0.06849	0.06849	0.06827	0.06827	0.06827	0.06827
Orange County Harbors Beaches & Parks CSA	0.01698	0.01698	0.01698	0.01698	0.01698	0.01698	0.01693	0.01693	0.01693	0.01693
Orange County Sanitation District #2 Operating	0.03227	0.03227	0.03227	0.03227	0.03227	0.03227	0.03469	0.03469	0.03469	0.03469
Orange County Transportation Authority	0.00312	0.00312	0.00312	0.00312	0.00312	0.00312	0.00311	0.00311	0.00311	0.00311
Orange County Vector Control	0.00124	0.00124	0.00124	0.00124	0.00124	0.00124	0.00124	0.00124	0.00124	0.00124
Orange County Water District	0.00831	0.00831	0.00831	0.00831	0.00831	0.00831	0.00893	0.00893	0.00893	0.00893
Orange County Water District Water Reserve	0.00012	0.00012	0.00012	0.00012	0.00012	0.00012	0.00013	0.00013	0.00013	0.00013
Anaheim Elementary School Districts	0.04227	0.02867	0.05848	0.05382	0.05371	0.03363	0.03193	0.02248	0.03544	0.02240
Anaheim High School Districts	0.04948	0.02412	0.02620	0.02858	0.02678	0.02745	0.02617	0.02363	0.02516	0.02355
North Orange County Community College	0.03043	0.01704	0.01704	0.01902	0.01742	0.01758	0.01662	0.01493	0.01502	0.01444
Water District Rate	0.00350	0.00350	0.00350	0.00350	0.00370	0.00370	0.00430	0.00430	0.00450	0.00470
Total Direct and Overlapping Rate	1.12741	1.07531	1.10733	1.10719	1.10385	1.08460	1.08117	1.06742	1.08237	1.06734

[1] Excludes rates associated with mello-roos districts.

[2] In 1978, California voters passed Proposition 13 which sets the property tax rate at a 1% fixed amount. This 1% is shared by all taxing agencies for which the subject property resides. In 1986, the State Constitution was amended to allow rates over the 1% base rate for voter approved general obligation debt. Valuations of real property are frozen at the value of the property in 1975, with an allowable adjustment up to 2% per year for inflation. However, property is assessed to its current value when a change of ownership occurs. New construction, including tenant improvements, is assessed at its current value.

Source: Auditor Controller, Orange County

Principal Property Tax Payers
Current Year and Nine Years Ago (In thousands)

	Fiscal Year					
	2016			2007		
Tax Payer	Rank	Percentage of Total Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Assessed Value	Taxable Assessed Value
Walt Disney World Company	1	11.65%	$4,407,003	1	10.63%	$3,466,814
HHC HA Investment II Inc.	2	0.53%	200,459			
US REIF MG Madison Park CA LLC	3	0.31%	115,715			
Irvine Company LLC	4	0.30%	112,863			
Teachers Insurance & Annuity Association	5	0.27%	102,871			
Prologis California I LLC	6	0.25%	95,329			
Angeli LLC	7	0.24%	90,721	10	0.24%	78,733
OTR	8	0.24%	89,666			
Mary Susan Samia Trust	9	0.24%	89,007			
Essex Anavia LP	10	0.22%	84,900			
Lennar Platinum Triangle				2	0.63%	205,049
Kaiser Foundation Health				3	0.46%	149,332
Anaheim Hotel Partnership				4	0.40%	129,662
PPC Anaheim Apartments				5	0.32%	104,040
CREA / Nexus Anaheim				6	0.29%	95,333
Anaheim Memorial Hospital				7	0.27%	88,254
Maguire Properties				8	0.25%	81,600
Boeing North America				9	0.25%	81,428
Total		14.25%	$5,388,534		15.27%	$4,480,245

Source: Finance Department, City of Anaheim, California Municipal Statistics, Inc.

Property Tax Levies and Collections
Last Ten Fiscal Years (In thousands)

Fiscal Year	Total Taxes Levy	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date		Total Tax Increments Levy [2]	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount [1]	Percentage of Levy		Amount	Percentage of Levy		Amount [2]	Percentage of Levy		Amount	Percentage of Levy
2016	$ 40,026	$ 38,832	97.02%	$ 191	$ 39,023	97.49%						
2015	38,365	37,456	97.63%	414	37,870	98.71%						
2014	36,293	35,558	97.97%	460	36,018	99.24%						
2013	34,813	34,116	98.00%	384	34,500	99.10%						
2012	33,598	32,560	96.91%	512	33,072	98.43%	$ 49,004	$ 28,327 [2]	57.81%		$ 28,327	57.81%
2011	33,512	32,517	97.03%	558	33,075	98.70%	49,294	45,906	93.13%	$ 282	46,188	93.70%
2010	33,627	32,490	96.62%	796	33,286	98.99%	49,119	46,584	94.84%	524	47,108	95.91%
2009	34,579	33,068	95.63%	1,231	34,299	99.19%	48,432	46,057	95.10%	622	46,679	96.38%
2008	34,283	32,798	95.67%	1,237	34,035	99.28%	46,785	44,793	95.74%	552	45,345	96.92%
2007	33,897	32,324	95.36%	789	33,113	97.69%	42,472	39,807	93.73%	549	40,356	95.02%

[1] Excludes property taxes in-lieu of vehicle license fees

[2] Decrease in property tax collection is due to the dissolution of the Redevelopment Agency on February 1, 2012. Property tax increments were received up to January 31, 2012.

Note: Certain reclassifications have been made to prior fiscal years' data to conform to the current presentation.

Source: Auditor-Controller, County of Orange

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years (In thousands, except per capita amount)

	Fiscal Year				
	2016	2015	2014	2013	2012
Governmental Activities					
Bonds	$ 632,321	$ 640,891	$ 614,757	$ 616,086	$ 616,444
Certificates of participation			8,880	10,020	11,085
Notes and loans	20,820	21,372	50,757	54,877	25,546
Capital leases	2,088	2,346	1,325	1,369	1,694
Total governmental activities	655,229	664,609	675,719	682,352	654,769
Business-Type Activities					
Bonds	1,124,159	1,116,443	780,553	863,987	889,581
Certificates of participation			38,000	38,000	38,000
Notes and loans	36,200	57,399	48,271	62,722	24,652
Capital leases					
Total business-type activities	1,160,359	1,173,842	866,824	964,709	952,233
Total Government	$1,815,588	$1,838,451	$1,542,543	$1,647,061	$1,607,002
Percentage of Personal Income	20.19%	21.26%	18.88%	19.74%	20.95%
Per Capita	$5,070	$5,231	$4,429	$4,758	$4,674

	Fiscal Year				
	2011	2010	2009	2008	2007
Governmental Activities					
Bonds	$ 821,587	$ 810,504	$ 805,068	$ 793,343	$ 740,107
Certificates of participation	12,070	12,990	13,840	23,333	26,788
Notes and loans	34,566	29,094	24,621	27,538	57,614
Capital leases	2,341	2,605	1,235	2,353	2,484
Total governmental activities	870,564	855,193	844,764	846,567	826,993
Business-Type Activities					
Bonds	908,683	805,925	829,707	689,791	706,126
Certificates of participation	38,000	38,000	38,000	88,185	96,475
Notes and loans	30,519	11,379	12,299	13,189	14,081
Capital leases					267
Total business-type activities	977,202	855,304	880,006	791,165	816,949
Total Government	$1,847,766	$1,710,497	$1,724,770	$1,637,732	$1,643,942
Percentage of Personal Income	24.57%	23.32%	23.96%	21.93%	22.17%
Per Capita	$ 5,418	$ 5,088	$ 5,193	$ 4,953	$ 4,985

Note: Per capita amounts are estimates
Certain reclassifications have been made to prior year data to conform to the current presentation.

Sources: California State Department of Finance and Finance Department, City of Anaheim
US Census Yearly American Community Survey

See accompanied Independent auditors' report

Ratios of Net General Bonded Debt Outstanding
Last Ten Fiscal Years (In thousands, except per capita amount)

	Fiscal Year				
	2016	2015	2014	2013	2012
Bonds					
General Obligation	$ 700	$ 1,360	$ 1,995	$ 2,605	$ 3,185
Lease Revenue	631,621	639,531	612,762	613,481	616,444
Tax Allocation					
	632,321	640,891	614,757	616,086	619,629
Less amounts available in debt service fund	108,482	88,174	73,500	61,625	53,398
Total net obligation bonds outstanding	$ 523,839	$ 552,717	$ 541,257	$ 554,461	$ 566,231
Percentage of Assessed Value of Property	1.32%	1.44%	1.49%	1.54%	1.63%
Per capita	$ 1,463	$ 1,573	$ 1,554	$ 1,602	$ 1,647

	Fiscal Year				
	2011	2010	2009	2008	2007
Bonds					
General Obligation	$ 3,735	$ 4,255	$ 4,750	$ 5,220	$ 5,700
Lease Revenue	609,683	605,252	600,064	588,692	582,272
Tax Allocation	208,169	200,997	200,254	199,431	152,135
	821,587	810,504	805,068	793,343	740,107
Less amounts available in debt service fund	67,363	69,043	63,560	57,995	39,075
Total net obligation bonds outstanding	$ 754,224	$ 741,461	$ 741,508	$ 735,348	$ 701,032
Percentage of Assessed Value of Property	2.19%	2.14%	2.12%	2.17%	2.15%
Per capita	$ 2,212	$ 2,205	$ 2,233	$ 2,224	$ 2,126

Note: Details regarding the City's outstanding debt can be found in the notes to the basic financial statements
Certain reclassifications have been made to prior year data to conform to current presentation.

Source: Finance Department, City of Anaheim

Direct and Overlapping Governmental Activities Debt
As of June 30, 2016 (In thousands)

2015-16 Assessed Valuation	$39,815,177			
DIRECT TAX AND ASSESSMENT DEBT:				Outstanding
City of Anaheim				$ 700
DIRECT GENERAL FUND DEBT:				
City of Anaheim General Fund Obligations				654,529
TOTAL GROSS DIRECT DEBT				655,229
Less: City of Anaheim Public Financing Authority (100% self-supporting)				631,621
City of Anaheim various revenue funds (100% self-supporting)				22,908
TOTAL NET DIRECT DEBT				700
		Total Debt 6/30/2016	% Applicable [1]	City's Share of Debt 6/30/2016
OVERLAPPING TAX AND ASSESSMENT DEBT:				
Metropolitan Water District		$ 92,865	1.622 %	$ 1,506
North Orange Joint Community College District		171,564	27.618	47,382
Rancho Santiago Community College District		332,293	13.267	34,753
Anaheim Union High School District		144,804	67.752	98,108
Fullerton Joint Union High School District		88,878	0.243	216
Garden Grove Unified School District		240,640	0.595	1,432
Placentia - Yorba Linda Unified School District		246,799	19.199	47,383
Anaheim School District		144,389	99.213	143,253
Magnolia School District		22,673	67.295	15,258
Other School Districts		123,821	Various	21,768
City of Anaheim Community Facilities Districts		32,725	100.000	32,725
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT		1,641,451		443,784
OVERLAPPING GENERAL FUND DEBT:				
Orange County General Fund Obligations		124,614	7.979	9,943
Orange County Pension Obligation Bonds		353,418	7.979	28,199
Orange County Board of Education Certificates of Participation		14,840	7.979	1,184
Municipal Water District of Orange County Certificate of Participation		2,770	0.001	-
North Orange County Regional Occupation Program Certificates of Participation		10,190	28.403	2,894
Orange Unified School District Certificates of Participation		27,837	26.470	7,368
Orange Unified School District Benefit Obligations		82,965	26.470	21,961
Placentia-Yorba Linda Unified School District Certificates of Participation		99,075	19.199	19,021
Anaheim Union High School District Certificates of Participation		5,000	67.752	3,388
Fullerton Joint Union High School District Certificates of Participation		20,525	0.243	50
Fullerton School District Certificates of Participation		5,510	0.172	10
TOTAL GROSS OVERLAPPING GENERAL FUND OBLIGATION DEBT		746,744		94,018
OVERLAPPING TAX INCREMENT DEBT (Successor Agency):				
City of Anaheim Tax Allocation Bonds		199,765	100.000	199,765
TOTAL OVERLAPPING TAX INCREMENT DEBT				199,765
TOTAL GROSS OVERLAPPING DEBT				737,567
TOTAL NET OVERLAPPING DEBT				737,567
GROSS COMBINED TOTAL DEBT				$ 1,392,796 [2]
NET COMBINED TOTAL DEBT				$ 738,267

(continued)

Direct and Overlapping Governmental Activities Debt
As of June 30, 2016 (In thousands) (continued)

(1) Percentage of overlapping agency's assessed valuation located within boundaries of the city.
(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue, and tax allocation bonds and non-bonded capital lease obligations.

Ratios to 2014-15 Assessed Valuation:	
Direct Debt ($700)	0.002%
Total Direct and Overlapping Tax and Assessment Debt	1.12%
Ratios to Adjusted Assessed Valuation:	
Gross Combined Direct Debt ($662,817)	1.65%
Net Combined Direct Debt ($700)	0.002%
Gross Combined Total Debt	3.50%
Net Combined Total Debt	1.82%
Ratios to Redevelopment Increment Valuation ($4,862,6601)	
Total Overlapping Tax Increment Debt	3.81%

Source: California Municipal Statistics, Inc.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

Legal Debt Margin
Last Ten Fiscal Years (In thousands)

	Fiscal Year				
	2016	2015	2014	2013	2012
Debt limit	$ 1,250,203	$ 1,200,891	$ 1,145,558	$ 1,110,336	$ 1,080,332
Total net debt applicable to limit	(700)	(1,360)	(1,995)	(2,605)	(3,185)
Legal debt margin	$ 1,249,503	$ 1,199,531	$ 1,143,563	$ 1,107,731	$ 1,077,147
Total net debt applicable to the limit as a percentage of debt limit	0.06%	0.11%	0.17%	0.23%	0.29%
Legal Debt Margin					
Assessed value	$ 33,338,748	$ 32,023,757	$ 30,548,214	$ 29,608,967	$ 28,808,849
Debt limit (3.75% of total assessed value)	1,250,203	1,200,891	1,145,558	1,110,336	1,080,332

	Fiscal Year				
	2011	2010	2009	2008	2007
Debt limit	$ 1,072,506	$ 1,079,100	$ 1,099,840	$ 1,067,746	$ 994,021
Total net debt applicable to limit	(3,735)	(4,255)	(4,750)	(5,220)	(5,700)
Legal debt margin	$ 1,068,771	$ 1,074,845	$ 1,095,090	$ 1,062,526	$ 988,321
Total net debt applicable to the limit as a percentage of debt limit	0.35%	0.39%	0.43%	0.49%	0.57%
Legal Debt Margin					
Assessed value	$ 28,600,152	$ 28,775,989	$ 29,329,062	$ 28,473,221	$ 26,507,227
Debt limit (3.75% of total assessed value)	1,072,506	1,079,100	1,099,840	1,067,746	994,021

Note:

[1] California Government Code sets the debt limit at 15%. The Code section was enacted when assessed valuation were based on 25% of full market value. This has since changed to 100% of full market value. Thus the limit shown is 3.75% (one-fourth the limit of 15%).

By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying general obligation bonds.

Note: Certain reclassifications have been made to prior fiscal years' data to conform to the current presentation.

Source: Finance Department, City of Anaheim

See accompanied Independent auditors' report

Pledged-Revenue Coverage
Last Ten Fiscal Years (In thousands)

Electric Utility Revenue Bonds

Fiscal Year	Electric Revenue	Less Operating Expenses [1]	Net Available Revenue	Debt Service Principal	Debt Service Interest	Debt Service Total	Coverage
2016	$433,744	$319,169	$114,575	$14,040	$27,995	$42,035	2.7257
2015	458,211	341,206	117,005	12,950	27,878	40,828	2.8658
2014	430,782	347,290	83,492	11,590	30,039	41,629	2.0056
2013	453,949	349,835	104,114	18,995	33,335	52,330	1.9896
2012	407,787	314,231	93,556	18,175	34,104	52,279	1.7896
2011	391,218	309,274	81,944	17,825	30,825	48,650	1.6844
2010	390,364	309,112	81,252	15,995	31,788	47,783	1.7004
2009	378,916	300,269	78,647	15,370	28,798	44,168	1.7806
2008	373,842	299,534	74,308	14,690	29,450	44,140	1.6835
2007	330,421	265,340	65,081	13,765	24,424	38,189	1.7042

[1] Operating expenses excludes amortization and depreciation.

Water Utility Revenue Bonds

Fiscal Year	Water Revenue	Less Operating Expenses [2]	Net Available Revenue	Debt Service Principal	Debt Service Interest	Debt Service Total	Coverage
2016	$61,721	$46,383	$15,338	$5,885	$1,775	$7,660	2.0023
2015	65,518	52,883	12,635	960	4,178	5,138	2.4591
2014	66,979	50,046	16,933	920	4,217	5,137	3.2963
2013	61,849	44,838	17,011	950	4,255	5,205	3.2682
2012	59,330	44,615	14,715	915	4,292	5,207	2.8260
2011	56,935	45,293	11,642	880	3,275	4,155	2.8019
2010	57,787	45,231	12,556	1,490	2,544	4,034	3.1125
2009	53,039	40,123	12,916	1,435	1,967	3,402	3.7966
2008	51,052	41,190	9,862	1,375	325	1,700	5.8012
2007	51,595	43,203	8,392	1,325	379	1,704	4.9249

[2] Operating expenses include transfer and excludes amortization and depreciation.

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

Source: Finance Department, City of Anaheim

(continued)

Pledged-Revenue Coverage
Last Ten Fiscal Years (In thousands)

(continued)

	Sanitation Revenue Bonds						
				Debt Service			
Fiscal Year	Wastewater Revenue [3]	Less Operating Expenses [4]	Net Available Revenue	Principal	Interest	Total	Coverage
2016	$13,291	$5,733	$7,558	$1,005	$1,994	$2,999	2.5202
2015	13,373	6,103	7,270	955	2,042	2,997	2.4258
2014	12,572	5,594	6,978	920	2,079	2,999	2.3268
2013	12,106	5,477	6,629	880	2,118	2,998	2.2111
2012	11,933	4,832	7,101	835	2,161	2,996	2.3702
2011	11,813	4,030	7,783	805	2,193	2,998	2.5961
2010	11,773	5,452	6,321	775	2,224	2,999	2.1077
2009	10,913	5,176	5,737		2,224	2,224	2.5796
2008	10,299	5,167	5,132		1,532	1,532	3.3499
2007	10,113	6,734	3,379				

[3] Amounts based on the notes to the basic financial statement, segment reporting

[4] Operating expenses excludes amortization and depreciation.

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

Source: Finance Department, City of Anaheim

Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population [1]	Personal Income (thousands of dollars)	Per Capita Personal Income	Median Age [1]	Education Level in Years of Schooling	School Enrollment	Orange County Unemployment Rate
2016	358,136	$ 8,990,732	$ 25,104[2]	32.8	12.2	65,692	4.40%
2015	351,433	8,649,469	24,612	32.8	12.2	66,439	4.10%
2014	348,305	8,955,966	25,713	33.8	12.2	66,982	6.20%
2013	346,161	8,344,211	24,105	32.4	12.2	67,014	6.10%
2012	343,793	7,669,678	22,309	32.4	12.2	67,760	7.90%
2011	341,034	7,519,459	22,049	32.4	12.2	67,884	9.20%
2010	336,208	7,333,705	21,813	32.4	12.2	68,331	9.50%
2009	332,120	7,198,701	21,675	32.4	12.2	68,890	9.30%
2008	330,659	7,467,272	22,583	32.4	12.2	68,663	5.30%
2007	329,780	7,416,752	22,490	32.4	12.2	69,296	3.90%

(1) Population and Median Age were updated to reflect Census 2010 counts.

(2) Per capita income for FY 2016 is estimated. Data not readily available.

Sources: California State Department of Finance
Anaheim City Superintendent of Schools
State of California, Employment Development Department
State Department of Commerce and Labor
State Department of Education
US Census Yearly American Community Survey

Principal Employers
Current Year and Nine Years Ago

	Fiscal Year					
	2016			2007		
Employer	Rank	Employees	Percentage of Total City Employment	Rank	Employees	Percentage of Total City Employment
Disneyland Resort	1	30,550	18.7%	1	21,710	12.9%
Kaiser Foundation Hospital	2	6,040	3.7%	2	3,660	2.2%
Anaheim Regional Medical Center	3	1,300	0.8%	3	1,185	0.7%
Angels Baseball	4	1,139	0.7%			
L-3 Communications	5	1,070	0.7%			
Hilton Anaheim	6	975	0.6%	7	920	0.5%
Anaheim Global Medical Center	7	900	0.5%			
Time Warner Cable Business Class	8	900	0.5%			
St. Joseph Health	9	800	0.5%			
Carrington Mortgage Services LLC (CMS)	10	800	0.5%			
West Anaheim Medical Center				9	774	0.5%
Honda Center				5	1,000	0.6%
Alstyle Apparel				4	1,000	0.6%
Northgate Gonzalez Supermarkets				6	1,000	0.6%
Long Beach Mortgage				8	800	0.5%
Anaheim Marriott				10	730	0.4%
Total		44,474	27.2%		32,779	19.5%

Source: Inside Prospects Database

Full-time Equivalent City Government Employees by Function/Program
Last Ten Fiscal Years

	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Function/Program										
City Council	6	7	7	7	7	7	7	7	7	7
City Administration	19	20	20	20	21	21	24	24	24	22
City Attorney	33	33	31	30	30	30	35	35	35	35
City Clerk	8	7	7	7	6	6	7	7	7	7
Human Resources	39	37	37	38	36	36	40	40	40	40
Finance	54[1]	44	44	44	46	47	52	53	54	54
Police	569	561	549	536	530	554	610	610	604	591
Fire & Rescue	274	267	262	262	275	277	289	289	290	290
Community & Economic Development	73	71	68	78	102	105	106	109	108	114
Planning & Building	76	75	71	69	73	75	93	94	97	96
Public Works	235	237	236	234	235	252	252	252	252	249
Community Services	92	91	87	87	115	123	180	183	184	183
Public Utilities	352	354	353	352	355	377	377	377	367	354
Convention, Sports and Entertainment	85	85	84	83	91	91	91	91	88	88
Total	1,915	1,889	1,856	1,847	1,922	2,001	2,163	2,171	2,157	2,130

[1] Increase is due to reorganization of the Citywide Geographic Information System (GIS) and Police Information Technology into Finance.

Source: City of Anaheim

(continued)

Operating Indicators by Function
Last Ten Fiscal Years

Function/Program	Fiscal Year 2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Police Department										
Number of calls for service	208,710	195,305	186,042	186,461	189,751	195,587	185,934	191,037	196,241	203,832
Number of 911 calls received	155,371	158,447	145,813	182,856	179,313	165,698	140,529	129,998	125,174	134,938
Number of Part I Crimes per 100,000 population	3,279	2,950	2,883	3,326	3,057	2,886	2,857	2,764	2,899	3,042
Number of Arrest	11,604	11,405	11,846	11,617	11,494	13,345	17,650	15,951	16,212	14,135
Number of Field Reports processed by Records Bureau	41,655	39,191	38,362	39,066	33,050	35,807	35,256	37,999	40,232	43,000
Number of traffic collisions	5,179	4,833	4,686	4,414	4,044	4,046	4,027	4,251	4,626	4,461
Number of Hours of Volunteer service	21,647	22,885	24,124	23,470	25,309	20,335	18,038	16,201	16,820	15,654
Fire Department										
Fire responses	1,082	952	885	902	923	983	1,275	1,016	1,082	649
False alarm responses	1,848	3,910	1,735	1,424	1,390	1,487	1,467	1,503	1,398	719
Mutual aid responses	5,506	4,322	3,001	2,860	2,744	2,707	2,560	2,532	2,662	2,296
Medical responses	28,858	27,158	24,912	24,735	23,061	22,202	24,045	21,553	21,301	16,326
Hazardous condition responses	211	213	211	207	201	199	207	224	203	263
Public Works										
Centerline miles of arterial highway pavement improved	4.7	3.55	7.13	5.9	8.7	5.8	9.0	8.1	9.1	8.7
Square feet of deteriorated pavement replaced	2,487,188	2,101,231	4,345,480	4,029,806	2,977,482	4,274,463	820,000	780,500	890,500	890,500
Square feet of deteriorated pavement slurry sealed	1,941,187	7,253,633	4,422,148	2,850,939	4,208,194	4,167,569	1,975,000	2,532,000	3,483,000	3,483,000
Number of traffic intersections maintained	333	321	327	318	318	319	318	318	316	316
Number of traffic control hubs maintained	18	18	19	18	18	18	18	17	16	16
Square feet of deteriorated sidewalk replaced	232,922	153,531	96,399	77,590	74,780	62,940	60,000	50,500	50,200	50,200
Linear feet of damaged curb/gutter replaced	33,373	30,152	29,996	25,187	27,661	24,755	11,500	12,500	11,500	11,500
Square feet of medians/parkways maintained	6,063,299	5,721,764	5,644,799	5,644,818	5,511,065	5,460,655	5,400,000	5,350,000	5,350,000	5,350,000
Square feet of landscape maintained in the Anaheim Resort	1,554,886	1,542,442	1,542,442	1,430,486	1,430,486	1,430,486	1,430,486	1,419,286	1,419,286	1,419,286
Square feet of landscape maintained in the Anaheim Resort	991,360	991,370	991,360	858,828	858,828	1,001,743	858,828	858,828	858,828	858,828
Number of vehicles maintained	1,025	1,097	1,144	1,106	1,152	1,162	1,331	1,331	1,351	1,283
Number of vehicles per mechanic	49	57	58	58	50	47	50	55	59	48
Square feet of interior space maintained	2,379,100	2,379,100	2,700,000	2,362,992	2,176,265	2,176,265	2,176,265	2,176,265	2,176,265	1,941,287
Square feet of exterior space maintained	37,662,184	37,662,184	37,655,278	37,645,278	39,138,187	39,138,187	39,138,187	39,138,187	39,138,187	35,298,000
Number of facility square feet (interior) per worker	1,459,000	1,459,000	150,000	139,000	120,904	114,540	103,631	103,631	103,631	77,651
Number of construction projects	120	100	165	120	100	136	130	130	132	167
Number of permit inspections	510	429	486	380	404	355	800	800	802	1,623
Parks										
Number of park acres maintained per full-time equivalent employee	77	76	75	75	75	75	12.00	12.00	10.52	10.52
Number of sports fields prepared	66	66	66	66	66	66	66	66	66	66
Cost per acre of parks maintained	$8,952	$8,691	$8,438	$8,192	$8,031	$8,333	$9,651	$9,950	$10,699	$10,288
Cost per sports field maintained	$4,655	$4,519	$4,387	$4,260	$4,133	$4,261	$5,134	$5,134	$4,937	$4,747
Golf Courses										
Cost per acre of golf course maintained	$10,076	$9,455	$9,931	$9,595	$9,010	$9,569	$11,327	$10,674	$10,617	$10,305
Number of rounds played	102,234	110,855	117,652	118,879	120,675	116,287	124,404	137,948	153,661	157,649
Number of acres maintained	200	200	200	200	200	200	200	200	200	200

(continued)

Operating Indicators by Function
Last Ten Fiscal Years

(continued)

Function/Program	Fiscal Year 2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
City Libraries										
Hours open	15,461	16,929	16,820	16,243	15,530	15,364	18,944	19,290	20,292	
Total circulation of materials, including eBooks	1,169,829	1,257,127	1,397,239	1,520,841	1,635,627	1,700,104	1,655,922	1,721,779	1,658,731	1,630,580
Patron assistance (reference, information, computer)	185,436	207,305	240,287	291,960	347,085	397,287	530,364	537,807	461,819	350,325
Patron visits	1,098,146	1,221,982	1,264,972	1,317,689	1,321,309	1,403,995	1,572,138	1,752,838	1,615,640	1,545,205
Library cardholders	217,661	201,194	186,891	158,396	157,278	156,444	149,501	138,826	147,638	161,278
Programs offered	3,900	3,800	3,397	3,097	3,235	3,927	3,991	4,777	4,410	3,923
Program attendance	125,609	117,226	111,380	102,728	101,696	124,401	146,357	158,669	152,532	129,661
Hours of public internet usage	150,712	184,851	209,953	237,340	220,930	209,673	246,676	277,097	242,734	192,817
Community Services Programs										
Number of youth program participants	183,967	177,746	126,429	136,345	129,215	110,013	134,611	146,381	455,725	362,839
Number of youth program participants in recreation classes	13,026	10,136	13,897	10,906	9,213	10,231	10,125	16,332	16,006	13,675
Number of adult program sports teams	725	750	791	841	845	908	885	875	840	756
Number of park ranger contacts	278,599	327,893	263,765	233,308	275,014	232,132	187,000	208,176	161,038	140,000
Public Utilities Department										
Electric Utility:										
Number of meters	117,593	115,682	115,474	115,418	115,113	114,662	113,434	112,548	111,784	111,319
Megawatt-hours - sales	3,229,569	3,725,386	4,065,552	3,312,018	2,966,119	2,976,014	3,344,188	3,208,123	2,979,396	3,233,508
Megawatt-hours - purchased power	3,050,657	3,417,459	3,751,220	3,029,766	2,707,466	2,737,174	3,085,358	2,836,962	2,978,800	2,780,318
Megawatt-hours - owned generation	318,921	371,657	467,348	410,601	430,323	431,027	410,784	435,835	301,021	696,563
Water Utility:										
Number of meters	63,775	63,145	63,002	62,917	62,793	62,717	62,607	62,456	62,436	62,372
Millions of gallons sold	16,607	19,804	20,743	20,464	19,672	19,526	20,492	22,238	23,154	24,075
Millions of gallons purchased from Metropolitan Water	4,373	4,717	5,286	6,878	7,023	7,398	8,054	6,614	4,978	8,049
Millions of gallons pumped from water system wells	13,213	15,180	16,749	14,659	14,100	13,399	14,669	17,034	18,961	16,844
Anaheim Convention Center										
Number of events serviced	181	197	221	263	222	200	232	310	339	347
Number of attendees	954,000	986,000	1,020,000	1,070,000	1,059,000	935,000	944,000	917,000	1,008,000	1,098,000
Percentage of occupancy	59.0%	63.0%	63.0%	58.0%	62.0%	56.0%	68.0%	56.0%	61.0%	70.0%

Sources: Various City departments

Capital Assets Statistics by Function
Last Ten Fiscal Years

Function/Program	Fiscal Year 2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Police Department										
Police Facilities	10	10	10	10	10	10	10	10	9	8
Motorized Equipment	260	250	247	247	242	242	250	266	255	251
Police Helicopters	2	2	2	3	3	3	4	4	3	3
Shooting Range	1	1	1	1	1	1	1	1	1	1
Communication/Radio Tower	1	1	1	1	1	1	1	1	1	1
Fixed Wing	1	1	1	1	1					
Fire Department										
Fire stations	11	11	11	11	11	11	11	11	11	11
Training center	1	1	1	1	1	1	1	1	1	1
Fire trucks, engines, and other vehicles	75	74	74	79	74	69	74	74	79	79
Public Works										
Streets (center lane miles)	584	584	578	578	578	578	588	633	633	633
Traffic signals	321	321	321	318	318	318	306	318	314	312
Sewers (miles)	578.13	577.60	575.52	575.52	573.63	570.44	569.60	568.30	565.70	561.50
Storm Drains (miles)	151.30	151.30	151.30	151.30	151.24	151.24	151.24	148.00	148.00	148.00
Parks										
Community parks	11	11	11	11	11	11	11	11	11	11
Mini parks	10	9	7	7	7	7	7	7	6	6
Neighborhood parks	21	21	21	21	21	21	21	21	20	20
Special use parks	7	7	7	7	7	7	6	6	6	6
Golf Courses	2	2	2	2	2	2	2	2	2	2
City Libraries										
Branch libraries	8	8	7	7	7	7	7	7	7	6
Book mobiles	1	1	1	1	1	1	2	2	2	2
Museums/Historic properties	5	5	5	5	5	5	5	3	3	3

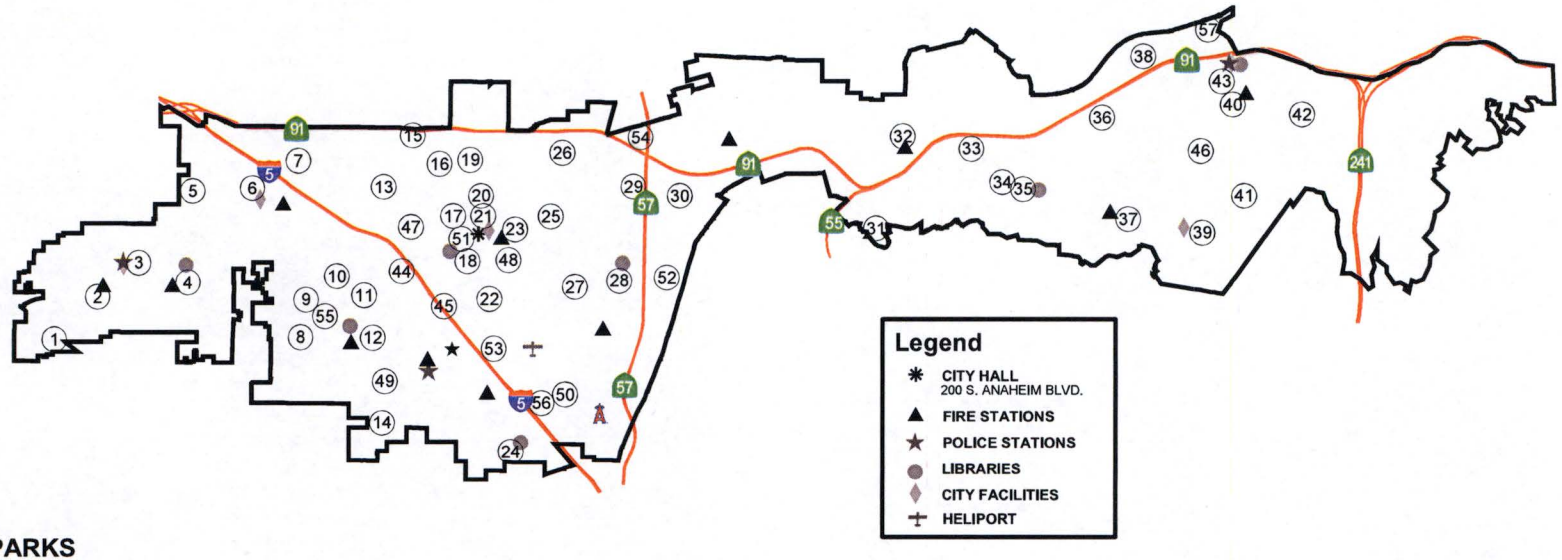
See accompanied Independent auditors' report

Capital Assets Statistics by Function
Last Ten Fiscal Years
(continued)

Function/Program	Fiscal Year 2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Public Utilities Department										
Electric Utility:										
Transmission, 69 kV, circuit miles	88	87	86	87	86	90	80	80	80	77
Distribution, 12 kV and lower, circuit miles										
Overhead	408	414	420	426	428	440	446	446	453	458
Underground	693	680	666	662	656	658	617	625	615	582
Water Utility:										
Active Wells	17	18	17	18	18	18	18	18	21	19
Reservoirs	14	14	14	14	14	14	13	13	13	13
Water Mains (miles)	753	753	753	753	753	752	753	750	750	747
Fire Hydrants	7,832	7,840	7,832	7,816	7,812	7,802	7,805	7,751	7,749	7,730
Anaheim Convention Center										
Square footage available	1,130,000	1,130,000	1,130,000	1,130,000	1,130,000	1,130,000	1,130,000	1,130,000	1,130,000	1,130,000
Number of exhibit halls	5	5	5	5	5	5	5	5	5	5

Source: Various City Departments

CITY OF ANAHEIM



PARKS

1. **HANSEN PARK** 1300 S. Knott St.
2. **REID PARK** 3100 W. Orange Ave.
3. **SCHWEITZER PARK** 238 S. Bel Air St.
4. **MAXWELL PARK** 2660 W. Orange Ave.
5. **PETER MARSHALL PARK** 801 N. Magnolia Ave.
6. **BROOKHURST COMMUNITY PARK** 2271 W. Cresent Ave.
7. **JOHN MARSHALL PARK** 2066 Falmouth Ave.
8. **MODJESKA PARK** 1331 S. Nutwood St.
9. **CLARA BARTON PARK** 1926 Clearbrook Ln.
10. **CHAPARRAL PARK** 1770 E. Broadway
11. **WILLOW PARK** 1625 W. Crone Ave.
12. **PALM LANE PARK** 1595 Palais Rd.
13. **SAGE PARK** 1313 Lido Pl.
14. **STODDARD PARK** 901 S. Ninth St.
15. **MANZANITA PARK** 1260 Riviera St.
16. **LA PALMA PARK & STADIUM** 1151 La Palma Park Way
17. **PEARSON PARK** 400 N. Harbor Blvd.
18. **LITTLE PEOPLES PARK** 220 W. Elm St.
19. **JULIANNA PARK** 309 E. Juliana St.
20. **GEORGE WASHINGTON PARK** 250 E. Cypress St.
21. **COLONY SQUARE** 210 E. Lincoln Ave.
22. **WALNUT GROVE PARK** 905 S. Anaheim Blvd.
23. **CITRUS PARK** 104 S. Atchison St.
24. **PONDEROSA PARK** 2100 S. Haster St.
25. **LINCOLN PARK** 1440 E. Lincoln Ave.
26. **EDISON PARK** 1145 Baxter St.
27. **BOYSEN PARK** 951 State College Blvd.
28. **JUAREZ PARK** 841 S. Sunkist St.
29. **PIONEER PARK** 2565 E. Underhill Ave.
30. **RIO VISTA PARK** 201 N. Park Vista St.
31. **OLIVE HILLS PARK** 4200 Nohl Ranch Rd.
32. **RIVERDALE PARK** 4545 E. Riverdale Ave.
33. **PERALTA CANYON PARK** 115 N. Pinney Dr.
34. **PELANCONI PARK** 222 S. Avenida Margarita
35. **IMPERIAL PARK** 450 S. Imperial Hwy.
36. **EUCALYPTUS PARK** 100 N. Quintana Dr.
37. **OAK PARK** 6400 E. Nohl Ranch Rd.
38. **YORBA REGIONAL PARK** 7600 E. La Palma Ave.
39. **OAK CANYON NATURE CENTER** 6700 Walnut Canyon Rd.
40. **SYCAMORE PARK** 8268 Monte Vista Rd.
41. **CANYON RIM PARK** 7305 E. Canyon Rim Rd.
42. **RONALD REAGAN PARK** 945 S.Weir Canyon Rd.
43. **ROOSEVELT PARK** 8160 E.Bauer Rd.
44. **ROSS PARK** 1280 W. Santa Ana St.
45. **COTTONWOOD PARK** 853 W. Cottonwood Cir.
46. **DEER CANYON PARK** Mohler & Santa Ana Rd.
47. **FOUNDERS PARK** 400 N. West St.
48. **COLONY PARK** 501 E. Water St.
49. **ENERGY FIELD** 1625 S. Ninth St.
50. **MAGNOLIA PARK** 1515 Wright Cir.
51. **FRIENDSHIP PLAZA PARK** 200 S. Anaheim Blvd.
52. **ANAHEIM COVES** 962 S. Rio Vista St.
53. **PAUL REVERE PARK** 160 Guinida Ln.
54. **MIRALOMA PARK** 2600 E. Miraloma Way
55. **CIRCLE PARK** 924 S.Park Cir.
56. **CORAL TREE PARK** 1711 S. Betmor Ln.
57. **WETLANDS** 8300 E. La Palma Ave.

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ANAHEIM