City of Placentia

Placentia, California

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2017

Prepared by the
Finance Department of City of Placentia

City of Placentia
Comprehensive Annual Financial Report
For the Year Ended June 30, 2017

Table of Contents

Page

INTRODUCTORY SECTION (Unaudited)

Letter of Transmittal i
Organization Chart viii
Elected Officials and Administrative Personnel ix

FINANCIAL SECTION

Independent Auditors' Report 1

Management's Discussion and Analysis (Required Supplementary Information) (Unaudited) 5

Basic Financial Statements:

Government-Wide Financial Statements:
Statement of Net Position 20
Statement of Activities 22

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

Proprietary Fund Financial Statements:
Statement of Net Position 35
Statement of Revenues, Expenses, and Changes in Net Position 36
Statement of Cash Flows 37

Fiduciary Fund Financial Statements:
Statement of Fiduciary Net Position 41
Statement of Change in Fiduciary Net Position 42

Notes to the Basic Financial Statements 47

City of Placentia
Comprehensive Annual Financial Report
For the Year Ended June 30, 2017

Table of Contents (Continued)

Page

FINANCIAL SECTION (Continued)

Required Supplementary Information (Unaudited):

Budgetary Comparison Schedule – General Fund 93
Budgetary Comparison Schedule – Housing Successor Special Revenue Fund 94
Notes to the Budgetary Comparison Schedule 95
Schedule of the City's Proportionate Share of the Net Pension Liabilities and Related Ratios 96
Schedule of City's Contributions 97
Schedule of Funding Progress – Other Postemployment Benefits 98

Supplementary Information:

Nonmajor Governmental Funds:
Combining Balance Sheet 102
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances 107
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual:
Miscellaneous Grants Special Revenue Fund 112
Park Development Special Revenue Fund 113
Street Lighting Special Revenue Fund 114
Measure M Special Revenue Fund 115
Storm Drain Construction Special Revenue Fund 116
Thoroughfare Construction Special Revenue Fund 117
Asset Seizure Special Revenue Fund 118
Traffic Offender Special Revenue Fund 119
Supplemental Law Enforcement Special Revenue Fund 120
Air Quality Special Revenue Fund 121
Landscape Maintenance District 92-1 Special Revenue Fund 122
Housing and Community Development Special Revenue Fund 123
Utility Users Tax Special Revenue Fund 124
Gasoline Tax Special Revenue Fund 125
Sewer Construction Special Revenue Fund 126
PEG Special Revenue Fund 127
Affordable Housing In Lieu Special Revenue Fund 128
2011 Gas Tax COP Debt Service Fund 129

Internal Service Funds:
Combining Statement of Net Position 132
Combining Statement for All Internal Service Funds of Revenues,
Expenses, and Changes in Net Position 133
Combining Statement of Cash Flows 134

Agency Funds:
Combining Statement of Assets and Liabilities 136
Combining Statement of Changes in Assets and Liabilities 137

City of Placentia
Comprehensive Annual Financial Report
For the Year Ended June 30, 2017

Table of Contents (Continued)

Page

STATISTICAL SECTION (Unaudited)

Net Position by Component Last Ten Fiscal Years 142
Change in Net Position Last Ten Fiscal Years 144
Fund Balance of Governmental Funds Last Ten Fiscal Years 149
Changes in Fund Balances of Governmental Funds Last Ten Fiscal Years 150
Revenues by Source Last Ten Fiscal Years 152
Assessed Value of Taxable Property Last Ten Fiscal Years 154
Direct and Overlapping Property Tax Rates Last Ten Fiscal Years 155
Principal Property Taxpayers Current and Nine Years Ago 156
Property Tax Levies and Collections Last Ten Fiscal Years 157
Ratios of Outstanding Debt by Type Last Ten Fiscal Years 158
Direct and Overlapping Governmental Activity Debt 159
Legal Debt Margin Information Last Ten Fiscal Years 160
Demographics and Economic Statistics Last Ten Calendar Years 161
Taxable Sales by Category Last Ten Calendar Years 162
Budgeted Full-Time Employees by Department Last Ten Fiscal Years 165
Operating Indicators by Function Last Ten Fiscal Years 166
Capital Asset Statistics by Function/Program Last Ten Fiscal Years 168

This page intentionally left blank.

The People are the City

Mayor
CRAIG GREEN

Mayor Pro Tem
CHAD P. WANKE

Councilmembers
RHONDA SHADER
WARD SMITH
JEREMY B. YAMAGUCHI

City Clerk
PATRICK J. MELIA

City Treasurer
KEVIN A. LARSON

City Administrator
DAMIEN R. ARRULA

401 East Chapman Avenue – Placentia, California 92870

January 25, 2018

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

It is our pleasure to present the Comprehensive Annual Financial Report (CAFR) of the City of Placentia for the fiscal year ended June 30, 2017. Responsibility for the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City. It is our opinion that the data is accurate in all material aspects, is presented in a manner designed to fairly set forth the financial position and results of the operations of the City, and contains all disclosures necessary to enable the reader to gain an understanding of the City's financial affairs.

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

The City's financial statements have been audited by the Pun Group, LLP., a public accounting firm fully licensed and qualified to perform audits of local governments within the State of California. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Placentia, California for the fiscal year ended June 30, 2017, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City of Placentia, California's financial statements for the fiscal year ended June 30, 2017, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

Profile of the City of Placentia

The City of Placentia is located in north Orange County, in the heart of Southern California, with Los Angeles County to the north and San Diego County to the south. Orange County is the third largest county in California, trailing only Los Angeles and San Diego counties, and represents 8% of the state's population. There are currently 34 cities within the County. The City consists of approximately 6.7 square miles of land area and serves a population of 52,000.

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

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

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

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

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

Factors Affecting Economic Condition

Misappropriation of Funds: In April 2016, City staff discovered that, over a period of more than two years, the City's former financial services manager had misappropriated a total of about $5.16 million of City funds. In March 2017, the individual pleaded guilty to various felony counts of misappropriation of public funds, money laundering, falsifying records, and making a non-sufficient funds check. He was sentenced to 25 years in state prison.

To date, $4.65 million has been returned to the City and additional recovery is still being pursued. The City continues to work with the District Attorney's Office to identify additional funds for recovery, and will continue to use any and all available actions to recover the remaining stolen funds.

In response to this event, the City's internal financial controls have been strengthened and many of the new controls exceed governmental standards. Based upon the aforementioned events, the City has become a leader in Orange County with creating and implementing internal controls. The City's new comprehensive requests for proposals (RFPs) on banking and auditing services have been requested by multiple California municipalities. In addition, the City is speaking in the coming months at two conferences directed toward City Managers and Finance Directors with the sole purpose of outlining internal controls that can be implemented in other cities for the purpose of preventing fraud.

Local Economy: The Orange County economy is expected to continue to improve in calendar 2018, according to the December 2017 economic forecast by Chapman University. Orange County is forecast to add 41,000 jobs in 2018, representing a 2.6% growth in employment, on top of the 38,000 jobs added in 2017.

Orange County's unemployment rate fell to 2.8% in November 2017, according to a report from the California Employment Development Department, the lowest rate for a November since 1999. Industries within Orange County showing the greatest job growth include construction, restaurants, amusement and recreation, health care and social assistance, and retail.

Chapman University economists are expecting housing prices in the county to rise by 5.2% in 2018.

The City's general fund revenues provide certain indicators of the strength of the local Placentia economy. Total general fund revenues have grown an average of 4.5% per year from their Great Recession low point in FY 2009-10 through FY 2016-17. Assessed valuations have grown an average of 3.0% per year since their FY 2008-09 low point.

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

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

To date, there has been significant developer interest in opportunities presented by the new TOD District. Thus far, the City has approved a 215-unit TOD development, which will generate $2.4 million in development impact fee revenue and additional property tax revenue. This project is slated to start construction in May 2018 with an opening date of May 2020. The City will be issuing an RFP for its available TOD property which is directly adjacent to the Metrolink station and is valued at several million dollars. In addition, several other properties within the District are now in escrow by private developers and the City anticipates further progress on new development projects in this District during the next 12 months.

Placentia's Old Town is a 33-acre area located in the southern and western portions of the City, north of a section of the Burlington Northern Santa Fe railroad. To take advantage of the upcoming Metrolink station and parking structure developments scheduled to begin construction in 2018, the Old Town Placentia Revitalization Plan was adopted by the City Council in July 2017. The Plan has a primary goal of creating a vibrant, safe and pedestrian friendly area that respects the community's historical and cultural diversity, while also creating new opportunities for development and investment into the area. This comprehensive Plan will incorporate well-designed private and public physical improvements and amenities.

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

Other economic development efforts are already positively impacting ongoing revenues. The City has entered into a 10-year lease with Galaxy Oil Company for the operation of a retail gasoline and electric vehicle charging station on a City-owned property. Beginning in FY 2017-18, the station is expected to generate between $225,000 and $375,000 in additional annual general fund revenue. Additionally, multi-year leases of other City properties on which advertising billboards are situated promise to bring in significant amounts of lease revenue annually. For FY 2017-18, $650,000 is anticipated from this revenue source. In addition, the City prepared an RFP directed toward hotel developers for a City property adjacent to the 57 Freeway. The City has received proposals and is negotiating the final terms of the purchase and sale agreement of the property. Based upon the proposals and consultant review, aside from additional property tax revenue and the sale of the property, the hotel is anticipated to generate approximately $400,000 annually in new transient occupant tax revenue.

Long-Term Financial Planning, Policies and Initiatives: As part of the FY 2013-14 budget development process, the City retained the consulting firm Management Partners to conduct a Fiscal Sustainability Review. The review projected revenues and expenditures for a five-year period and showed the City operating at a structural deficit each year through FY 2017-18. The projected deficits were as large as $2.8 million for FY 2016-17 and FY 2017-18, depending on the assumptions made for revenue and expenditure growth. Since the time of that study, the City has implemented performance-based budgeting and other techniques to conservatively control expenditures. As a result, staff has proposed and the City Council has adopted balanced budgets since FY 2014-15. The City closed out the current year with a $0.8 million decrease to the fund balance of the general fund. However, had it not been for a one-time, $2.1 million payment to the Orange County Transportation Authority related to the closeout of the Placentia Avenue Grade Separation Project, the fund balance of the general fund would have increased by $1.3 million this year. The FY 2017-18 budget calls for an increase of $0.3 million in the fund balance of the general fund.

In 2015, the City formed a Citizens Fiscal Sustainability Task Force. This group of seven members appointed by the City Council had a mission of identifying fiscal sustainability areas of concern, and soliciting and evaluating revenue enhancement options and expenditure reduction ideas. The Task Force presented their final report to the City Council in September 2017, which focused attention on three primary areas of concern: deferred infrastructure maintenance; city personnel resources/benefits; and the level of unallocated general fund reserves. The report quantified and documented the extent of the financial challenges facing the City and included examination of possible additional revenue sources that could allow the City to address the expected budget shortfalls. A series of Community Conversation meetings were held in October and November 2017 at which the Task Force report was presented and discussed and community feedback was solicited, including feedback on potential local revenue measures to be considered. The City Council will consider the community input in the first quarter of calendar 2018 and provide direction to staff on revenue enhancement and expenditure options to be further studied.

The City continues to work diligently through a multi-year strategy to address the challenges outlined in the Task Force report. The 10-year financial forecast that was prepared for the Task Force, will be updated on a regular basis. In September 2017, the City adopted a policy of maintaining an unassigned general fund balance equal to 17%, or two months, of general fund expenditures. The City will continue to work toward the goal of achieving that level of fund balance, but it is likely to take several years. While the unrestricted fund balance of the general fund was 10.2% at June 30, 2017, the unassigned fund balance stood at just 0.2% at June 30, 2017 and the FY 2017-18 adopted budget forecasts an unassigned fund balance at June 30, 2018 of approximately 1.3%. A large portion of the current unrestricted fund balance is committed for the City's contribution toward the parking structure to be constructed in conjunction with the proposed Metrolink Station. The purpose of this public investment is to further economic growth and prosperity in the downtown area in concert with the aforementioned TOD and Old Town Master Plans. It is important to note that while the City has a large contribution toward this public infrastructure investment project, it has always been anticipated that the sale and or lease of the aforementioned City TOD property will generate an initial general fund contribution of $4.4 million. If the sale of this property takes place during FY 2017-18, these funds would bring the unassigned fund balance at June 30, 2018 to a level of 13%.

In conjunction with the recent requirements associated with Governmental Accounting Standards Board Statements No. 68 and 75, in December 2017, the City awarded a contract for actuarial consulting services to help identify alternative approaches for addressing the unfunded liabilities associated with pensions and other post-employment benefits. Pension and retiree health liabilities are significant and are continuing to grow. At June 30, 2017, pension liabilities totaled approximately $36.9 million, and at July 1, 2015 (the most recent actuarial valuation date) the actuarial accrued liability for retiree health benefits was approximately $26.5 million. The City makes the full and complete payments against the unfunded pension liabilities each year, but like many municipalities, the City's retiree health benefits are funded strictly on a pay-as-you-go method. During the next seven years, pension liabilities are forecast to increase significantly as a result of the lowering of the discount rate used by the California Public Employees Retirement System (CalPERS) from 7.5% to 7%. CalPERS is evaluating a variety of options to reduce the unfunded liability for cities and is working with the Governor's Office, a City Management Task Force, the League of California Cities and other stakeholders to select one or more recommendations in 2018. Preliminary data on some of the options suggest a significant reduction in the actuarial valuation of the unfunded pension liability.

The Orange County Transportation Authority has identified Placentia as one of two cities in Orange County with the worst condition of its local streets. The FY 2017-18 budget includes $3.0 million for street-related projects, and the City plans to devote additional resources to streets over the next few years using the new California gas tax revenues now beginning to be generated a result of the passage of Senate Bill 1 by the California Legislature in April 2017. The City continues to seek grants and other outside funding sources to address its infrastructure maintenance needs and has highlighted and evaluated this need in the aforementioned Community Conversation meetings with a goal of seeking additional revenue sources to improve its pavement condition index.

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

Awards and Acknowledgments

Awards: The Government Finance Officers Association of the United States and Canada (GFOA) awards a Certificate of Achievement for Excellence in Financial Reporting to government units that publish an easily readable and efficiently organized comprehensive annual financial report. A Certificate of Achievement is valid for a period of one year only. The City received this award for its June 30, 2015 CAFR. We believe this year's comprehensive annual financial report meets the required criteria, and we will be submitting it for award consideration this year.

The City Administrator (CA) of the City of Placentia received the Orange County City Manager of the Year Award from the Association of California Cities Orange County in May of 2017. This is largely attributed to how the CA handled all of the aforementioned items (balanced budgets, multiple new significant economic development projects, recovery of embezzled funds and becoming a leader/expert in preventing municipal fraud).

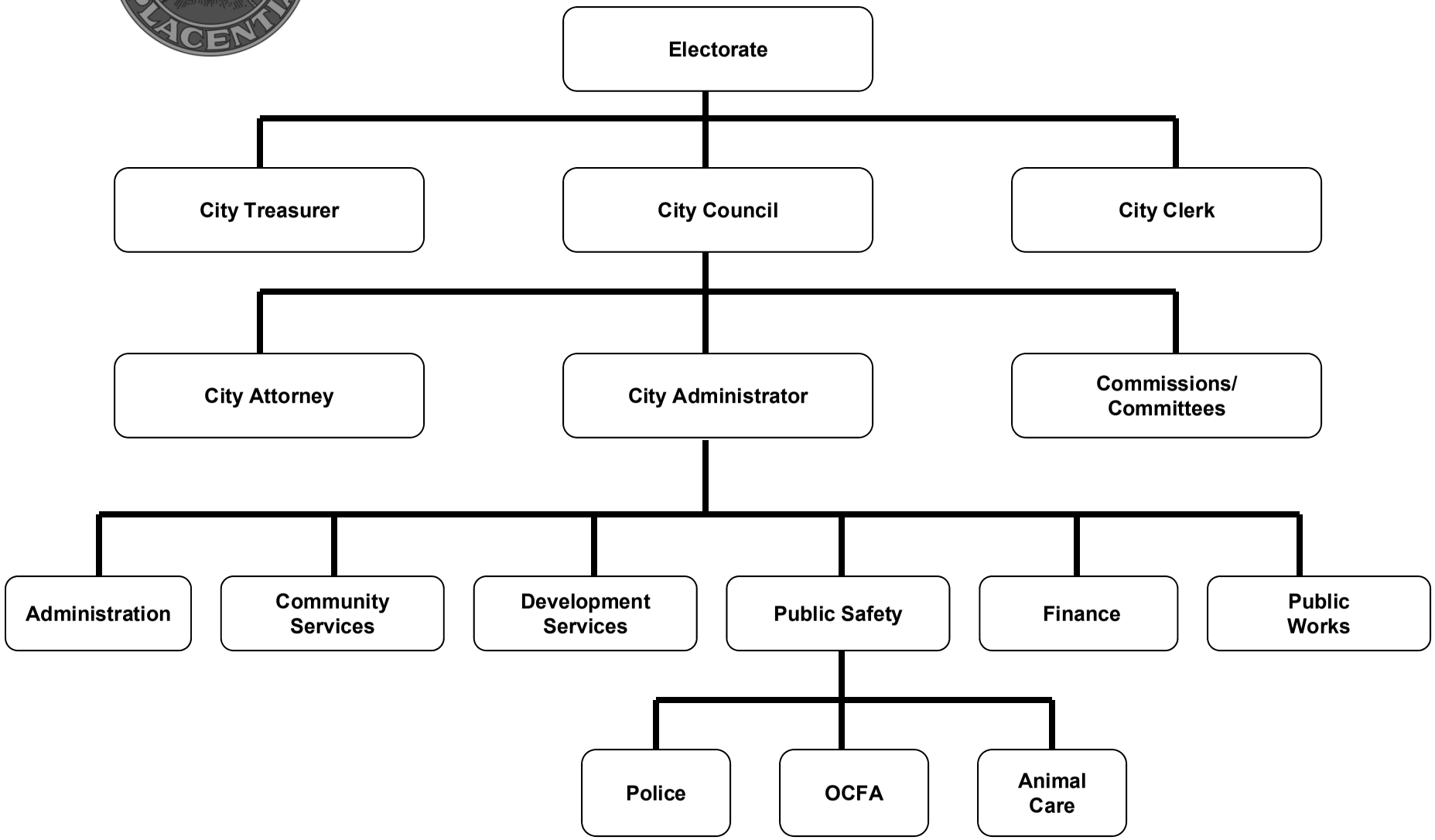
Acknowledgments: The preparation of this report would not have been possible without the dedicated efforts of the entire Finance Department staff and the audit firm of the Pun Group, LLP. All those who contributed to the preparation of this report deserve commendation for their dedication and hard work.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

Respectfully submitted,

Shally Lin
Interim Finance Director

Damien R. Arrula
City Administrator

Placentia Municipal Organization



CITY OF PLACENTIA
PRINCIPAL OFFICIALS
June 30, 2017

CITY COUNCIL

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

CITY OFFICIALS

Patrick J. Melia	City Clerk
Kevin Larson	City Treasurer
Damien R. Arrula	City Administrator
Christian Bettenhausen	City Attorney
Stephen D. Pischel	Director of Administrative Services
Shally Lin	Interim Finance Director
Darin Lenyi	Chief of Police

This page intentionally left blank.

FINANCIAL SECTION

This page intentionally left blank.

THE PUN GROUP
ACCOUNTANTS & ADVISORS

INDEPENDENT AUDITORS' REPORT

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

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Placentia, California (the "City"), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Special Item

As discussed in Note 15 to the basic financial statements, in the prior year, the City recorded loss due to embezzlement and misappropriation of assets in estimation of $5,160,735. The City recovered additional $ 500,000 of the loss in the fiscal year ending June 30, 2017.Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Budgetary Comparison Schedule-General Fund, Budgetary Comparison Schedule-Housing Successor Special Revenue Fund, Schedule of Proportionate Share of the Net Pension Liability and Related Ratios, Schedule of Contributions, and the Schedules of Funding Progress-Other Postemployment Benefits on pages 5 to 16 and 93 to 98, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The Introductory Section, Combining and Individual Nonmajor Fund Financial Statements and Budgetary Comparison Schedules, and Statistical Section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Combining and Individual Nonmajor Fund Financial Statements and Budgetary Comparison 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 Nonmajor Fund Financial Statements and Budgetary Comparison 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 January 25, 2018, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

The Pun Group, LLP

Santa Ana, California
January 25, 2018

This page intentionally left blank.

City of Placentia
Management Discussion and Analysis
For the Fiscal Year Ended June 30, 2017

This discussion and analysis section of the City of Placentia's ("City") comprehensive annual financial report provides a narrative overview of the City's financial activities for the fiscal year ended June 30, 2017. This information should be read in conjunction with the basic financial statements and the notes, which accompany the basic financial statements.

FINANCIAL HIGHLIGHTS

- The City's net position equaled $52.7 million at June 30, 2017. Net position is the amount by which total assets and deferred outflow of resources exceed total liabilities and deferred inflows of resources. The net position from governmental activities at June 30, 2017 was $41.4 million, and from business-type activities, $11.4 million.

- The City's overall net position decreased by $2.9 million during the fiscal year, compared to the net position at June 30, 2016. The net position from governmental activities decreased by $2.6 million while the net position from business-type activities decreased by $0.2 million.

- The City's governmental funds reported combined ending fund balances of $12.9 million. Governmental revenues, other financing sources and special items were $2.6 million less than expenditures and other financing uses in FY 2016-17.

- At the close of the fiscal year, the general fund total fund balance was $8.1 million, or 22.4% of general fund expenditures for the year, and general fund unrestricted fund balance was $3.7 million, or 10.2% of general fund expenditures. General fund revenues, other financing sources and special items were less than general fund expenditures and other financing uses for the year by $0.8 million.

- During FY 2016-17, an additional $500,000 was received in settlement with the City's former auditing firm related to the misappropriation of funds from FY 2015-16 in the amount of $5.16 million. To date, $4.65 million has now returned to the City and there remains a potential for additional recovery. On the government-wide statements, the $500,000 settlement is recorded as a special item on the Statement of Activities. In the fund financial statements, $1.5 million is recognized as a special item in the general fund Statement of Revenues, Expenditures and Changes in Fund Balance, consisting of the $500,000 settlement this year and $1.0 million that was unavailable revenue at June 30, 2016.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

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

- **Governmental Funds**

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

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

Fund Financial Statements (Continued)

- **Proprietary Funds**

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

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

- **Fiduciary Funds**

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

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

Notes to the Financial Statements

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

Other Information

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Position

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
ASSETS						
Cash and Investments	$ 10,089,948	$ 8,149,096	$ 554,005	$ 1,493,540	$ 10,643,953	$ 9,642,636
Other Assets	6,364,191	10,277,185	1,673,498	996,072	8,037,689	11,273,257
Capital Assets	80,118,817	80,541,304	10,303,153	10,765,365	90,421,970	91,306,669
Total Assets	96,572,956	98,967,585	12,530,656	13,254,977	109,103,612	112,222,562
DEFERRED OUTFLOW OF RESOURCES	9,929,109	4,217,616	138,345	76,106	10,067,454	4,293,722
LIABILITIES						
Current Liabilities	2,650,014	2,145,129	237,081	358,360	2,887,095	2,503,489
Long-Term Liabilities	59,172,058	52,598,990	895,675	1,055,838	60,067,733	53,654,828
Total Liabilities	61,822,072	54,744,119	1,132,756	1,414,198	62,954,828	56,158,317
DEFERRED INFLOW OF RESOURCES	3,300,802	4,451,134	166,841	306,988	3,467,643	4,758,122
NET POSITION						
Net Investment in Capital Assets	67,960,062	66,799,316	10,303,153	10,765,365	78,263,215	77,564,681
Restricted	6,199,131	7,680,807	-	-	6,199,131	7,680,807
Unrestricted	(32,780,002)	(30,490,175)	1,066,251	844,532	(31,713,751)	(29,645,643)
Total Net Position	$ 41,379,191	$ 43,989,948	$ 11,369,404	$ 11,609,897	$ 52,748,595	$ 55,599,845

The City's net position can serve as a useful indicator of the City's financial position. As of June 30, 2017, the City's combined net position (governmental and business-type activities) totaled $52.7 million, down $2.9 million for the year.

Net Position consists of three categories: net investment in capital assets, restricted, and unrestricted. The largest portion of the City's net position, approximately $78.3 million at June 30, 2017, is the City's investment in capital assets (i.e., land, buildings, machinery, equipment, and infrastructure). Since the capital assets are used to provide service to citizens, they are not available to fund the City's day–to-day activities. The restricted net position totaled $6.2 million at June 30, 2017. These are resources subject to external restrictions on how they can be used. The remaining unrestricted net position was a negative $31.7 million. The primary reason for this negative unrestricted net position is the City's pension liabilities. In compliance with the Governmental Accounting Standards Board (GASB) Statement No. 68 and No. 71, the City began recognizing and recording its pension obligations as deferred inflows, deferred outflows, and liabilities on the Statement of Net Position in the fiscal year ended June 30, 2015. At June 30, 2017, the net effect of these pension-related entries totaled $30.8 million.

Change in Net Position

The following is a summary of activities for the years ending June 30, 2017 and 2016:

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
REVENUES						
Program Revenues:						
Charges for services	$ 5,092,955	$ 5,407,161	$ 3,679,708	$ 3,577,994	$ 8,772,663	$ 8,985,155
Operating contribution and grants	4,636,945	4,744,061	-	-	4,636,945	4,744,061
Capital contributions and grants	464,751	145,144	-	-	464,751	145,144
General Revenues:						
Taxes	27,237,463	26,446,364	-	-	27,237,463	26,446,364
Investment income	31,249	34,267	7,644	6,747	38,893	41,014
Miscellaneous	40,760	35,320	-	75,000	40,760	110,320
Total revenues	37,504,123	36,812,317	3,687,352	3,659,741	41,191,475	40,472,058
EXPENSES						
General government	10,578,441	5,343,102	-	-	10,578,441	5,343,102
Public safety	19,188,290	18,556,022	-	-	19,188,290	18,556,022
Public works	8,028,430	8,282,127	-	-	8,028,430	8,282,127
Community development	1,904,332	1,373,064	-	-	1,904,332	1,373,064
Commuity services	1,317,841	1,262,774	-	-	1,317,841	1,262,774
Refuse	-	-	2,571,315	2,555,007	2,571,315	2,555,007
Compressed natural gas	-	-	-	-	-	-
Sewer maintenance	-	-	954,077	1,417,710	954,077	1,417,710
Total Expenses	41,017,334	34,817,089	3,525,392	3,972,717	44,542,726	38,789,806
Increase in net position before transfers & special items	(3,513,211)	1,995,228	161,960	(312,976)	(3,351,251)	1,682,252
Transfers	402,454	646,254	(402,454)	(646,254)	-	-
Special Item						
Loss due to misappropriation of assets	-	(5,160,735)	-	-	-	(5,160,735)
Restitution and recovery	500,000	4,125,494	-	-	500,000	4,125,494
Change in net position	(2,610,757)	1,606,241	(240,494)	(959,230)	(3,351,251)	1,682,252
Net position, beginning of year (restated)	43,989,948	42,383,707	11,609,898	12,569,128	55,599,846	54,952,835
Net position, end of year	$ 41,379,191	$ 43,989,948	$ 11,369,404	$ 11,609,898	$ 52,748,595	$ 56,635,087

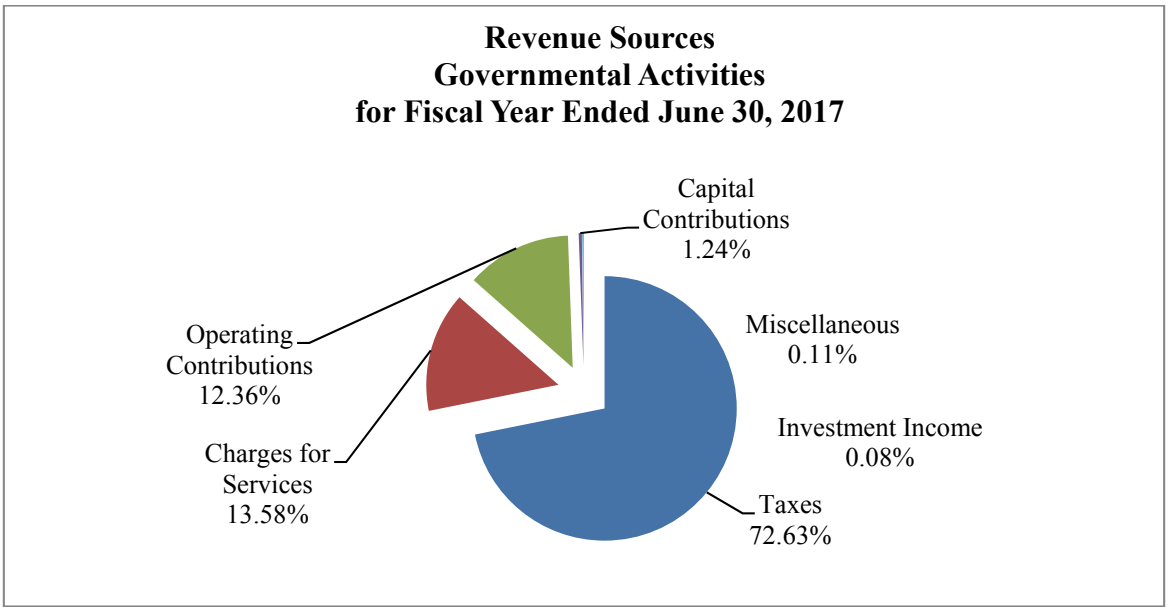
Governmental Activities:

Overall, governmental activities decreased the City's net position by $2.6 million. There were several factors that contributed to this change.

Revenues

Total revenue from governmental activities equaled $37.5 million for the year. While there are differences in all of the revenue categories, the overall increase was $0.7 million, or 1.9%.

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



As shown in the chart, revenue received from taxes makes up the largest portion of the City's revenue derived from governmental activities. This fiscal year, tax revenue increased by $0.8 million, or 3%, due primarily to an improving economy. Property values continued to increase, resulting in an increase in property tax revenue of $0.7 million from last year, an increase of 5.4%. Real property transfer tax revenue was up $0.1 million, or 41% over the prior year. Sales tax revenue showed an increase of 2.5% from last year, or nearly $0.2 million. However, franchise tax revenue and utility user tax revenue each declined by $0.1 million.

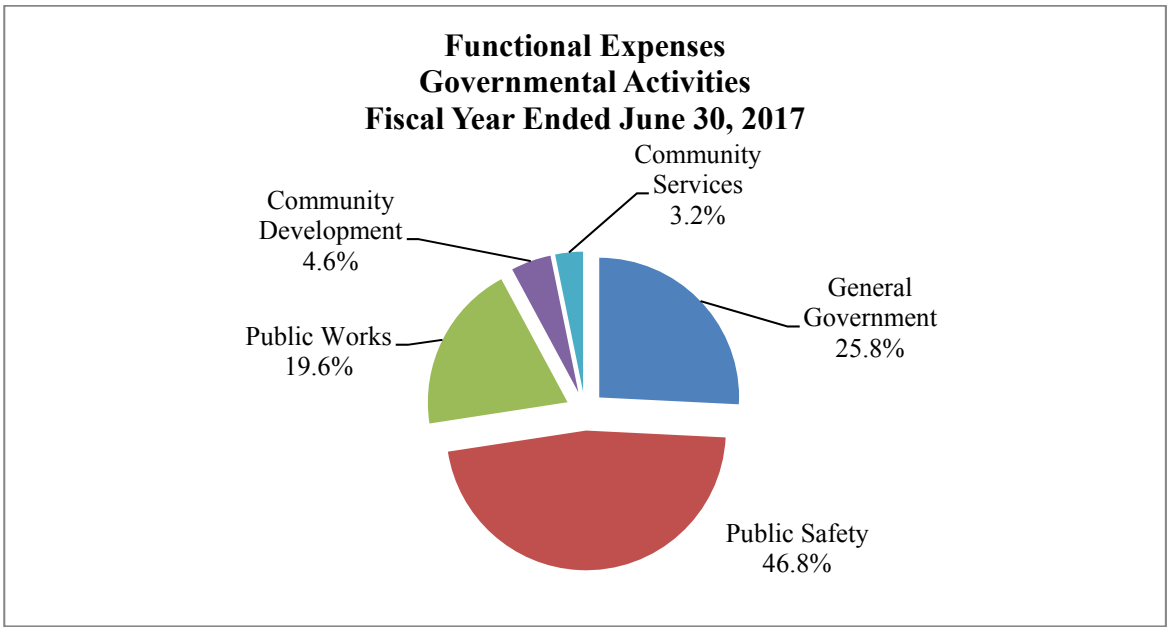
Revenue from charges for services declined in FY 2016-17 by $0.3 million, or 5.8%. General government-related charges for services revenue increased by nearly $0.2 million, while charges for services revenue from all other functional areas declined.

Expenses

Total expenses from governmental activities equaled $41.0 million. This represents an increase of $6.2 million, or 17.8%, from last year. The general government category experienced the largest increase in costs, which were up $5.2 million, or 98%. Most of this variance can be explained by just two factors: (1) there was a $2.1 million payment to the Orange County Transportation Authority related to the closeout of the Placentia Avenue Grade Separation Project, and (2) there was an increase in general government expenses associated with internal service fund operations of $2.3 million.

Community development expenses were up $0.5 million, or 39%, due to a refund of park development fees to a developer and greater expenses related to the Community Development Block Grant program. Public safety expenses were up $0.6 million, or 3.4%, due mostly to the classification of certain public works expenditures as public safety expenditures in the prior year.

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



Business-type Activities:

	2017	2016
Operating Revenues	$ 3,679,708	$ 3,577,994
Operating Expenses	(3,525,392)	(3,972,718)
Operating Income (loss)	154,316	(394,724)
Non-operating Income	7,644	81,747
Income (loss) before Transfers & Special Items	161,960	(312,977)
Transfers	(402,454)	(646,254)
Change in Net Position	$ (240,494)	$ (959,231)

The business-type activities include the City's refuse and sewer system activities. Total operating revenues for the business-type activities equaled $3.7 million and the operating expenses equaled $3.5 million, for a net operating gain of almost $0.2 million. The refuse operation had net operating income of $0.4 million, and the sewer system operation generated a loss of $0.2 million. In addition to the operating income, non-operating income and transfers to governmental funds resulted in a net negative change in financial position for the business-type activities of $0.2 million. This was a significant improvement over the prior year, when the change in financial position for the business-type activities was a negative $1 million.

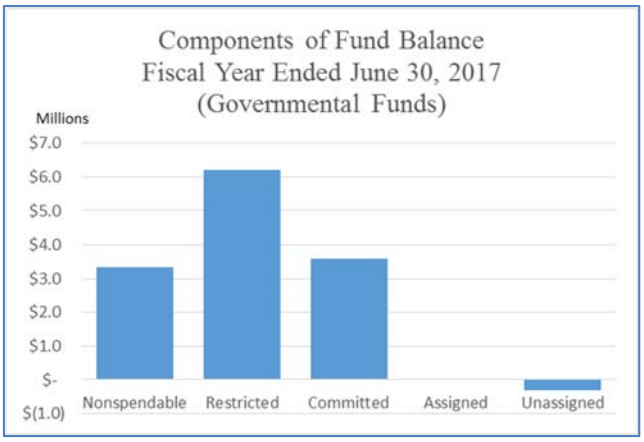
FINANCIAL ANALYSIS OF THE CITY'S MAJOR FUNDS

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

Governmental Funds

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

As of the end of the current fiscal year, the City's governmental funds reported a combined ending fund balance of $12.9 million, a decrease of $2.6 million from the prior year.



Of the total $12.9 million of fund balances, $3.4 million constitutes nonspendable fund balance; specifically, long-term loans receivable and inventories of supplies, which cannot be used to finance operating expenditures.

The restricted fund balance of $6.2 million reflects resources that can only be spent for particular purposes, due to constraints either (1) externally imposed by creditors, such as stated in the debt covenants, grantors contributors, laws or regulations of other governments; or (2) imposed by law through constitutional provisions or enabling legislation.

The City Council, as the City's highest level of decision-making authority, may commit fund balance for specific purposes pursuant to constraints imposed by formal actions taken, such as an ordinance or resolution. These committed amounts are classified as committed fund balance. There is $3.6 million in committed fund balance as of June 30, 2017 for the future Metrolink train station and parking structure to be built in the City.

Assigned fund balance represents funds that are constrained by the City's intent to use the funds for specific purposes. As of June 30, 2017, the City had assigned fund balance $40,274 for public safety mitigation.

Unassigned fund balance represents the portion of fund balance that does not fall into one of the other four fund balance categories and does not have any specific spending limitations. The unassigned fund balance at June 30, 2017 for all governmental funds combined was a negative $311,580, consisting of $56,214 unassigned fund balance in the general fund and unassigned deficits for the housing and community development special revenue fund and the city projects capital projects funds. These deficits were the result of expenditures incurred in advance of reimbursements that were unavailable or otherwise not received by fiscal year-end.

The general fund is the main operating fund of the City. As of June 30, 2017, total fund balance of the general fund was $8.1 million, compared to $8.9 million at June 30, 2016, representing a decrease of approximately $0.8 million. Nonspendable and assigned portions of the fund balance declined from the prior year, but the other components of fund balance remained about the same.

The general fund had revenues of $29.7 million, compared to $29.6 million in the prior year, an increase of $0.1 million, or 0.3%. The two largest increases occurred in tax revenue, up $0.5 million or 2.1%, and revenue from leases and rents, up $0.5 million or 78.8%. The improving economy and revenue from outdoor advertising were the causes for these increases. These increases were mostly offset by decreases in licenses and permits revenue of $0.2 million, charges for services revenue of $0.2 million and miscellaneous revenue of $0.4 million.

General fund expenditures for FY 2016-17 were $36.2 million, compared to $31.8 million last year, which represents an increase of $4.4 million or 13.8%. The most significant increase was in the area of general government expenditures, with an increase of $3.9 million from the prior year. The general government increase was mostly attributable to two factors: a $2.1 million payment to the Orange County Transportation Authority related to the closeout of the Placentia Avenue Grade Separation Project, and a $1.1 million increase in the cost of workers compensation claims. In addition, public safety expenditures were up by $0.5 million, due in large part to the classification of certain public works expenditures as public safety expenditures in the prior year.

As a measure of general fund fiscal health, it is useful to calculate fund balance as a percentage of general fund expenditures. Total general fund balance at June 30, 2017 was 22.3% of FY 2016-17 expenditures. It is also common to compare the portion of total fund balance that is unrestricted to total expenditures. The unrestricted amount is defined as the combined committed, assigned, and unassigned fund balance. As of June 30, 2017, total general fund unrestricted fund balance was 10.2% of FY 2016-17 expenditures.

The City's capital projects fund, a major fund, had total revenues and transfers in of approximately $2.6 million and expenditures of approximately $2.9 million, $2.1 million of which was spent on capital outlay, $0.7 million for public works and $0.2 million for community development. Most of the City's capital improvement program is reliant on outside funding sources, a large portion of which is received as reimbursement after funds have been expended. There were substantially more capital project spending in FY 2016-17 than in FY 2015-16, when just $0.9 million was expended.

Proprietary Funds

The City maintains proprietary funds for its sewer maintenance and refuse operations. The combined net position of these two funds at the end of the fiscal year amounted to $11.4 million. The sewer maintenance fund had a net position of $11.5 million (of which $10.3 million represents investment in capital assets). The refuse fund had a negative net position of $0.2 million. This was an improvement of $0.3 million from the refuse fund's negative net position of $0.6 million to start the year. This $0.2 million deficit for the refuse fund is now expected to be corrected by the end of FY 2017-18.

The combined internal service funds had a negative net position of $0.2 million at June 30, 2017. These funds experienced a combined net loss of $33,084 this year.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the year there were adjustments made to both the estimated revenues and appropriations in the general fund to more closely reflect actual amounts received and expended. Per City policy, increases to total general fund appropriations for the year were approved by the City Council.

The adopted general fund budget for FY 2016-17 included estimated revenues of $28.7 million and was amended during the year by an additional $1.8 million, for a total of $30.5 million (including extraordinary items). Actual revenues (including extraordinary items) were $31.2 million, with the greatest variances occurring in the areas of miscellaneous revenue ($0.5 million, due mostly to unanticipated revenue related to housing rehabilitation loan repayments and reimbursement for certain legal costs) and tax revenue ($0.3 million, primarily the result of greater than expected property tax revenues). The adopted general fund expenditure budget for this fiscal year was $32.5 million. The final amended budget of $36.2 million reflected the Council-approved amendments during the year and at year-end of $3.7 million. Actual expenditures totaled $36.2 million.

Transfers in from other funds were originally budgeted at $4.4 million and amended to $5.4 million. Actual transfers in from other funds were $4.9 million. The $0.5 million shortfall was primarily the result of transfers from the utility users tax and redevelopment successor agency funds being less than anticipated.

Transfers out to other funds were originally budgeted at $0.8 million and amended to $0.9 million. Actual transfers out to other funds were $0.7 million, with the $0.2 million variance due to lower than expected capital project expenditures and transfers to the capital projects fund.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The City's capital assets, net of accumulated depreciation, for its governmental and business-type activities as of June 30, 2017, totaled $88.7 million, a decrease of approximately $0.6 million, or 0.7%, from the prior year. Capital assets include land, buildings, infrastructure, and equipment. Capital asset additions for the year totaled $2.4 million and included various street resurfacing projects, installation of catch basin filters for storm drains and the remodeling of the police department lobby. The reason that total capital assets, net of accumulated depreciation, declined during the year was depreciation expense, which equaled $3.0 million.

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Land	$ 23,381,937	$ 23,381,937	$ -	$ -	$ 23,381,937	$ 23,381,937
Land - Right of Way	258,822	258,822	-	-	258,822	258,822
Construction in progress:						
Streets Network	3,168,305	2,105,321	-	-	3,168,305	2,105,321
Structures & Improvements	8,331,780	7,806,537	10,214,418	10,729,518	18,546,198	18,536,055
Equipment	1,035,006	1,213,014	88,735	35,847	1,123,741	1,248,861
Land Improvements	41,982	45,530	-	-	41,982	45,530
Infrastructure						
Trees	3,114,540	3,114,540	-	-	3,114,540	3,114,540
Streets Network	26,060,021	27,143,301	-	-	26,060,021	27,143,301
Streets Appurtenances	10,376,886	10,971,373	-	-	10,376,886	10,971,373
Storm Drains	2,652,319	2,552,826	-	-	2,652,319	2,552,826
	$ 78,421,598	$ 78,593,201	$ 10,303,153	$ 10,765,365	$ 88,724,751	$ 89,358,566

For further detailed information see Note 5, Capital Assets.

Debt Administration

As of June 30, 2017, the City's long-term debt totaled $60.1 million, representing an increase of $6.4 million from the prior year. Pension, other post-employment benefit and claims payable liabilities increased this past year and all other long-term liabilities declined. Details of each of these obligations are included in Note 6, Long-Term Liabilities.

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Certification of participation:						
2003 Refunding	$ 4,105,000	$ 4,390,000	$ -	$ -	$ 4,105,000	$ 4,390,000
2011 Gas Tax	4,680,000	4,915,000	-	-	4,680,000	4,915,000
Bonds payable	2,260,000	3,090,000	-	-	2,260,000	3,090,000
Bond discount	(17,830)	(26,744)	-	-	(17,830)	(26,744)
Capital leases	162,018	217,814	-	-	162,018	217,814
OCTA Advance	3,056,413	3,304,721	-	-	3,056,413	3,304,721
Claims Payable	2,618,962	2,035,843	-	-	2,618,962	2,035,843
Compensated absences	1,928,686	2,148,686	46,214	48,871	1,974,900	2,197,557
Other postemployment benefit	4,369,693	3,601,635	-	-	4,369,693	3,601,635
Pension Liabilities	36,009,116	28,922,035	849,461	1,006,967	36,858,577	29,929,002
	$ 59,172,058	$ 52,598,990	$ 895,675	$ 1,055,838	$ 60,067,733	$ 53,654,828

NEXT YEAR'S BUDGET, TAX RATES AND FEE LEVELS

The fiscal year 2017-18 adopted general fund budget was balanced, with an anticipated excess of revenues and transfers from other funds over expenditures and transfers to other funds of $265,634.

As mentioned previously, the City suffered a loss of $5.16 million from a misappropriation of funds that was discovered in April 2016 and has received $4.65 million of recoveries to date. The City continues to pursue additional recoveries. The $0.5 million balance of currently unrecovered funds will have little effect on the FY 2017-18 budget. There remain sufficient resources to pay for ongoing City services, projects and programs.

General fund revenues and transfers from other funds are currently estimated at $37.6 million for FY 2017-18, which represents a $3.0 million or 8.7% increase from actual FY 2016-17 revenues and transfers from other funds. Property tax revenue, the City's largest revenue source, is currently estimated at $14.6 million for FY 2017-18, which is an increase of $0.6 million, or 4.4%, over actual FY 2016-17 receipts, due to continuing improvements in property values and property sales. The current projection for FY 2017-18 sales tax revenue, $7.0 million, reflects no change from the FY 2016-17 level. The fast growth of internet sales compared to the growth rate of traditional "brick and mortar" retail sales continues to hamper the growth of this revenue source, considering the City receives one cent of sales tax revenue for every point-of-sale retail sales dollar, yet only roughly 1/10 of one cent for every online sales dollar.

The amended FY 2017-18 general fund budget includes $37.3 million of appropriations for expenditures and transfers to other funds. This represents an increase of 1.1% over FY 2016-17 actual expenditures and transfers to other funds.

In total, five and one-half new positions were added in the FY 2017-18 budget, three and one-quarter of which were in police services. This brings the total complement of City staff to 133 full-time positions for FY 2017-18. As in prior years, contracts for services in all departments were reviewed during budget development, and in instances where contracts offered no potential cost savings, or where a higher level of service could be provided for the same or less cost, contract personnel were replaced by City employees.

All tax rates remain the same for FY 2017-18. A user fee study is currently being conducted to identify costs related to providing fee-supported services, with an estimated completion date of February 2018.

REQUESTS FOR INFORMATION

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

BASIC FINANCIAL STATEMENTS

This page intentionally left blank.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

City of Placentia
Statement of Net Position
June 30, 2017

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets:			
Cash and investments	$ 8,560,426	$ 554,005	$ 9,114,431
Receivables, net of allowance			
Accounts	-	121,498	121,498
Taxes	3,134,287	-	3,134,287
Grants	956,698	-	956,698
Interest	16,773	-	16,773
Loans	3,403,261	-	3,403,261
Internal balances	(1,552,000)	1,552,000	-
Due from agency funds	386,100	-	386,100
Inventory	19,072	-	19,072
Total Current Assets	14,924,617	2,227,503	17,152,120
Noncurrent Assets:			
Land held for resale	1,697,219	-	1,697,219
Restricted Assets:			
Cash and investments with fiscal agent	1,529,522	-	1,529,522
Capital assets - nondepreciable	29,923,604	-	29,923,604
Capital assets - depreciable, net	48,497,994	10,303,153	58,801,147
Total Noncurrent Assets	81,648,339	10,303,153	91,951,492
Total Assets	96,572,956	12,530,656	109,103,612
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charges on refunding	557,324	-	557,324
Deferred outflows of resources related to pensions	9,371,785	138,345	9,510,130
Total Deferred Outflows of Resources	9,929,109	138,345	10,067,454

See accompanying Notes to the Basic Financial Statements

City of Placentia
Statement of Net Position (Continued)
June 30, 2017

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
LIABILITIES			
Current Liabilities:			
Accounts payable	1,979,766	218,873	2,198,639
Accrued payroll and benefits	465,879	18,208	484,087
Accrued interest payable	129,369	-	129,369
Unearned revenues	75,000	-	75,000
Long-term liabilities:			
Due within one year	3,501,972	27,946	3,529,918
Due in more than one year	15,291,277	18,268	15,309,545
Other postemployment benefit	4,369,693	-	4,369,693
Aggregate net pension liabilities	36,009,116	849,461	36,858,577
Total Liabilities	61,822,072	1,132,756	62,954,828
DEFERRED INFLOWS OF RESOURCES			
Deferred pension related items	3,300,802	166,841	3,467,643
Total Deferred Inflows of Resources	3,300,802	166,841	3,467,643
NET POSITION			
Net investment in capital assets	67,960,062	10,303,153	78,263,215
Restricted for:			
Public safety	1,169,664	-	1,169,664
Public works	313,894	-	313,894
Community development	1,667,268	-	1,667,268
Debt service	1,506,918	-	1,506,918
Grant programs	374,809	-	374,809
Park development	31,835	-	31,835
Street maintenance	891,926	-	891,926
Air quality	217,817	-	217,817
Affordable housing	25,000	-	25,000
Total restricted	6,199,131	-	6,199,131
Unrestricted (Deficit)	(32,780,002)	1,066,251	(31,713,751)
Total Net Position	$ 41,379,191	$ 11,369,404	$ 52,748,595

See accompanying Notes to the Basic Financial Statements

City of Placentia
Statement of Activities
For the Year Ended June 30, 2017

		Program Revenues		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Functions/Programs				
Governmental Activities:				
General government	$ 10,578,441	$ 2,136,105	$ 244,801	$ -
Public safety	19,188,290	1,092,205	1,088,966	-
Public works	8,028,429	596,921	2,325,231	464,751
Community development	1,904,332	1,073,541	977,947	-
Community services	1,317,841	194,183	-	-
Total Governmental Activities	41,017,333	5,092,955	4,636,945	464,751
Business-Type Activities:				
Refuse	2,571,315	2,957,973	-	-
Sewer maintenance	954,077	721,735	-	-
Total Business-Type Activities	3,525,392	3,679,708	-	-
Total Primary Government	$ 44,542,725	$ 8,772,663	$ 4,636,945	$ 464,751

See accompanying Notes to the Basic Financial Statements

City of Placentia
Statement of Activities (Continued)
For the Year Ended June 30, 2017

	Net (Expense) Revenue and Changes in Net Positions		
	Governmental Activities	Business-Type Activities	Total
Functions/Programs			
Governmental Activities:			
General government	$ (8,197,535)	$ -	$ (8,197,535)
Public safety	(17,007,119)	-	(17,007,119)
Public works	(4,641,526)	-	(4,641,526)
Community development	147,156	-	147,156
Community services	(1,123,658)	-	(1,123,658)
Total Governmental Activities	(30,822,682)	-	(30,822,682)
Business-Type Activities:			
Refuse	-	386,658	386,658
Sewer maintenance	-	(232,342)	(232,342)
Total Business-Type Activities	-	154,316	154,316
Total Primary Government	(30,822,682)	154,316	(30,668,366)
General Revenues and Transfers:			
Taxes:			
Property taxes	13,971,691	-	13,971,691
Transient occupancy taxes	965,228	-	965,228
Sales taxes	7,019,906	-	7,019,906
Franchise taxes	2,243,832	-	2,243,832
Utility users tax	2,637,364	-	2,637,364
Real property transfer taxes	324,099	-	324,099
Other taxes	75,343	-	75,343
Investment earnings	31,249	7,644	38,893
Miscellaneous	40,759	-	40,759
Transfers	402,454	(402,454)	-
Total General Revenues and Transfers	27,711,925	(394,810)	27,317,115
Changes in Net Position Before Special Items	(3,110,757)	(240,494)	(3,351,251)
Special Items (Note 15):			
Restitution and recovery	500,000	-	500,000
Total Special Items	500,000	-	500,000
Changes in Net Position	(2,610,757)	(240,494)	(2,851,251)
Net Position - Beginning of Year	43,989,948	11,609,898	55,599,846
Net Position - End of Year	$ 41,379,191	$ 11,369,404	$ 52,748,595

See accompanying Notes to the Basic Financial Statements

This page intentionally left blank.

FUND FINANCIAL STATEMENTS

This page intentionally left blank.

GOVERNMENTAL FUND FINANCIAL STATEMENTS

This page intentionally left blank.

City of Placentia
Balance Sheet
Governmental Funds
June 30, 2017

	Major Funds				
	General Fund	Housing Successor Special Revenue Fund	City Projects Capital Projects Fund	Other Governmental Funds	Total
ASSETS					
Cash and investments	$ 2,661,845	$ -	$ 469,733	$ 2,994,912	$ 6,126,490
Receivables:					
Accounts	834,014	-	-	-	834,014
Taxes	1,790,721	-	-	509,552	2,300,273
Grants	-	-	532,455	424,243	956,698
Accrued interest	16,773	-	-	-	16,773
Loans	3,334,512	68,749	-	-	3,403,261
Due from other funds	901,513	-	-	-	901,513
Due from the Successor Agency	386,100	-	-	-	386,100
Inventories	19,072	-	-	-	19,072
Land held for resale	-	1,697,219	-	-	1,697,219
Restricted assets:					
Cash and investments with fiscal agents	1,023,955	-	-	483,713	1,507,668
Total Assets	$ 10,968,505	$ 1,765,968	$ 1,002,188	$ 4,412,420	$ 18,149,081
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Accounts payable	$ 804,831	$ -	$ 1,002,188	$ 136,388	$ 1,943,407
Accrued liabilities	462,647	-	-	3,232	465,879
Due to other funds	-	313,597	-	587,916	901,513
Advances from other funds	1,552,000	-	-	-	1,552,000
Unearned revenue	75,000	-	-	-	75,000
Total Liabilities	2,894,478	313,597	1,002,188	727,536	4,937,799
Deferred Inflows of Resources:					
Unavailable revenues	-	-	329,873	-	329,873
Total Deferred Inflows of Resources	-	-	329,873	-	329,873
Fund Balances:					
Nonspendable	3,353,584	-	-	-	3,353,584
Restricted	1,023,955	1,452,371	-	3,722,805	6,199,131
Committed	3,600,000	-	-	-	3,600,000
Assigned	40,274	-	-	-	40,274
Unassigned (deficit)	56,214	-	(329,873)	(37,921)	(311,580)
Total Fund Balances	8,074,027	1,452,371	(329,873)	3,684,884	12,881,409
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 10,968,505	$ 1,765,968	$ 1,002,188	$ 4,412,420	$ 18,149,081

See accompanying Notes to the Basic Financial Statements

City of Placentia
Reconciliation of the Governmental Funds Balance Sheet to the Government-wide Statement of Net Position
June 30, 2017

Total Fund Balances - Total Governmental Funds			$ 12,881,409
Amounts reported for governmental activities in the Statement of Net Position were reported differently because:			
Capital assets used in governmental activities were not current financial resources. Therefore, they were not reported in the Governmental Funds Balance Sheet.			
Nondepreciable	$ 29,923,604		
Depreciable, net of $19,604 reported in Internal Service Fund	48,478,390		78,401,994
The loss incurred by the City resulting from the refunding of long-term liabilities are recorded as deferred outflows of resources and amortized over the remaining service life, equal to the lesser of the remaining bond-years on the refunded debt or the bond years on the refunding debt.			557,324
Revenue reported as unavailable revenue in the governmental funds when it is not received soon enough after year-end to be considered available. The Availability criteria does not apply to the government-Wide Financial Statements and, therefore, the revenue is recognized when eligibility requirements are met and earned.			329,873
Interest payable on long-term debt does not require current financial resources. Therefore, interest payable is not reported as a liability in the governmental funds.			(129,369)
Long-term liabilities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the Statement of Net Position:			
Long-term debt	$ (11,027,170)		
Capital leases	(162,018)		
OCTA advance	(3,056,413)		
Compensated absences	(1,928,686)		
Other postemployment benefits	(4,369,693)		(20,543,980)
Net pension liabilities and the related deferred outflows of resources and deferred inflows of resources are not due and payable in the current period or not available for current expenditures and are not reported in the governmental fund financial statements:			
Pension related deferred outflows of resources			9,371,785
Aggregate net pension liability			(36,009,116)
Pension related deferred inflows of resources			(3,300,802)
Internal Service Funds were used by management to charge the costs of certain activities, such as insurance and equipment replacement to individual funds. The assets and liabilities of the Internal Service Funds were included in the governmental activities in the Government-Wide Statement of Net Position.			(179,927)
Net Position of Governmental Activities			$ 41,379,191

See accompanying Notes to the Basic Financial Statements

City of Placentia
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2017

	Major Funds				
	General Fund	Housing Successor Special Revenue Fund	City Projects Capital Projects Fund	Other Governmental Funds	Total
Revenues:					
Taxes	$ 24,570,021	$ -	$ -	$ 2,644,028	$ 27,214,049
Intergovernmental	297,831	-	202,582	3,072,067	3,572,480
Licenses and permits	1,571,584	-	-	-	1,571,584
Fines & forfeitures	587,005	-	-	710,340	1,297,345
Investment earnings	3,644	-	-	27,603	31,247
Charges for services	863,387	-	-	879,796	1,743,183
Leases and rents	1,199,161	18,451	-	-	1,217,612
Miscellaneous	629,737	43,938	-	650	674,325
Total Revenues	29,722,370	62,389	202,582	7,334,484	37,321,825
Expenditures:					
Current:					
General government	10,355,502	-	-	94,990	10,450,492
Public safety	18,400,303	-	-	35,409	18,435,712
Public works	3,486,580	-	727,328	836,369	5,050,277
Community development	903,463	250,885	159,107	544,054	1,857,509
Community services	1,258,659	-	-	32,988	1,291,647
Capital outlay	146,032	-	2,052,805	140,817	2,339,654
Debt service:					
Principal retirement	1,120,977	-	-	533,128	1,654,105
Interest and fiscal charges	501,610	-	-	281,785	783,395
Total Expenditures	36,173,126	250,885	2,939,240	2,499,540	41,862,791
Revenues over (under) expenditures	(6,450,756)	(188,496)	(2,736,658)	4,834,944	(4,540,966)
Other Financing Sources (Uses):					
Transfers in	4,884,390	-	2,406,785	718,450	8,009,625
Transfers out	(728,224)	-	-	(6,878,947)	(7,607,171)
Total Other Financing Sources (Uses):	4,156,166	-	2,406,785	(6,160,497)	402,454
Net Change in Fund Balances Before Special Items	(2,294,590)	(188,496)	(329,873)	(1,325,553)	(4,138,512)
Special Items (Note 15):					
Restitution and recovery	1,500,000	-	-	-	1,500,000
Total Special Items	1,500,000	-	-	-	1,500,000
Net Change in Fund Balances	(794,590)	(188,496)	(329,873)	(1,325,553)	(2,638,512)
Fund Balances:					
Beginning of Year	8,868,617	1,640,867	-	5,010,437	15,519,921
End of Year	$ 8,074,027	$ 1,452,371	$ (329,873)	$ 3,684,884	$ 12,881,409

See accompanying Notes to the Basic Financial Statements

City of Placentia

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Government-Wide Statement of Activities

For the Year Ended June 30, 2017

Net Change in Fund Balances - Total Governmental Funds		$	(2,638,512)
Governmental activities in the Statement of Activities were reported differently because:			
Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds.			
Capital outlay	$ 2,339,654		
Depreciation, net of $7,646 reported in Internal Service Fund	(2,498,739)		
Net effect on disposal of capital assets	(4,872)		(163,957)
Amortization of the deferred charges on refunding is recognized as interest expense in the Statement of Activities.			(50,358)
Net change in revenues that was considered unavailable in the governmental funds. These items have been reported as revenue in the Statement of Activities.			(812,831)
Proceeds of long-term debt is not an expense in the Statement of Activities, but is considered an expenditure in governmental funds.			-
Principal repayment on long-term debt is not an expense in the Statement of Activities, but is considered an expenditure in governmental funds.			
Long-term debt	$ 1,341,086		
Capital leases	55,796		
OCTA advance	248,308		1,645,190
Interest expense on long-term debt is reported in the Statement of Activities, but do not require the use of current financial resources. Therefore, interest expense is not reported as expenditures in governmental funds. This amount represents the change in accrued interest from the prior year.			165,751
Compensated absences were reported in the Government-Wide Statement of Activities, but they did not require the use of current financial resources. Therefore, compensated absences were not reported as expenditures in the governmental funds.			220,000
Changes in net other postemployment benefit assets reported in the Statement of Activities do not use current financial resources and, therefore, are not reported as an expenditures in governmental funds.			(768,058)
Certain pension expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.			(174,898)
Internal Service Funds are used by management to charge the costs of certain activities, such as insurance and equipment replacement, to individual funds. The net revenue of the Internal Service Funds is reported in governmental activities.			(33,084)
Change in Net Position of Governmental Activities		$	(2,610,757)

See accompanying Notes to the Basic Financial Statements

PROPRIETARY FUND FINANCIAL STATEMENTS

This page intentionally left blank.

City of Placentia
Statement of Net Position
Proprietary Funds
June 30, 2017

	Business-Type Activities			Governmental Activities
	Refuse	Sewer Maintenance	Total	Internal Service
ASSETS				
Current Assets:				
Cash and investments	$ 273,509	$ 280,496	$ 554,005	$ 2,433,936
Receivable:				
Accounts	38,661	82,837	121,498	-
Advances to other funds	-	1,552,000	1,552,000	-
Restricted:				
Cash and investments with fiscal agent	-	-	-	21,854
Total Current Assets	312,170	1,915,333	2,227,503	2,455,790
Noncurrent Assets:				
Capital assets, net of accumulated depreciation	-	10,303,153	10,303,153	19,604
Total Noncurrent Assets	-	10,303,153	10,303,153	19,604
Total Assets	312,170	12,218,486	12,530,656	2,475,394
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows of resources related to pensions	39,527	98,818	138,345	-
Total Deferred Outflows of Resources	39,527	98,818	138,345	-
LIABILITIES				
Current Liabilities:				
Accounts payable	218,813	60	218,873	36,359
Accrued liabilities	1,611	16,597	18,208	-
Unearned revenues	-	-	-	-
Due to other funds	-	-	-	-
Accrued compensated absences - due within one year	3,723	24,223	27,946	-
Accrued claims and judgments - due within one year	-	-	-	654,740
Total Current Liabilities	224,147	40,880	265,027	691,099
Noncurrent Liabilities:				
Accrued compensated absences - due in more than one year	2,212	16,056	18,268	-
Accrued claims and judgments - due in more than one year	-	-	-	1,964,222
Aggregate net pension liability	242,703	606,758	849,461	-
Total Noncurrent Liabilities	244,915	622,814	867,729	1,964,222
Total Liabilities	469,062	663,694	1,132,756	2,655,321
DEFERRED INFLOW OF RESOURCES				
Deferred inflows of resources related to pensions	47,669	119,172	166,841	-
Total Deferred Inflows of Resources	47,669	119,172	166,841	-
NET POSITION				
Investment in capital assets	-	10,303,153	10,303,153	19,604
Unrestricted (deficit)	(165,034)	1,231,285	1,066,251	(199,531)
Total Net Position	$ (165,034)	$ 11,534,438	$ 11,369,404	$ (179,927)

See accompanying Notes to the Basic Financial Statements

City of Placentia
Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended June 30, 2017

	Business-Type Activities			Governmental Activities
	Refuse	Sewer Maintenance	Total	Internal Service
OPERATING REVENUES:				
Reimbursements	$ -	$ -	$ -	$ 117
Sales and service charges	2,957,973	721,735	3,679,708	2,725,036
Total Operating Revenues	2,957,973	721,735	3,679,708	2,725,153
OPERATING EXPENSES:				
Administration	57,545	236,687	294,232	65,579
Reinsurance premiums	-	-	-	125,213
Claims	-	-	-	961,115
Medical and dental premiums	-	-	-	1,013,829
Liability insurance premiums	-	-	-	584,855
Maintenance	-	197,612	197,612	-
Landfill and contractor charges	2,513,770	-	2,513,770	-
Depreciation expense	-	519,778	519,778	7,646
Total Operating Expenses	2,571,315	954,077	3,525,392	2,758,237
OPERATING INCOME (LOSS)	386,658	(232,342)	154,316	(33,084)
NONOPERATING INCOME (LOSS):				
Investment income	-	7,644	7,644	-
Total Nonoperating Income (Loss)	-	7,644	7,644	-
NET INCOME (LOSS) BEFORE TRANSFERS	386,658	(224,698)	161,960	(33,084)
TRANSFERS:				
Transfers out	-	(402,454)	(402,454)	-
Total Transfers	-	(402,454)	(402,454)	-
CHANGES IN NET POSITION	386,658	(627,152)	(240,494)	(33,084)
NET POSITION:				
Beginning of the Year	(551,692)	12,161,590	11,609,898	(146,843)
End of the Year	$ (165,034)	$ 11,534,438	$ 11,369,404	$ (179,927)

See accompanying Notes to the Basic Financial Statements

City of Placentia
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2017

	Business-Type Activities			Governmental Activities
	Refuse	Sewer Maintenance	Total	Internal Service
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers and users	$ 2,948,221	$ 710,306	$ 3,658,527	$ 2,726,812
Cash paid to suppliers for goods and services	(2,506,016)	(333,156)	(2,839,172)	(1,117,599)
Cash paid to employees for services	(144,790)	(505,480)	(650,270)	(65,579)
Cash paid for insurance claims	-	-	-	(961,115)
Net Cash Provided by (Used in) Operating Activities	297,415	(128,330)	169,085	582,519
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Cash transfers in (out)	-	(402,454)	(402,454)	-
Repayment received from other funds	(23,906)	919,662	895,756	-
Advances to other funds	-	(1,552,000)	(1,552,000)	-
Net Cash (Used in) Noncapital Financing Activities	(23,906)	(1,034,792)	(1,058,698)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition of capital assets	-	(57,566)	(57,566)	-
Net Cash Provided by (Used in) Capital and Related Financing Activities	-	(57,566)	(57,566)	-
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest received	-	7,644	7,644	-
Net Cash Provided by Investing Activities	-	7,644	7,644	-
Net Increase (Decrease) In Cash and Cash Equivalents	273,509	(1,213,044)	(939,535)	582,519
CASH AND CASH EQUIVALENTS:				
Beginning of Year	-	1,493,540	1,493,540	1,873,271
End of Year	$ 273,509	$ 280,496	$ 554,005	$ 2,455,790
CASH AND CASH EQUIVALENTS:				
Cash and investments	$ 273,509	$ 280,496	$ 554,005	$ 2,433,936
Cash and investments with fiscal agent	-	-	-	21,854
Total cash and cash equivalents	$ 273,509	$ 280,496	$ 554,005	$ 2,455,790
Reconciliation of Operating Income (Loss) to to Net Cash Provided by (Used in) Operating Activities:				
Operating income (loss)	$ 386,658	$ (232,342)	$ 154,316	$ (33,084)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	-	519,778	519,778	7,646
Changes in assets and liabilities:				
(Increase)/decrease in accounts receivables	(38,661)	(11,429)	(50,090)	1,659
(Increase)/decrease in taxes receivables	28,909	-	28,909	-
(Increase)/decrease in deferred outflows of resources related to pension	(18,771)	(43,468)	(62,239)	-
Increase/(decrease) in accounts payable	7,754	(135,544)	(127,790)	23,179
Increase/(decrease) in accrued liabilities	317	6,194	6,511	-
Increase/(decrease) in compensated absences	(812)	(1,845)	(2,657)	-
Increase/(decrease) in claims payable	-	-	-	583,119
Increase/(decrease) in net pension liabilities	(31,924)	(125,582)	(157,506)	-
Increase/(decrease) in deferred inflows of resources related to pension	(36,055)	(104,092)	(140,147)	-
Net Cash Provided by (Used in) Operating Activities	$ 297,415	$ (128,330)	$ 169,085	$ 582,519

See accompanying Notes to the Basic Financial Statements

This page intentionally left blank.

FIDUCIARY FUND FINANCIAL STATEMENTS

This page intentionally left blank.

City of Placentia
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2017

	RDA Successor Agency	Agency Funds
ASSETS		
Pooled cash and investments	$ 757,438	$ 515,310
Receivables:		
Taxes	-	2,290
Restricted assets:		
Cash and investments with fiscal agents	535,267	-
Total Assets	1,292,705	$ 517,600
LIABILITIES		
Accounts payable	285,528	$ -
Accrued interest	202,406	-
Deposits payables	-	517,600
Unearned revenues	739,950	-
Due to the City	386,100	-
Long-term liabilities:		
Due in one year	796,744	-
Due in more than one year	15,207,784	-
Total Liabilities	17,618,512	$ 517,600
NET POSITION		
Held in trust	(16,325,807)	
Total Net Position	$ (16,325,807)	

See accompanying Notes to the Basic Financial Statements

City of Placentia
Statement of Change in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2017

	RDA Successor Agency
ADDITIONS:	
Property taxes	$ 986,571
Investment income	274
Total Additions	986,845
DEDUCTIONS:	
Program costs	261,336
Administrative expenses	77,147
Interest expense	394,751
Contributions to City	30,417
Total Deductions	763,651
Change in Net Position	223,194
NET POSITION:	
Beginning of Year	(16,549,001)
End of Year	$ (16,325,807)

See accompanying Notes to the Basic Financial Statements.

NOTES TO THE BASIC FINANCIAL STATEMENTS

This page intentionally left blank.

City of Placentia
Index to the Notes to the Basic Financial Statements
For the Year Ended June 30, 2017

Page

Note 1 – Summary of Significant Accounting Policies ... 47

A. Financial Reporting Entity ... 47
B. Basis of Accounting and Measurement Focus ... 47
C. Cash and Investments ... 51
D. Fair Value Measurement ... 51
E. Property Taxes Receivable ... 52
F. Prepaid Items ... 52
G. Interfund Transactions ... 52
H. Capital Assets ... 52
I. Unearned and Unavailable Revenue ... 53
J. Compensated Absences Payable ... 53
K. Claims Payable ... 53
L. Pensions ... 54
M. Deferred Outflows/Inflows of Resources ... 54
N. Long-Term Obligations ... 54
O. Net Position ... 55
P. Fund Balances ... 55
Q. Spending Policy ... 56
R. Use of Estimates ... 56
S. Accounting Changes ... 57

Note 2 – Cash and Investments ... 58

A. Demand Deposits ... 58
B. Investments Authorized by the California Government Code and the City's Investment Policy ... 59
C. Investments Authorized by Debt Agreements ... 59
D. Fair Value Measurement ... 60
E. Risk Disclosures ... 60
F. Investment in Local Agency Investment Fund ("LAIF") ... 62

Note 3 – Interfund Transactions ... 62

Note 4 – Receivables ... 64

A. 2003 Certificates of Participation Reimbursement ... 64
B. Owner's Participation Agreement ... 64

Note 5 – Capital Assets ... 65

Note 6 – Long-Term Liabilities ... 66

A. Governmental Activities ... 66
B. Business Type Activities ... 72
C. Fiduciary Activities ... 72

Note 7 – Jointly Governed Organization ... 75

Note 8 – Deferred Compensation Plans ... 75

City of Placentia
Index to the Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2017

Page

Note 9 – Defined Benefit Pension Plans **76**

Note 10 – Other Postemployment Benefit Plan **84**

Note 11 – Risk Management and Self Insurance Program **86**

A. General Liability 86
B. Worker's Compensation 86
C. Other Insurance 87

Note 12 – Classification on Fund Balances **88**

Note 13 – Commitments and Contingencies **89**

A. Commitments 89
B. Contingencies 89
C. Grants 89

Note 14 – Individual Fund Disclosure **89**

A. Expenditures in Excess of Appropriation 89
B. Deficit Net Positions and Fund Balances 89

Note 15 – Special Item **90**

Note 1 – Summary of Significant Accounting Policies

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

A. Financial Reporting Entity

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

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

Blended Component Units:

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

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

B. Basis of Accounting and Measurement Focus

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

Note 1 – Summary of Significant Accounting Policies (Continued)

B. Basis of Accounting and Measurement Focus (Continued)

Government-Wide Financial Statements

The government-wide financial statements are presented on an "*economic resources*" measurement focus and the accrual basis of accounting. Accordingly, all of the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, including capital assets, as well as infrastructure assets, and long-term liabilities, are included in the accompanying statement of net position. The statement of activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. Fiduciary activities of the City are not included in these statements.

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

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

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

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

Governmental Fund Financial Statements

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

Note 1 – Summary of Significant Accounting Policies (Continued)

B. Basis of Accounting and Measurement Focus (Continued)

Governmental Fund Financial Statements (Continued)

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

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

The City reports the following major Governmental Funds:

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

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

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

Proprietary Fund Financial Statements

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

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

Note 1 – Summary of Significant Accounting Policies (Continued)

B. Basis of Accounting and Measurement Focus (Continued)

Proprietary Fund Financial Statements (Continued)

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

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

The City reports the following major Proprietary Funds:

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

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

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

Fiduciary Fund Financial Statements

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

Note 1 – Summary of Significant Accounting Policies (Continued)

B. Basis of Accounting and Measurement Focus (Continued)

Fiduciary Fund Financial Statements (Continued)

The City reports the following fiduciary funds:

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

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

C. Cash and Investments

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

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

D. Fair Value Measurement

U.S. GAAP defines fair value, establishes a framework for measuring fair value and establishes disclosures about fair value measurement. Investments, unless otherwise specified, recorded at fair value in the financial statements, are categorized based upon the level of judgment associated with the inputs used to measure their fair value.

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

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

Note 1 – Summary of Significant Accounting Policies (Continued)

E. Property Taxes Receivable

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

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

F. Prepaid Items

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

G. Interfund Transactions

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

H. Capital Assets

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

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

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

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

Note 1 – Summary of Significant Accounting Policies (Continued)

H. Capital Assets (Continued)

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

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

I. Unearned and Unavailable Revenue

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

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

J. Compensated Absences Payable

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

K. Claims Payable

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

Note 1 – Summary of Significant Accounting Policies (Continued)

L. Pensions

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

The following timeframes are used for pension reporting:

CalPERS	
Valuation Date	June 30, 2015
Measurement Date	June 30, 2016
Measurement Period	July 1, 2015 to June 30, 2016

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

M. Deferred Outflows/Inflows of Resources

The Statement of Net Position reports separate sections for Deferred Outflows of Resources, and Deferred Inflows of Resources, when applicable.

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

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

N. Long-Term Obligations

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

Note 1 – Summary of Significant Accounting Policies (Continued)

O. Net Position

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

Investment in Capital Assets – This component of net position consists of capital assets, net of accumulated depreciation, related debt, and deferred inflows of resources.

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

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

P. Fund Balances

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

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

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

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

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

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

Note 1 – Summary of Significant Accounting Policies (Continued)

Q. Spending Policy

Government-Wide Financial Statements and the Proprietary Fund Financial Statements

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

Governmental Fund Financial Statements

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

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

- Committed
- Assigned
- Unassigned

R. Use of Estimates

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

Note 1 – Summary of Significant Accounting Policies (Continued)

S. Accounting Changes

GASB has issued Statement No. 77, *Tax Abatement Disclosure*. This Statement requires governments that enter into tax abatement agreements to disclose the following information about the agreements: 1) Brief descriptive information, such as the tax being abated, the authority under which tax abatements are provided, eligibility criteria, the mechanism by which taxes are abated, provisions for recapturing abated taxes, and the types of commitments made by tax abatement recipients. 2) The gross dollar amount of taxes abated during the period 3) Commitments made by a government, other than to abate taxes, as part of a tax abatement agreement. This statement became effective for periods beginning after June 15, 2016 and did not have a significant impact on the City's financial statements for the years ended June 30, 2017.

GASB has issued Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*. This Statement amends the scope and applicability of Statement 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that (1) is not a state or local governmental pension plan, (2) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (3) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). This Statement establishes requirements for recognition and measurement of pension expense, expenditures, and liabilities; note disclosures; and required supplementary information for pensions that have the characteristics described above. This statement became effective for periods beginning after June 15, 2016 and did not have a significant impact on the City's financial statements for the years ended June 30, 2017.

GASB has issued Statement No. 80, *Blending Requirements for Certain Component Units*. The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, Determining Whether Certain Organizations Are Component Units. This statement became effective for periods beginning after June 15, 2016, and should be applied retroactively. This statement did not have a significant impact on the City's financial statements for the years ended June 30, 2017.

GASB has issued Statement No. 82, *Pension Issues*. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, Financial Reporting for Pension Plans, No. 68, Accounting and Financial Reporting for Pensions, and No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. This statement became effective for periods beginning after June 15, 2016, and should be applied retroactively. This statement did not have a significant impact on the City's financial statements for the years ended June 30, 2017.

Note 2 – Cash and Investments

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

The City had the following cash and investments at June 30, 2017:

	Government-Wide Statement of Net Position		Statement of Fiduciary Net Position	Total
	Governmental Activities	Business-type Activities		
Cash and investments	$ 8,560,426	$ 554,005	$ 1,272,748	$ 10,387,179
Cash and investment with fiscal agent	1,529,522	-	535,267	2,064,789
Total Cash and Investments	$ 10,089,948	$ 554,005	$ 1,808,015	$ 12,451,968

The City's cash and investments at June 30, 2017 in more detail:

Cash on hand	$ 17,965
Demand deposits	1,936,893
Investments	8,454,176
Investment with fiscal agent	2,042,934
	$ 12,451,968

A. Demand Deposits

The carrying amounts of the City's demand deposits were $1,936,893 at June 30, 2017. Bank balances at that date were $4,083,963, the total amount of which was insured or collateralized with accounts held by the pledging financial institutions in the City's name as discussed below.

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

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

Note 2 – Cash and Investments (Continued)

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

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

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

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

C. Investments Authorized by Debt Agreements

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

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

Note 2 – Cash and Investments (Continued)

D. Fair Value Measurement

At June 30, 2017, investments are reported at fair value. The following table presents the fair value measurement of investments on a recurring basis and the levels within the fair value hierarchy in which the fair value measurements fall at June 30, 2017:

Investment Type	Significant other Observable Input (Level 2)	Uncategorized	Total
Local Agency Investment Fund	$ -	$ 7,474,117	$ 7,474,117
Negotiable Certificates of Deposit	980,059	-	980,059
Held by Fiscal Agent:			
Money Market Mutual Funds	-	2,042,934	2,042,934
Total	$ 980,059	$ 9,517,051	$ 10,497,110

E. Risk Disclosures

Disclosures Relating to Interest Rate Risk

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

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

		Investment Maturities (in Years)				
Investment Type	Fair value	Less than 1	1 to 2	2 to 3	3 to 4	4 to 5
Local Agency Investment Fund	$ 7,474,117	$ 7,474,117	$ -	$ -	$ -	$ -
Negotiable Certificates of Deposit	980,059	245,115	245,463	243,589	245,892	-
Held by Fiscal Agent:						
Money Market Mutual Funds	2,042,934	2,042,934	-	-	-	-
Total	$ 10,497,110	$ 9,762,166	$ 245,463	$ 243,589	$ 245,892	$ -

Note 2 – Cash and Investments (Continued)

E. Risk Disclosures (Continued)

Disclosures Relating to Credit Risk

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

Investment Type	Total	Minimum Legal Rating	AAA	Not Rated
Local Agency Investment Fund	$ 7,474,117	N/A	$ -	$ 7,474,117
Negotiable Certificates of Deposit	980,059	N/A	-	980,059
Held by Fiscal Agent:				
Money Market Mutual Funds	2,042,934	AAA	2,042,934	-
Total	$ 10,497,110		$ 2,042,934	$ 8,454,176

Concentration of Credit Risk

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

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that in the event of the failure of the counterparty (e.g., broker dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local government units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. At June 30, 2017, the City deposits (bank balances were insured by the Federal Depository Insurance Corporation up to $250,000 and the remaining balances were collateralized under California law.

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

Note 2 – Cash and Investments (Continued)

F. Investment in Local Agency Investment Fund ("LAIF")

The City is a participant in LAIF, which is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The City's investments with LAIF at June 30, 2017 included a portion of the pool funds invested in Structured Notes and Asset-Backed Securities, which included the following:

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

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

As of June 30, 2017, the City had $7,474,117 invested in LAIF, which had invested 2.89% of the pool investment funds in Structured Notes and Asset-Backed Securities.

Note 3 – Interfund Transactions

Due From/To Other Funds – At June 30, 2017, the City had the following due from/to other funds:

Due To Other Funds	Due From Other Funds General Fund
Housing Successor Special Revenue Fund	$ 313,597
Nonmajor Special Revenue Funds:	
Supplementary Law Enforcement	1,511
Housing and Community Development	381,749
Utility Users Tax	204,656
Total	$ 901,513

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

Note 3 – Interfund Transactions (Continued)

Transfers

During the year ended June 30, 2017, the City had the following transfers:

	Transfers Out			
Transfers In	General Fund	Nonmajor Governmental Funds	Sewer Maintenance Enterprise Fund	Total
General Fund	$ -	$ 4,809,190	$ 75,200	$ 4,884,390
City Projects Capital Projects Fund	493,349	1,586,182	327,254	2,406,785
Nonmajor Governmental Funds	234,875	483,575	-	718,450
Total	$ 728,224	$ 6,878,947	$ 402,454	$ 8,009,625

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

Transfers from nonmajor governmental funds to the General Fund of $4,809,191 were to fund police, street maintenance, and other operating costs.

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

Transfers from General Fund for $493,349, nonmajor governmental funds for $1,586,182, and Sewer Maintenance Enterprise Fund for $327,254 were transferred to City Projects Capital Projects fund to fund city projects.

General Fund transferred $234,875 to Street Lighting Special Revenue Fund to subsidize street lighting district.

Gas Tax Fund transferred $483,575 to Debt Service Fund to fund the 2011 Gas Tax Certificate of Participation debt service.

Advances

	Advances from other funds
Advances to other funds	General Fund
Sewer Enterprise Fund	$ 1,552,000
Total	$ 1,552,000

On October 18, 2016, the City entered into a short term loan and repayment agreement between the City's Sewer Maintenance Fund and the General Fund in the amount of $1,552,000. The loan is to be used for the purpose of extinguishing the City's obligation pursuant to the Orange County Transportation Authority Cooperative Agreements for the Placentia Avenue Grade Separation. Interest is calculated at a rate equal to the annual rate earned on LAIF and will be due on or before October 18, 2017.

Note 4 - Receivables

At June 30, 2017, the City had following loans receivable:

2003 Certificates of Participation Reimbursement	$	3,334,512
Owner's Participation Agreement		68,749
Total	$	3,403,261

A. 2003 Certificates of Participation Reimbursement

On April 16, 2007, the city Council of the City of Placentia and the Board of Directors of the former Placentia Redevelopment Agency approved a reimbursement agreement between the City and the former Placentia Redevelopment Agency. This agreement provides that the former Placentia Redevelopment Agency will reimburse the City for a portion of the lease payment paid by the City to the bond trustee, with respect to the 2003 Certificates of Participation (COP). The portion reimbursed (87.52 percent) is based upon the portion of the capital improvements and improved facilities benefiting from the original proceeds of the related debt issue that were within the confines of the development project area. The notes receivable balance as of June 30, 2017 of $3,592,696 represents 87.52 percent of the outstanding principal balance of the 2003 COP at June 30, 2017 of $3,334,512, less 87.52 percent of the 2018 principal payment on the 2003 COP, which was received by the City in June 2017.

B. Owner's Participation Agreement

The Placentia Redevelopment Agency entered into an owner participation agreement dated January 5, 2001. Pursuant to that agreement, the Agency loaned $150,000 to a small-business in Placentia. The term of the loan is 30 years and does not bear interest, except upon default. The loan was recorded in the Low and Moderate Housing fund of the former Redevelopment Agency of Placentia. Upon dissolution of the Redevelopment Agency at February 1, 2012, the outstanding loan receivable balance was transferred to the Housing Successor Fund. During the 2014-15 fiscal year, the City received $5,000 in principal payments. The ending loan receivable at June 30, 2017 is $68,749.

Note 5 – Capital Assets

The following is a summary of changes in capital assets for the governmental activities for the year ended June 30, 2017:

	Balance June 30, 2016	Additions	Deletions	Reclassifications	Balance June 30, 2017
Capital assets not being depreciated:					
Land	$ 23,381,937	$ -	$ -	$ -	$ 23,381,937
Land-Right of Way	258,822	-	-	-	258,822
Infrastructure - Trees	3,114,540	-	-	-	3,114,540
Construction in progress	2,105,321	1,147,956	-	(84,972)	3,168,305
Total capital assets not being depreciated	28,860,620	1,147,956	-	(84,972)	29,923,604
Capital assets being depreciated:					
Structures and improvements	12,592,956	703,436	-	84,972	13,381,364
Equipment	5,658,925	81,044	(75,336)	-	5,664,633
Land improvements	138,806	-	-	-	138,806
Infrastructure:					
Streets network	45,686,717	140,518	-	-	45,827,235
Street appurtenances	22,896,790	-	-	-	22,896,790
Storm drain	8,360,354	266,700	-	-	8,627,054
Total capital assets being depreciated	95,334,548	1,191,698	(75,336)	84,972	96,535,882
Less accumulated depreciation for:					
Structures and improvements	(4,786,419)	(263,165)	-	-	(5,049,584)
Equipment	(4,445,911)	(254,180)	70,464	-	(4,629,627)
Land improvements	(93,276)	(3,548)	-	-	(96,824)
Infrastructure:					
Streets network	(18,543,416)	(1,223,798)	-	-	(19,767,214)
Street appurtenances	(11,925,417)	(594,487)	-	-	(12,519,904)
Storm drain	(5,807,528)	(167,207)	-	-	(5,974,735)
Total accumulated depreciation	(45,601,967)	(2,506,385)	70,464	-	(48,037,888)
Total capital assets being depreciated, net	49,732,581	(1,314,687)	(4,872)	84,972	48,497,994
Total governmental activities	$ 78,593,201	$ (166,731)	$ (4,872)	$ -	$ 78,421,598

Depreciation expense was charged to functions/programs of governmental activities for the year ended June 30, 2017 as follows:

General government	$ 258,212
Public safety	39,206
Public works	2,181,568
Community services	19,753
Internal service fund	7,646
Total depreciation expense	$ 2,506,385

Note 5 – Capital Assets (Continued)

The following is a summary of changes in capital assets for the business-type activities for the year ended June 30, 2017:

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017
Capital assets being depreciated:				
Structures and improvements	$ 28,155,969	$ -	$ -	$ 28,155,969
Equipment	40,080	57,566	-	97,646
Total capital assets being depreciated	28,196,049	57,566	-	28,253,615
Less accumulated depreciation for:				
Structures and improvements	(17,426,452)	(515,099)	-	(17,941,551)
Equipment	(4,232)	(4,679)	-	(8,911)
Total accumulated depreciation	(17,430,684)	(519,778)	-	(17,950,462)
Total capital assets being depreciated, net	10,765,365	(462,212)	-	10,303,153
Total business-type activities	$ 10,765,365	$ (462,212)	$ -	$ 10,303,153

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

Note 6 – Long-Term Liabilities

A. Governmental Activities

Summary of changes in long-term liabilities for governmental activities for the year ended June 30, 2017 is as follows:

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017	Classification: Due within One Year	Classification: Due in more than One Year
Certification of Participation;						
2003 Refunding and Improvement Project Certificates of Participation	$ 4,390,000	$ -	$ (285,000)	$ 4,105,000	$ 295,000	$ 3,810,000
2011 Gas Tax Certificates of Participation	4,915,000	-	(235,000)	4,680,000	245,000	4,435,000
Bonds Payable:						
2009 Lease Revenue Bonds	3,090,000	-	(830,000)	2,260,000	1,025,000	1,235,000
Bond Discount:						
2009 Lease Revenue Bonds	(26,744)	-	8,914	(17,830)	(8,914)	(8,916)
Other Liabilities:						
Capital Lease	217,814	-	(55,796)	162,018	50,002	112,016
OCTA Advance	3,304,721	-	(248,308)	3,056,413	-	3,056,413
Claims payable	2,035,843	1,451,174	(868,055)	2,618,962	654,740	1,964,222
Compensated absences	2,148,686	638,289	(858,289)	1,928,686	1,241,144	687,542
	$ 20,075,320	$ 2,089,463	$ (3,371,534)	$ 18,793,249	$ 3,501,972	$ 15,291,277

Note 6 – Long-Term Liabilities (Continued)

A. Governmental Activities (Continued)

2003 Refunding and Improvements Project Certificate of Participation

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

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

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

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

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

The 2003 Certificates of Participation is the obligation of the City, and is reported in full in the government-wide Statement of Net Position, within the governmental activities. A portion of the 2003 Certificates of Participation, which constitutes 87.52 percent of the total obligation amount, is to be repaid by the former Placentia Redevelopment Agency, pursuant to the above mentioned reimbursement agreement. As such, an amount reflecting the 87.52 percent of the total obligation is reported on the Statement of Fiduciary Net Position within the RDA Successor Agency Private-Purpose Trust Fund (See Note 17 for additional details). A note receivable is reported in the General Fund, relating to the 87.52 percent of the total obligation that the city is expected to have reimbursement by the former Placentia Redevelopment Agency (See Note 3 for additional details). The outstanding balance of the 2003 Certificates of Participation as of June 30, 2017 is $4,105,000.

Note 6 – Long-Term Liabilities (Continued)

A. Governmental Activities (Continued)

2003 Refunding and Improvements Project Certificate of Participation (Continued)

The annual debt service requirements are as follows:

Year ending June 30,	Principal	Interest	Total
2018	$ 295,000	$ 191,230	$ 486,230
2019	310,000	178,693	488,693
2020	320,000	165,130	485,130
2021	335,000	151,050	486,050
2022	350,000	135,138	485,138
2023-2027	2,030,000	408,738	2,438,738
2028	465,000	22,088	487,088
	$ 4,105,000	$ 1,252,067	$ 5,357,067

2011 Gas Tax Certifications of Participation

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

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

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

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

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

Note 6 – Long-Term Liabilities (Continued)

A. Governmental Activities (Continued)

2011 Gas Tax Certifications of Participation (Continued)

Optional Prepayment

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

Mandatory Prepayment of Certificates Upon Acceleration

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

Mandatory Sinking Fund Prepayment

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

The prepayment requirements are as follows:

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

Note 6 – Long-Term Liabilities (Continued)

A. Governmental Activities (Continued)

2011 Gas Tax Certifications of Participation (Continued)

Annual debt service requirements are as follows:

Year ending June 30,	Principal	Interest	Total
2018	$ 245,000	$ 235,544	$ 480,544
2019	255,000	225,744	480,744
2020	265,000	215,544	480,544
2021	275,000	204,281	479,281
2022	290,000	192,250	482,250
2023-2027	1,665,000	730,500	2,395,500
2028-2031	1,685,000	237,600	1,922,600
	$ 4,680,000	$ 2,041,463	$ 6,721,463

2009 Lease Revenue Bonds

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

The Bonds are secured by a first pledge of security interest all of the lease payments received with respect to the Placentia City Hall. Pursuant to the Assignment Agreement, the Authority has assigned all of its rights to receive the lease payments from the City and remedies to the trustee for the benefit of the owners of the Bonds. The City is required to pay principal and interest when due. The outstanding balance as of June 30, 2017 is $2,260,000.

The annual debt service requirements are as follows:

Year ending June 30,	Principal	Interest	Total
2018	$ 1,025,000	$ 169,500	$ 1,194,500
2019	1,235,000	92,625	1,327,625
	$ 2,260,000	$ 262,125	$ 2,522,125

Note 6 – Long-Term Liabilities (Continued)

A. Governmental Activities (Continued)

Capital Lease

Phone System Upgrade

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

Electric Vehicles

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

The future minimum lease obligations for the capital lease payable as of June 30, 2017 are as follows:

Year ending June 30,	Amount
2018	$ 50,620
2019	50,620
2020	50,620
2021	11,474
Total payment	163,334
Interest	(1,316)
Principal	$ 162,018

OCTA Advance

On February 16, 2010, the City entered into a cooperative agreement with the Orange County Transportation Authority (the "OCTA"). Terms of the cooperative agreement required OCTA to repay CalTrans $1.5 million for previously disallowed costs in exchange for the City's support of OCTA's direction to CalTrans for any eligible project in Orange County. In addition, OCTA advanced the City $4.1 million of future Measure M funds. Principal and accrued but unpaid interest payments commenced bi-monthly beginning July 1, 2011, and are made from future Measure M funds over approximately 19 years. Interest is equal to the yield on OCTA's short-term investment portfolio, and resets annually on June 30. The outstanding principal as of June 30, 2017 is $3,056,413.

Note 6 – Long-Term Liabilities (Continued)

A. Governmental Activities (Continued)

Claims Payable

Estimated claims payable from general liability and workers' compensation claims as determined by outside claims administrator. Outstanding balance as of June 30, 2017 is as follows:

General Liability Claims	$ 51,619
Workers' Compensation Claims	2,567,343
Total Claims Payable	$ 2,618,962

B. Business-Type Activities

Summary of changes in long-term liabilities for business-type activities for the year ended June 30, 2017 is as follows:

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017	Classification: Due within One Year	Classification: Due in more than One Year
Compensated absences	$ 48,871	$ 211,915	$ (214,572)	$ 46,214	$ 27,946	$ 18,268
	$ 48,871	$ 211,915	$ (214,572)	$ 46,214	$ 27,946	$ 18,268

C. Fiduciary Activities

Summary of changes in long-term liabilities for fiduciary activities for the year ended June 30, 2017 is as follows:

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017	Classification: Due within One Year	Classification: Due in More Than One Year
Bonds Payable:						
2013 Tax Allocation Refunding Bonds	$ 12,150,000	$ -	$ (525,000)	$ 11,625,000	$ 535,000	$ 11,090,000
Bond Premium:						
2013 Tax Allocation Refunding Bonds	57,262	-	(3,560)	53,702	3,560	50,142
Other Liabilities:						
2003 Refunding and Improvement Project Certificates of Participation	3,842,128	-	(507,616)	3,334,512	258,184	3,076,328
SERAF Obligation	991,314	-	-	991,314	-	991,314
	$ 17,040,704	$ -	$ (1,036,176)	$ 16,004,528	$ 796,744	$ 15,207,784

Note 6 – Long-Term Liabilities (Continued)

C. Fiduciary Activities (Continued)

2013 Tax Allocation Refunding Bonds

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

The bond is a special obligation of the Successor Agency. The bond does not constitute a debt or liability of the City of Placentia, County of Orange, State of California, or of any political subdivision thereof, other than the Successor Agency. The Successor Agency shall only be obligated to pay the principal of the bond, or interest thereon, from the funds described within the Official Statement. Neither the faith and credit nor the taxing power of the City of Placentia, the County of Orange, the State of California or any of its political subdivisions is pledged to the payment of the principal of or the interest on the bond. The Successor Agency has no taxing power. As of June 30, 2017, the outstanding principal on this bond is $11,625,000.

The annual debt service requirements are as follows:

Year ending June 30,	Principal	Interest	Total
2018	$ 535,000	$ 475,075	$ 1,010,075
2019	555,000	453,275	1,008,275
2020	580,000	430,575	1,010,575
2021	600,000	403,975	1,003,975
2022	635,000	379,450	1,014,450
2023-2027	3,485,000	1,562,306	5,047,306
2028-2032	4,260,000	753,050	5,013,050
2033	975,000	23,156	998,156
	$ 11,625,000	$ 4,480,862	$ 16,105,862

Debt Related Pledge of Revenue

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

Note 6 – Long-Term Liabilities (Continued)

C. Fiduciary Activities (Continued)

2003 Certificates of Participation City Reimbursement

On April 17, 2007, the City Council of the City of Placentia and the Board of Directors of the former Placentia Redevelopment Agency approved a reimbursement agreement between the City and the former Placentia Redevelopment Agency. This agreement provides that the former Placentia Redevelopment Agency will reimburse the City for a portion of the lease payment paid by the City to the bond trustee, with respect to the 2003 Certificates of Participation. The portion reimbursed (87.52 percent) is based upon the portion of the capital improvements and improved facilities benefiting from the original proceeds of the related debt issue that were within the confines of the redevelopment project area. The Updated long-term liability balance as of June 30, 2017 of $3,334,512 represents 87.52 percent of the outstanding principal balance of the 2003 COP at June 30, 2017 of $4,105,000, less 87.52 percent of the 2018 principal payment on the 2003 Certificate of Participation, which was paid to the City in June 2017.

Supplemental Education Revenue Augmentation Fund (SERAF) Obligation

The Successor Agency has accrued a liability in the amount of $991,314 in regards to its Supplemental Education Revenue Augmentation Fund (SERAF) obligation. This amount includes the unpaid portions from fiscal years 2009-10 and 2010-11. In 2009, the State of California issued a mandate that shifted redevelopment funds to education purposes. This action required each local redevelopment agency to make payment to their respective County Auditor-Controller. The Placentia Redevelopment Agency did not make payment on this obligation for two fiscal years, as it did not have the means to do so. Non-payment of SERAF obligations would usually result in suspension of redevelopment activity. Upon dissolution of redevelopment in 2012, this unpaid obligation was transferred to the Successor Agency. The Successor Agency will continue working to resolve this matter. Outstanding balance of SERAF Obligation as of June 30, 2017 was $991,314.

Note 7 – Jointly Governed Organization

Orange County Fire Authority

The City entered into a joint powers agreement with 17 other cities and the County of Orange (the "County") in January 1995, and subsequently amended on September 23, 1999, to create the Orange County Fire Authority (the "Fire Authority"). Since 1995, other cities within the county have also joined the fire Authority to bring the total members in the Fire Authority to 23. The purpose of the Fire Authority is to provide for mutual fire protection, prevention, and suppression services and related and incidental services including, but not limited to, emergency medical and transport services, hazardous materials regulation, as well as providing facilities and personnel for such services. The Fire Authority's governing board consists of one representative from each city and two from the County. The operations of the Fire Authority are funded with structural fire fees collected by the County through either the property tax roll or with cash contributions based on the Fire Authority's annual budget. The City pays a cash contribution each year to the Fire Authority. The County pays all structural fire fees it collects to the Fire Authority. During the fiscal year ended June 30, 2017, the City paid $5,847,838 to the Fire Authority.

Note 8 – Deferred Compensation Plans

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

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

Note 9 – Defined Benefit Pension Plans

The following is a summary of net pension liabilities and related deferred outflows and inflows of resources as of June 30, 2017 and pension expenses for the year then ended June 30, 2017:

	Governmental Activities	Business-type Activities	Total
Deferred outflows of resources:			
Pension contribution made after measurement date			
Miscellaneous	$ 730,457	$ 54,981	$ 785,438
Safety	2,753,462	-	2,753,462
Difference between expected and actual experience			
Miscellaneous	17,072	1,285	18,357
Difference in projected and actual earnings on pension investments			
Miscellaneous	1,090,477	82,079	1,172,556
Safety	4,332,817	-	4,332,817
Adjustment due to differences in proportions			
Safety	26,944	-	26,944
Difference between City's contributions and proportionated share of contributions			
Safety	420,556	-	420,556
Total deferred outflows of resources	$ 9,371,785	$ 138,345	$ 9,510,130
Aggregate net pension liabilities:			
Aggregate net pension liabilities			
Miscellaneous	$ 11,285,704	$ 849,461	$ 12,135,165
Safety	24,723,412	-	24,723,412
Total net pension liabilities	$ 36,009,116	$ 849,461	$ 36,858,577
Deferred inflows of resources:			
Difference between expected and actual experience			
Safety	$ 202,270	$ -	$ 202,270
Changes of assumptions			
Miscellaneous	209,519	15,770	225,289
Safety	881,917	-	881,917
Adjustment due to differences in proportions			
Miscellaneous	903,699	68,020	971,719
Difference between City's contributions and proportionated share of contributions			
Miscellaneous	1,103,397	83,051	1,186,448
Total deferred inflows of resources	$ 3,300,802	$ 166,841	$ 3,467,643
Pension expenses:			
Miscellaneous	$ 1,929,323	$ 145,218	$ 2,074,541
Safety	1,279,365	-	1,279,365
Total pension expenses	$ 3,208,688	$ 145,218	$ 3,353,906

Note 9 – Defined Benefit Pension Plans (Continued)

General Information about the Pension Plan

Plan Description

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

Employees Covered by Benefit Terms

At June 30, 2015, the following employees were covered by the benefit terms:

	Plans				
	Misc.	Misc. Tier 2	PEPRA Misc.	Safety	PEPRA Safety
Active employees	41	8	6	37	10
Transferred and terminated employees	52	5	4	22	-
Separated	39	1	1	12	2
Retired employees and beneficiaries	172	-	-	158	-
Total	304	14	11	229	12

Benefit Provided

CalPERS provide retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Classic and PEPRA Safety CalPERS members become eligible for service retirement upon attainment of age 50 with at least 5 years of credited service. PEPRA miscellaneous members become eligible for service retirement upon attainment of age 52 with at least 5 years of service. The service retirement benefit is a monthly allowance equal to the product of the benefit factor, years of service, and final compensation.

Following are the benefit provisions for each plan:

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

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

Note 9 – Defined Benefit Pension Plans (Continued)

General Information about the Pension Plan (Continued)

Benefit Provided (Continued)

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

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

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

Contributions

Section 20814(c) of the California Public Employees' Retirement Law ("PERL") requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The Plan's actuarially determined rate is based on the estimated amount necessary to pay the Plan's allocated share of the risk pool's costs of benefits earned by employees during the year, and any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the measurement period ended June 30, 2016 (the measurement date), the average contribution rate were as follows:

Plans	Active Employee Contribution Rate	Employer Contribution Rate
Miscellaneous	7.000%	17.225%
Miscellaneous Tier 2	7.000%	7.163%
PEPRA Miscellaneous	6.250%	6.237%
Safety	9.000%	56.854%
PEPRA Safety	11.500%	11.153%

Note 9 – Defined Benefit Pension Plans (Continued)

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

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

The June 30, 2015 valuation was rolled forward to determine June 30, 2016 total pension liability based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Discount Rate	7.65%
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.65% net of pension plan investment expenses, includes inflation
Mortality Rate Table	Derived using CalPERS' Membership Data for all Funds.
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

All other actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website under Forms and Publications.

Change of Assumption

There were no changes of assumptions for June 30, 2016 measurement date.

Discount Rate

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

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

Note 9 – Defined Benefit Pension Plan (Continued)

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

Discount Rate (Continued)

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

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

Asset Class	New Strategic Allocation-%	Real Return Years 1-10[1] -%	Real Return Years 11+[2] -%
Global Equity	51.00	5.25	5.71
Global Fixed Income	20.00	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	1.00	-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.

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

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

	Plan's Net Pension Liability/(Asset)		
	Discount Rate - 1% (6.65%)	**Current Discount Rate (7.65%)**	**Discount Rate + 1% (8.65%)**
Miscellaneous	$ 18,906,269	$ 12,135,165	$ 6,539,184
Safety	$ 37,009,998	$ 24,723,412	$ 14,637,384
Total	$ 55,916,267	$ 36,858,577	$ 21,176,568

Note 9 – Defined Benefit Pension Plan (Continued)

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

Pension Plan Fiduciary Net Position

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

Proportionate Share of Net Pension Liability and Pension Expense

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

	Increase (Decrease)		
	Plan Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Miscellaneous			
Balance at: 6/30/15 (Valuation date)	$ 49,890,165	$ 40,735,920	$ 9,154,245
Balance at: 6/30/16 (Measurement date)	50,148,862	38,013,697	12,135,165
Net Changes during 2015-2016	258,697	(2,722,223)	2,980,920
Safety			
Balance at: 6/30/15 (Valuation date)	$ 80,896,275	$ 60,121,518	$ 20,774,757
Balance at: 6/30/16 (Measurement date)	82,874,041	58,150,629	24,723,412
Net Changes during 2015-2016	(1,977,766)	1,970,889	3,948,655

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

(1) In determining a cost-sharing plan's proportionate share, total amounts of liabilities and assets are first calculated for the risk pool as a whole on the valuation date (June 30, 2015). The risk pool's fiduciary net position ("FNP") subtracted from its total pension liability ("TPL") determines the net pension liability ("NPL") at the valuation date.

(2) Using standard actuarial roll forward methods, the risk pool TPL is then computed at the measurement date (June 30, 2016). Risk pool FNP at the measurement date is then subtracted from this number to compute the NPL for the risk pool at the measurement date. For purposes of FNP in this step and any later reference thereto, the risk pool's FNP at the measurement date denotes the aggregate risk pool's FNP at June 30, 2016 less the sum of all additional side fund (or unfunded liability) contributions made by all employers during the measurement period (2015-2016).

Note 9 – Defined Benefit Pension Plan (Continued)

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

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

(3) The individual plan's TPL, FNP and NPL are also calculated at the valuation date. TPL is allocated based on the rate plan's share of the actuarial accrued liability. FNP is allocated based on the rate plan's share of the market value assets.

(4) Two ratios are created by dividing the plan's individual TPL and FNP as of the valuation date from (3) by the amounts in step (1), the risk pool's total TPL and FNP, respectively.

(5) The plan's TPL as of the Measurement Date is equal to the risk pool TPL generated in (2) multiplied by the TPL ratio generated in (4). The plan's FNP as of the Measurement Date is equal to the FNP generated in (2) multiplied by the FNP ratio generated in (4) plus any additional side fund (or unfunded liability) contributions made by the employer on behalf of the plan during the measurement period.

(6) The plan's NPL at the Measurement Date is the difference between the TPL and FNP calculated in (5).

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

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

	Miscellaneous	Safety
June 30, 2015	0.13337%	0.30267%
June 30, 2016	0.14024%	0.28572%
Change - Increase (Decrease)	0.00687%	-0.01695%

For the year ended June 30, 2017, the City recognized pension expense as follows:

Miscellaneous	$	2,074,541
Safety		1,279,365
	$	3,353,906

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

The expected average remaining service lifetime ("EARSL") is calculated by dividing the total future service years by the total number of plan participants (active, inactive, and retired) in the risk pool. The EARSL for risk pool for the 2015-2016 measurement period is 3.7 years, which was obtained by dividing the total service years of 475,689 (the sum of remaining service lifetimes of the active employees) by 127,009 (the total number of participants: active, inactive, and retired).

Note 9 – Defined Benefit Pension Plan (Continued)

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

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

At June 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Miscellaneous		Safety	
	Deferred outflows of Resources	Deferred inflows of Resources	Deferred outflows of Resources	Deferred inflows of Resources
Pension contribution after measurement date	$ 785,438	$ -	$ 2,753,462	$ -
Difference between expected and actual experience	18,357	-	-	(202,270)
Changes of assumptions	-	(225,289)	-	(881,917)
Difference between projected and actual earning on pension plan investments	1,172,556	-	4,332,817	-
Adjustment due to differences in proportions	-	(971,719)	26,944	-
Difference between City contributions and proportionate share of contributions	-	(1,186,448)	420,556	-
	-		-	
Total	$ 1,976,351	$ (2,383,456)	$ 7,533,779	$ (1,084,187)

Deferred outflows of resources related to pensions resulting from the City's contributions made subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Measurement Period Ended June 30,	Deferred Outflows/ (Inflows) of Resources	
	Miscellaneous	Safety
2017	$ (1,098,648)	$ 267,612
2018	(807,658)	267,863
2019	410,056	2,032,697
2020	303,707	1,127,958
2021	-	-
Thereafter	-	-
	$ (1,192,543)	$ 3,696,130

Note 10 – Other Postemployment Benefit Plan

Plan Description

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

Eligibility

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

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

Funding Policy

The City's current contribution is paid on a pay-as-you-go basis. Benefits provided to retirees vary based on employment date and unit. Tier II retirees choosing to participate in the post-retirement medical benefit program are responsible for the premium costs in excess of the City's monthly contribution of $128. For the year-ended June 30, 2017, the City paid $980,471 towards their post-employment healthcare benefits. Current active employees are not required to contribute any portion toward these benefits.

Annual OPEB Cost and Net OPEB Obligation

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

Note 10 – Other Postemployment Benefit Plan (Continued)

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

	Total
Annual required contribution	$ 1,790,997
Interest on net OPEB obligation	138,984
Adjustment to annual required contribution	(181,452)
Annual OPEB cost (expense)	1,748,529
Contributions made to the trust	(980,471)
(Increase) in net OPEB Obligation	768,058
Net OPEB obligation - beginning of year	3,601,635
Net OPEB obligation - end of year	$ 4,369,693

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan and the net OPEB obligation for year ended June 30, 2017 and the preceding two years are as follows:

Fiscal Year Ended	Annual OPEB Cost	Contributions Made	% of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2015	$ 1,411,514	$ 1,065,441	75.48%	$ 2,929,765
6/30/2016	1,407,473	1,014,075	72.05%	3,601,635
6/30/2017	1,748,529	980,471	56.07%	4,369,693

Funded Status and Funding Progress

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

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare costs trend. Amounts determined regarding the funded status of the Plan and the ARC of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as Required Supplementary Information following the Notes to the Basic Financial Statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Note 10 – Other Postemployment Benefit Plan (Continued)

Actuarial Methods and Assumptions

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

In the July 1, 2015 actuarial valuation, the entry age normal cost method was used. The actuarial assumptions include a 4% investment rate of return, which is based on the expected return on funds invested, and an annual healthcare cost trend rate of 7.5% initially reduced by decrements to an ultimate rate of 4.5% thereafter. The actuarial assumption for inflation was 3%, and the aggregate payroll increases was 3.25% used in the actuarial valuation. The City's Plan does not provide postretirement benefit increases. The UAAL is amortized as a level percentage of future payroll on a 30-year closed amortization period. The remaining average amortization period at June 30, 2017 was 22 years.

Note 11 – Risk Management and Self Insurance Program

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

A. General Liability

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

B. Worker's Compensation

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

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

C. Other Insurance

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

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

	Beginning of Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	End of Year Liability	Amounts Due within One Year	Amounts Due in more than One Year
Workers' Compensation						
2014-2015	$ 2,820,224	1,549,335	$ (2,004,519)	$ 2,365,040	$ 591,260	$ 1,773,780
2015-2016	2,365,040	92,384	(577,141)	1,880,283	470,071	1,410,212
2016-2017	1,880,283	1,442,926	(755,866)	2,567,343	641,836	1,925,507
General Liability						
2014-2015	$ 447,591	(37,432)	$ (158,915)	$ 251,244	$ 62,811	$ 188,433
2015-2016	251,244	(7,189)	(88,495)	155,560	38,890	116,670
2016-2017	155,560	8248	(112,189)	51,619	12,905	38,714

Note 12 – Classification of Fund Balances

At June 30, 2017, fund balances are classified in the governmental funds as follows:

	General Fund	Housing Successor Special Revenue Fund	City Projects Capital Projects Fund	Nonmajor Governmental Funds	Total
Nonspendable					
Inventory	$ 19,072	$ -	$ -	$ -	$ 19,072
Loans receivable	3,334,512	-	-	-	3,334,512
Total nonspendable	3,353,584	-	-	-	3,353,584
Restricted					
Public safety	-	-	-	1,169,664	1,169,664
Public works	-	-	-	293,677	293,677
Community development	-	1,452,371	-	214,897	1,667,268
Debt service	1,023,955	-	-	482,963	1,506,918
Grant programs	-	-	-	374,809	374,809
Park development	-	-	-	31,835	31,835
Street maintenance	-	-	-	912,143	912,143
Air quality	-	-	-	217,817	217,817
In-lieu low/moderate housing	-	-	-	25,000	25,000
Total restricted	1,023,955	1,452,371	-	3,722,805	6,199,131
Committed					
Metrolink station	3,600,000	-	-	-	3,600,000
Total committed	3,600,000	-	-	-	3,600,000
Assigned					
Public safety mitigation	40,274	-	-	-	40,274
Total assigned	40,274	-	-	-	40,274
Unassigned	56,214	-	(329,873)	(37,921)	(311,580)
Total fund balances	$ 8,074,027	$ 1,452,371	$ (329,873)	$ 3,684,884	$ 12,881,409

Note 13 – Commitments and Contingencies

A. Commitments

The City had several outstanding or planned construction and other projects as of June 30, 2017. These projects are evidenced by contractual commitments with contractors and include:

Project	Commitment
Placentia Avenue Rehabilitation Project	$ 913,447
Metrolink Station and Parking Structure	4,985,116
Total	$ 5,898,563

B. Contingencies

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

C. Grants

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

Note 14 – Individual Fund Disclosure

A. Expenditures in Excess of Appropriation

There were no funds that reported expenditures in excess of appropriations for the year ended June 30, 2017.

B. Deficit Net Positions and Fund Balances

Funds with deficit net positions at June 30, 2017 are as follows:

	Deficit Net Position
Capital Projects Fund:	
City Projects	$ (329,873)
Proprietary Fund:	
Refuse	$ (165,034)
Internal Service Fund:	
Risk Management	$ (179,927)

Note 15 – Special Item

In the prior year, the City recorded loss due to embezzlement and misappropriation of assets in estimation of $5,160,735. The City recovered $4,125,494 through June 30, 2016. The City recovered an additional $ 500,000 of the loss in the fiscal year ending June 30, 2017. In the General Fund, $1,500,000 is reflected as a Special Item, which includes the $500,000 of recovery this year and $1,000,000 of prior year unavailable revenue.

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

This page intentionally left blank.

City of Placentia
Required Supplementary Information (Unaudited)
Budgetary Comparison Schedule – General Fund
For the Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Taxes	$ 24,191,941	$ 24,288,275	$ 24,570,021	$ 281,746
Intergovernmental	336,655	488,930	297,831	(191,099)
Licenses and permits	1,440,000	1,465,000	1,571,584	106,584
Fines and forfeitures	515,000	455,000	587,005	132,005
Investment income	5,000	5,000	3,644	(1,356)
Charges for services	1,071,635	931,962	863,387	(68,575)
Leases and rents	980,000	1,252,150	1,199,161	(52,989)
Miscellaneous	204,500	126,290	629,737	503,447
Total Revenues	28,744,731	29,012,607	29,722,370	709,763
Expenditures:				
Current:				
General government	7,646,743	10,356,336	10,355,502	834
Public safety	17,630,957	18,432,073	18,400,303	31,770
Public works	3,375,413	3,488,023	3,486,580	1,443
Community development	867,705	903,719	903,463	256
Community services	1,166,699	1,258,659	1,258,659	-
Capital outlay	143,530	146,030	146,032	(2)
Debt service:				
Principal retirement	1,135,000	1,121,000	1,120,977	23
Interest and fiscal charges	508,240	501,940	501,610	330
Total Expenditures	32,474,287	36,207,780	36,173,126	34,654
Revenues Over (Under) Expenditures	(3,729,556)	(7,195,173)	(6,450,756)	744,417
Other Financing Sources (Uses):				
Transfers in	4,442,520	5,437,024	4,884,390	(552,634)
Transfers out	(813,373)	(881,373)	(728,224)	153,149
Total Other Financing Sources (Uses):	3,629,147	4,555,651	4,156,166	(399,485)
Extraordinary Items (Note 18):				
Restitution and recovery	-	1,500,000	1,500,000	-
Total Extraordinary Items	-	1,500,000	1,500,000	-
Net Change in Fund Balance	$ (100,409)	$ (1,139,522)	(794,590)	$ 344,932
Fund Balance, July 1			8,868,617	
Fund Balance, June 30			$ 8,074,027	

City of Placentia
Required Supplementary Information (Unaudited)
Budgetary Comparison Schedule – Housing Successor Special Revenue Fund
For the Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Charges for services	$ 204,750	$ 204,750	$ -	$ (204,750)
Lease revenue	12,000	12,000	18,451	6,451
Investment income	100	100	-	(100)
Miscellaneous	-	-	43,938	43,938
Total Revenues	216,850	216,850	62,389	(154,461)
Expenditures:				
Current:				
Community development	-	250,885	250,885	-
Total Expenditures	-	250,885	250,885	-
Excess (Deficiency) of Revenues Over Expenditures	$ 216,850	$ 216,850	(188,496)	$ (154,461)
Fund Balance, July 1			1,640,867	
Fund Balance, June 30			$ 1,452,371	

Budgetary Control and Accounting Policy

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

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

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

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

Last Ten Fiscal Years

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

Measurement Date	June 30, 2016	June 30, 2015	June 30, 2014[1]
City's Proportion of the Net Pension Liability/(Asset)	0.14024%	0.13337%	0.13850%
City's Proportionate Share of the Net Pension Liability/(Asset)	$ 12,135,165	$ 9,154,245	$ 8,617,803
City's Covered-Employee Payroll	$ 4,140,888	$ 3,220,454	$ 3,712,315
City's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered-Employee Payroll	293.06%	284.25%	232.14%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Total Pension Liability	75.98%	81.65%	83.03%

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

Measurement Date	June 30, 2016	June 30, 2015	June 30, 2014[1]
City's Proportion of the Net Pension Liability/(Asset)	0.02857%	0.30267%	0.30596%
City's Proportionate Share of the net Pension Liability/(Asset)	$ 24,723,412	$ 20,774,757	$ 19,038,500
City's Covered-Employee Payroll	$ 4,142,921	$ 4,074,947	$ 4,323,789
City's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered-Employee Payroll	596.76%	509.82%	440.32%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Total Pension Liability	70.17%	74.32%	76.36%

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

Schedule of the City's Contributions

Last Ten Fiscal Years

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

	2016-17	2015-16	2014-15	2013-14[1]
Actuarially Determined Contribution	$ 785,438	$ 667,441	$ 383,155	$ 412,406
Contribution in Relation to the Actuarially Determined Contribution	(785,438)	(667,441)	(383,155)	(412,406)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -
Covered-Employee Payroll[2]	$ 4,075,964	$ 4,140,888	$ 3,220,454	$ 3,712,315
Contributions as a Percentage of Covered-Employee Payroll	19.27%	16.12%	11.90%	11.11%

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

	2016-17	2015-16	2014-15	2013-14[1]
Actuarially Determined Contribution	$ 2,753,462	$ 2,568,441	$ 2,175,167	$ 2,157,763
Contribution in Relation to the Actuarially Determined Contribution	(2,753,462)	(2,568,441)	(2,175,167)	(2,157,763)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -
Covered-Employee Payroll[2]	$ 3,893,025	$ 4,142,921	$ 4,074,947	$ 4,323,789
Contributions as a Percentage of Covered-Employee Payroll	70.73%	62.00%	53.38%	49.90%

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

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

Notes to Schedule

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

City of Placentia
Required Supplementary Information (Unaudited) (Continued)
Schedule of Funding Progress – Other Postemployment Benefits
For the Year Ended June 30, 2017

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

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

SUPPLEMENTARY INFORMATION

This page intentionally left blank.

NONMAJOR GOVERNMENTAL FUNDS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

City of Placentia
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2017

	Special Revenue			
	Miscellaneous Grants	Park Development	Street Lighting	Measure M
ASSETS				
Cash and investments	$ 374,809	$ 31,835	$ 56,440	$ 617,332
Receivables:				
Taxes	-	-	1,332	299,193
Grants	-	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Total Assets	$ 374,809	$ 31,835	$ 57,772	$ 916,525
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	$ -	$ -	$ 30,058	$ 4,382
Accrued liabilities	-	-	-	-
Due to other funds	-	-	-	-
Total Liabilities	-	-	30,058	4,382
Fund Balances:				
Restricted	374,809	31,835	27,714	912,143
Unassigned (deficit)	-	-	-	-
Total Fund Balances	374,809	31,835	27,714	912,143
Total Liabilities and Fund Balances	$ 374,809	$ 31,835	$ 57,772	$ 916,525

City of Placentia
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2017

	Special Revenue			
	Storm Drain Construction	Thoroughfare Construction	Asset Seizure	Traffic Offender
ASSETS				
Cash and investments	$ 23,044	$ 73,635	$ 1,120,498	$ 50,728
Receivables:				
Taxes	-	-	-	-
Grants	-	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Total Assets	$ 23,044	$ 73,635	$ 1,120,498	$ 50,728
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	$ -	$ -	$ 1,562	$ -
Accrued liabilities	-	-	-	-
Due to other funds	-	-	-	-
Total Liabilities	-	-	1,562	-
Fund Balances:				
Restricted	23,044	73,635	1,118,936	50,728
Unassigned (deficit)	-	-	-	-
Total Fund Balances	23,044	73,635	1,118,936	50,728
Total Liabilities and Fund Balances	$ 23,044	$ 73,635	$ 1,120,498	$ 50,728

(continued)

City of Placentia
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2017

	Special Revenue			
	Supplemental Law Enforcement	Air Quality	Landscape Maintenance District 92-1	Housing and Community Development
ASSETS				
Cash and investments	$ -	$ 200,852	$ 178,331	$ -
Receivables:				
Taxes	1,511	-	2,860	-
Grants	-	16,965	-	407,278
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Total Assets	$ 1,511	$ 217,817	$ 181,191	$ 407,278
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	$ -	$ -	$ 29,418	$ 63,450
Accrued liabilities	-	-	3,232	-
Due to other funds	1,511	-	-	381,749
Total Liabilities	1,511	-	32,650	445,199
Fund Balances:				
Restricted	-	217,817	148,541	-
Unassigned (deficit)	-	-	-	(37,921)
Total Fund Balances	-	217,817	148,541	(37,921)
Total Liabilities and Fund Balances	$ 1,511	$ 217,817	$ 181,191	$ 407,278

City of Placentia
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2017

	Special Revenue			
	Utility Users Tax	Gasoline Tax	Sewer Construction	PEG
ASSETS				
Cash and investments	$ -	$ -	$ 20,743	$ 221,665
Receivables:				
Taxes	204,656	-	-	-
Grants	-	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Total Assets	$ 204,656	$ -	$ 20,743	$ 221,665
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	$ -	$ -	$ -	$ 6,768
Accrued liabilities	-	-	-	-
Due to other funds	204,656	-	-	-
Total Liabilities	204,656	-	-	6,768
Fund Balances:				
Restricted	-	-	20,743	214,897
Unassigned (deficit)	-	-	-	-
Total Fund Balances	-	-	20,743	214,897
Total Liabilities and Fund Balances	$ 204,656	$ -	$ 20,743	$ 221,665

(continued)

City of Placentia
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2017

	Special Revenue Funds	Debt Service Fund	
	Affordable Housing In-Lieu	2011 Gas Tax COP	Total Other Governmental Funds
ASSETS			
Cash and investments	$ 25,000	$ -	$ 2,994,912
Receivables:			
Taxes	-	-	509,552
Grants	-	-	424,243
Restricted assets:			
Cash and investments with fiscal agents	-	483,713	483,713
Total Assets	$ 25,000	$ 483,713	$ 4,412,420
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	$ -	$ 750	$ 136,388
Accrued liabilities	-	-	3,232
Due to other funds	-	-	587,916
Total Liabilities	-	750	727,536
Fund Balances:			
Restricted	25,000	482,963	3,722,805
Unassigned (deficit)	-	-	(37,921)
Total Fund Balances	25,000	482,963	3,684,884
Total Liabilities and Fund Balances	$ 25,000	$ 483,713	$ 4,412,420

(concluded)

City of Placentia
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2017

	Special Revenue Funds			
	Miscellaneous Grants	Park Development	Street Lighting	Measure M
REVENUES:				
Taxes	$ -	$ -	$ -	$ -
Intergovernmental	99,622	-	-	1,112,189
Fines and forfeitures	-	-	-	-
Investment earnings	-	1,538	-	9,136
Charges for services	-	39,582	155,017	-
Miscellaneous	-	650	-	-
Total Revenues	99,622	41,770	155,017	1,121,325
EXPENDITURES:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	363,250	-
Community development	21,546	248,000	-	-
Community services	-	-	-	32,988
Capital outlay	8,216	-	-	17,418
Debt service:				
Principal retirement	-	-	-	248,308
Interest and fiscal charges	-	-	-	29,058
Total Expenditures	29,762	248,000	363,250	327,772
REVENUES OVER (UNDER) EXPENDITURES	69,860	(206,230)	(208,233)	793,553
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	234,875	-
Transfers out	(119,773)	(163,591)	-	(1,030,353)
Total Other Financing Sources (Uses)	(119,773)	(163,591)	234,875	(1,030,353)
NET CHANGE IN FUND BALANCES	(49,913)	(369,821)	26,642	(236,800)
FUND BALANCES:				
Beginning of Year	424,722	401,656	1,072	1,148,943
End of Year	$ 374,809	$ 31,835	$ 27,714	$ 912,143

(continued)

City of Placentia
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2017

	Special Revenue Funds			
	Storm Drain Construction	Thoroughfare Construction	Asset Seizure	Traffic Offender
REVENUES:				
Taxes	$ 2,832	$ 2,875	$ -	$ -
Intergovernmental	-	-	-	-
Fines and forfeitures	-	-	710,340	-
Investment earnings	547	541	7,280	316
Charges for services	-	-	-	8,820
Miscellaneous	-	-	-	-
Total Revenues	3,379	3,416	717,620	9,136
EXPENDITURES:				
Current:				
General government	-	-	-	-
Public safety	-	-	35,409	-
Public works	-	-	-	-
Community development	-	-	-	-
Community services	-	-	-	-
Capital outlay	-	-	115,183	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	-	-	150,592	-
REVENUES OVER (UNDER) EXPENDITURES	3,379	3,416	567,028	9,136
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	(3,909)	(384,739)	-
Total Other Financing Sources (Uses)	-	(3,909)	(384,739)	-
NET CHANGE IN FUND BALANCES	3,379	(493)	182,289	9,136
FUND BALANCES:				
Beginning of Year	19,665	74,128	936,647	41,592
End of Year	$ 23,044	$ 73,635	$ 1,118,936	$ 50,728

City of Placentia
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2017

	Special Revenue Funds			
	Supplemental Law Enforcement	Air Quality	Landscape Maintenance District 92-1	Housing and Community Development
REVENUES:				
Taxes	$ -	$ -	$ -	$ -
Intergovernmental	129,323	66,740	-	657,745
Fines and forfeitures	-	-	-	-
Investment earnings	364	1,502	1,077	565
Charges for services	-	-	426,581	-
Miscellaneous	-	-	-	-
Total Revenues	129,687	68,242	427,658	658,310
EXPENDITURES:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	473,119	-
Community development	-	-	-	274,508
Community services	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	49,820	-	-
Interest and fiscal charges	-	800	-	-
Total Expenditures	-	50,620	473,119	274,508
REVENUES OVER (UNDER) EXPENDITURES	129,687	17,622	(45,461)	383,802
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	(129,825)	(3,751)	-	(534,295)
Total Other Financing Sources (Uses)	(129,825)	(3,751)	-	(534,295)
NET CHANGE IN FUND BALANCES	(138)	13,871	(45,461)	(150,493)
FUND BALANCES:				
Beginning of Year	138	203,946	194,002	112,572
End of Year	$ -	$ 217,817	$ 148,541	$ (37,921)

(continued)

City of Placentia
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2017

	Special Revenue Funds			
	Utility Users Tax	Gasoline Tax	Sewer Construction	PEG
REVENUES:				
Taxes	$ 2,637,364	$ -	$ 957	$ -
Intergovernmental	-	1,006,448	-	-
Fines and forfeitures	-	-	-	-
Investment earnings	-	2,574	137	1,639
Charges for services	-	-	-	45,046
Miscellaneous	-	-	-	-
Total Revenues	2,637,364	1,009,022	1,094	46,685
EXPENDITURES:				
Current:				
General government	-	-	-	94,990
Public safety	-	-	-	-
Public works	-	-	-	-
Community development	-	-	-	-
Community services	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	-	-	-	94,990
REVENUES OVER (UNDER) EXPENDITURES	2,637,364	1,009,022	1,094	(48,305)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	(2,860,120)	(1,148,591)	-	-
Total Other Financing Sources (Uses)	(2,860,120)	(1,148,591)	-	-
NET CHANGE IN FUND BALANCES	(222,756)	(139,569)	1,094	(48,305)
FUND BALANCES:				
Beginning of Year	222,756	139,569	19,649	263,202
End of Year	$ -	$ -	$ 20,743	$ 214,897

City of Placentia
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2017

	Special Reveue Funds	Debt Service Fund	
	Affordable Housing In-Lieu	2011 Gas Tax COP	Total Nonmajor Governmental Funds
REVENUES:			
Taxes	$ -	$ -	$ 2,644,028
Intergovernmental	-	-	3,072,067
Fines and forfeitures	-	-	710,340
Investment earnings	-	387	27,603
Charges for services	204,750	-	879,796
Miscellaneous	-	-	650
Total Revenues	204,750	387	7,334,484
EXPENDITURES:			
Current:			
General government	-	-	94,990
Public safety	-	-	35,409
Public works	-	-	836,369
Community development	-	-	544,054
Community services	-	-	32,988
Capital outlay	-	-	140,817
Debt service:			
Principal retirement	-	235,000	533,128
Interest and fiscal charges	-	251,927	281,785
Total Expenditures	-	486,927	2,499,540
REVENUES OVER (UNDER) EXPENDITURES	204,750	(486,540)	4,834,944
OTHER FINANCING SOURCES (USES):			
Transfers in	-	483,575	718,450
Transfers out	(500,000)	-	(6,878,947)
Total Other Financing Sources (Uses)	(500,000)	483,575	(6,160,497)
NET CHANGE IN FUND BALANCES	(295,250)	(2,965)	(1,325,553)
FUND BALANCES:			
Beginning of Year	320,250	485,928	5,010,437
End of Year	$ 25,000	$ 482,963	$ 3,684,884

(concluded)

City of Placentia
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Miscellaneous Grants Special Revenue Fund
For the Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Intergovernmental	$ -	$ -	$ 99,622	$ 99,622
Miscellaneous	27,566	27,566	-	(27,566)
Total Revenues	27,566	27,566	99,622	72,056
Expenditures:				
Current:				
Community development	-	29,762	21,546	8,216
Capital outlay	-	-	8,216	(8,216)
Total Expenditures	-	29,762	29,762	-
REVENUE OVER (UNDER) EXPENDITURES	27,566	(2,196)	69,860	72,056
Other Financing Sources (Uses):				
Transfers out	(392,372)	(400,172)	(119,773)	280,399
Total Other Financing Sources (Uses)	(392,372)	(400,172)	(119,773)	280,399
NET CHANGE IN FUND BALANCE	$ (364,806)	$ (402,368)	(49,913)	$ 352,455
FUND BALANCE:				
Beginning of Year			424,722	
End of Year			$ 374,809	

City of Placentia
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Park Development Special Revenue Fund
For the Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Investment income	$ -	$ -	$ 1,538	$ 1,538
Charges for services	37,000	37,000	39,582	2,582
Miscellaneous	-	-	650	650
Total Revenues	37,000	37,000	41,770	4,770
Expenditures:				
Current:				
Community development	248,000	248,000	248,000	-
Total Expenditures	248,000	248,000	248,000	-
REVENUE OVER (UNDER) EXPENDITURES	(211,000)	(211,000)	(206,230)	4,770
Other Financing Sources (Uses):				
Transfers out	(100,000)	(230,000)	(163,591)	66,409
Total Other Financing Sources (Uses)	(100,000)	(230,000)	(163,591)	66,409
NET CHANGE IN FUND BALANCE	$ (311,000)	$ (441,000)	(369,821)	$ 71,179
FUND BALANCE:				
Beginning of Year			401,656	
End of Year			$ 31,835	

City of Placentia
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Street Lighting Special Revenue Fund
For the Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Charges for services	$ 154,000	$ 154,000	$ 155,017	$ 1,017
Total Revenues	154,000	154,000	155,017	1,017
Expenditures:				
Current:				
Public works	388,875	388,875	363,250	25,625
Total Expenditures	388,875	388,875	363,250	25,625
REVENUE OVER (UNDER) EXPENDITURES	(234,875)	(234,875)	(208,233)	26,642
Other Financing Sources (Uses):				
Transfers in	234,875	234,875	234,875	-
Total Other Financing Sources (Uses)	234,875	234,875	234,875	-
NET CHANGE IN FUND BALANCE	$ -	$ -	26,642	$ 26,642
FUND BALANCE:				
Beginning of Year			1,072	
End of Year			$ 27,714	

City of Placentia
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Measure M Special Revenue Fund
For the Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Intergovernmental	$ 862,000	$ 862,000	$ 1,112,189	$ 250,189
Investment income	1,500	1,500	9,136	7,636
Total Revenues	863,500	863,500	1,121,325	257,825
Expenditures:				
Current:				
Community services	34,582	32,988	32,988	-
Capital outlay	17,418	17,418	17,418	-
Debt service:				
Principal retirement	230,000	248,308	248,308	-
Interest and fiscal charges	37,000	29,060	29,058	2
Total Expenditures	319,000	327,774	327,772	2
REVENUE OVER (UNDER) EXPENDITURES	544,500	535,726	793,553	257,827
Other Financing Sources (Uses):				
Transfers out	(1,657,573)	(1,804,489)	(1,030,353)	774,136
Total Other Financing Sources (Uses)	(1,657,573)	(1,804,489)	(1,030,353)	774,136
NET CHANGE IN FUND BALANCE	$ (1,113,073)	$ (1,268,763)	(236,800)	$ 1,031,963
FUND BALANCE:				
Beginning of Year			1,148,943	
End of Year			$ 912,143	

City of Placentia
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Storm Drain Construction Special Revenue Fund
For the Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Taxes	$ -	$ -	$ 2,832	$ 2,832
Intergovernmental	-	-	-	-
Investment income	-	-	547	547
Total Revenues	-	-	3,379	3,379
REVENUE OVER (UNDER) EXPENDITURES	-	-	3,379	3,379
Other Financing Sources (Uses):				
Transfers out	(50,974)	(50,974)	-	50,974
Total Other Financing Sources (Uses)	(50,974)	(50,974)	-	50,974
NET CHANGE IN FUND BALANCE	$ (50,974)	$ (50,974)	3,379	$ 54,353
FUND BALANCE:				
Beginning of Year			19,665	
End of Year			$ 23,044	

City of Placentia
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Thoroughfare Construction Special Revenue Fund
For the Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Taxes	$ -	$ -	$ 2,875	$ 2,875
Investment income	50	50	541	491
Total Revenues	50	50	3,416	3,366
REVENUE OVER (UNDER) EXPENDITURES	50	50	3,416	3,366
Other Financing Sources (Uses):				
Transfers out	(73,000)	(146,000)	(3,909)	142,091
Total Other Financing Sources (Uses)	(73,000)	(146,000)	(3,909)	142,091
NET CHANGE IN FUND BALANCE	$ (72,950)	$ (145,950)	(493)	$ 145,457
FUND BALANCE:				
Beginning of Year			74,128	
End of Year			$ 73,635	

City of Placentia
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Asset Seizure Special Revenue Fund
For the Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Fines and forfeitures	$ 165,000	$ 474,963	$ 710,340	$ 235,377
Investment income	600	600	7,280	6,680
Total Revenues	165,600	475,563	717,620	242,057
Expenditures:				
Current:				
Public safety	62,000	62,000	35,409	26,591
Capital outlay	97,100	587,100	115,183	471,917
Total Expenditures	159,100	649,100	150,592	498,508
REVENUE OVER (UNDER) EXPENDITURES	6,500	(173,537)	567,028	740,565
Other Financing Sources (Uses):				
Transfers out	(200,000)	(639,865)	(384,739)	255,126
Total Other Financing Sources (Uses)	(200,000)	(639,865)	(384,739)	255,126
NET CHANGE IN FUND BALANCE	$ (193,500)	$ (813,402)	182,289	$ 995,691
FUND BALANCE:				
Beginning of Year			936,647	
End of Year			$ 1,118,936	

City of Placentia
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Traffic Offender Special Revenue Fund
For the Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Investment income	$ 50	$ 50	$ 316	$ 266
Charges for services	7,000	7,000	8,820	1,820
Total Revenues	7,050	7,050	9,136	2,086
NET CHANGE IN FUND BALANCE	$ 7,050	$ 7,050	9,136	$ 2,086
FUND BALANCE:				
Beginning of Year			41,592	
End of Year			$ 50,728	

City of Placentia

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Supplemental Law Enforcement Special Revenue Fund
For the Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Intergovernmental	$ 100,000	$ 129,323	$ 129,323	$ -
Investment income	-	364	364	-
Total Revenues	100,000	129,687	129,687	-
Other Financing Sources (Uses):				
Transfers out	(100,000)	(129,825)	(129,825)	-
Total Other Financing Sources (Uses)	(100,000)	(129,825)	(129,825)	-
NET CHANGE IN FUND BALANCE	$ -	$ (138)	(138)	$ -
FUND BALANCE:				
Beginning of Year			138	
End of Year			$ -	

City of Placentia
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Air Quality Special Revenue Fund
For the Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Intergovernmental	$ 63,000	$ 63,000	$ 66,740	$ 3,740
Investment income	500	500	1,502	1,002
Total Revenues	63,500	63,500	68,242	4,742
Expenditures:				
Current:				
Public safety	143,700	13,700	-	13,700
Debt service:				
Principal retirement	54,000	54,000	49,820	4,180
Interest and fiscal charges	-	-	800	(800)
Total Expenditures	197,700	67,700	50,620	17,080
REVENUE OVER (UNDER) EXPENDITURES	(134,200)	(4,200)	17,622	21,822
Other Financing Sources (Uses):				
Transfers out	(48,400)	(163,400)	(3,751)	159,649
Total Other Financing Sources (Uses)	(48,400)	(163,400)	(3,751)	159,649
NET CHANGE IN FUND BALANCE	$ (182,600)	$ (167,600)	13,871	$ 181,471
FUND BALANCE:				
Beginning of Year			203,946	
End of Year			$ 217,817	

City of Placentia
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Landscape Maintenance District 92-1 Special Revenue Fund
For the Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Investment income	$ 300	$ 300	$ 1,077	$ 777
Charges for services	427,700	427,700	426,581	(1,119)
Total Revenues	428,000	428,000	427,658	(342)
Expenditures:				
Current:				
Public works	457,235	473,119	473,119	-
Total Expenditures	457,235	473,119	473,119	-
NET CHANGE IN FUND BALANCE	$ (29,235)	$ (45,119)	(45,461)	$ (342)
FUND BALANCE:				
Beginning of Year			194,002	
End of Year			$ 148,541	

City of Placentia
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Housing and Community Development Special Revenue Fund
For the Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Intergovernmental	$ 220,170	$ 657,745	$ 657,745	$ -
Investment income	-	565	565	-
Total Revenues	220,170	658,310	658,310	-
Expenditures:				
Current:				
Community development	115,000	274,508	274,508	-
Total Expenditures	115,000	274,508	274,508	-
REVENUE OVER (UNDER) EXPENDITURES	105,170	383,802	383,802	-
Other Financing Sources (Uses):				
Transfers out	(105,170)	(534,295)	(534,295)	-
Total Other Financing Sources (Uses)	(105,170)	(534,295)	(534,295)	-
NET CHANGE IN FUND BALANCE	$ -	$ (150,493)	(150,493)	$ -
FUND BALANCE:				
Beginning of Year			112,572	
End of Year			$ (37,921)	

City of Placentia
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Utility Users Tax Special Revenue Fund
For the Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Taxes	$ 2,900,000	$ 2,900,000	$ 2,637,364	$ (262,636)
Total Revenues	2,900,000	2,900,000	2,637,364	(262,636)
Other Financing Sources (Uses):				
Transfers out	(3,100,000)	(3,100,000)	(2,860,120)	239,880
Total Other Financing Sources (Uses)	(3,100,000)	(3,100,000)	(2,860,120)	239,880
NET CHANGE IN FUND BALANCE	$ (200,000)	$ (200,000)	(222,756)	$ (22,756)
FUND BALANCE:				
Beginning of Year			222,756	
End of Year			$ -	

City of Placentia
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Gasoline Tax Special Revenue Fund
For the Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Intergovernmental	$ 1,077,930	$ 1,077,930	$ 1,006,448	$ (71,482)
Investment income	-	-	2,574	2,574
Total Revenues	1,077,930	1,077,930	1,009,022	(68,908)
Other Financing Sources (Uses):				
Transfers out	(1,133,944)	(1,148,591)	(1,148,591)	-
Total Other Financing Sources (Uses)	(1,133,944)	(1,148,591)	(1,148,591)	-
NET CHANGE IN FUND BALANCE	$ (56,014)	$ (70,661)	(139,569)	$ (68,908)
FUND BALANCE:				
Beginning of Year			139,569	
End of Year			$ -	

City of Placentia
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Sewer Construction Special Revenue Fund
For the Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Taxes	$ -	$ -	$ 957	$ 957
Investment income	-	-	137	137
Total Revenues	-	-	1,094	1,094
NET CHANGE IN FUND BALANCE	$ -	$ -	1,094	$ 1,094
FUND BALANCE:				
Beginning of Year			19,649	
End of Year			$ 20,743	

City of Placentia
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
PEG Special Revenue Fund
For the Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Investment income	$ -	$ -	$ 1,639	$ 1,639
Charges for services	96,000	96,000	45,046	(50,954)
Total Revenues	96,000	96,000	46,685	(49,315)
Expenditures:				
Current:				
General government	111,654	94,990	94,990	-
Total Expenditures	111,654	94,990	94,990	-
NET CHANGE IN FUND BALANCE	$ (15,654)	$ 1,010	(48,305)	$ (49,315)
FUND BALANCE:				
Beginning of Year			263,202	
End of Year			$ 214,897	

City of Placentia
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Affordable Housing In Lieu Special Revenue Fund
For the Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Charges for services	$ -	$ -	$ 204,750	$ 204,750
Total Revenues	-	-	204,750	204,750
Other Financing Sources (Uses):				
Transfers out	-	(500,000)	(500,000)	-
Total Other Financing Sources (Uses)	-	(500,000)	(500,000)	-
NET CHANGE IN FUND BALANCE	$ -	$ (500,000)	(295,250)	$ 204,750
FUND BALANCE:				
Beginning of Year			320,250	
End of Year			$ 25,000	

City of Placentia
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
2011 Gas Tax COP Debt Service Fund
For the Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Investment income	$ 10	$ 387	$ 387	$ -
Total Revenues	10	387	387	-
Expenditures:				
Debt service:				
Principal retirement	235,000	235,000	235,000	-
Interest and fiscal charges	248,944	251,927	251,927	-
Total Expenditures	483,944	486,927	486,927	-
REVENUE OVER (UNDER) EXPENDITURES	(483,934)	(486,540)	(486,540)	-
Other Financing Sources (Uses):				
Transfers in	483,944	483,944	483,575	(369)
Total Other Financing Sources (Uses)	483,944	483,944	483,575	(369)
NET CHANGE IN FUND BALANCE	$ 10	$ (2,596)	(2,965)	$ (369)
FUND BALANCE:				
Beginning of Year			485,928	
End of Year			$ 482,963	

This page intentionally left blank.

INTERNAL SERVICE FUND FINANCIAL STATEMENTS

City of Placentia
Combining Statement of Net Position
All Internal Service Funds
June 30, 2017

	Risk Management	Health and Welfare	Equipment Replacement	Total
ASSETS				
Current Assets:				
Cash and investments	$ 2,416,710	$ 3,047	$ 14,179	$ 2,433,936
Cash and investments with fiscal agent	-	21,854	-	21,854
Total Current Assets	2,416,710	24,901	14,179	2,455,790
Noncurrent Assets:				
Capital assets, net of accumulated depreciation	-	-	19,604	19,604
Total Noncurrent Assets	-	-	19,604	19,604
Total Assets	2,416,710	24,901	33,783	2,475,394
LIABILITIES				
Current Liabilities:				
Accounts payable	33,312	3,047	-	36,359
Accrued claims and judgments - due within one year	654,740	-	-	654,740
Total Current Liabilities	688,052	3,047	-	691,099
Noncurrent Liabilities:				
Accrued claims and judgments - due in more than one year	1,964,222	-	-	1,964,222
Total Noncurrent Liabilities	1,964,222	-	-	1,964,222
Total Liabilities	2,652,274	3,047	-	2,655,321
NET POSITION				
Investment in capital assets	-	-	19,604	19,604
Unrestricted (deficit)	(235,564)	21,854	14,179	(199,531)
Total Net Position	$ (235,564)	$ 21,854	$ 33,783	$ (179,927)

See accompanying Notes to the Basic Financial Statements

City of Placentia
Combining Statement for All Internal Service Funds of Revenues, Expenses, and Changes in Net Position
For the Year Ended June 30, 2017

	Risk Management	Health and Welfare	Equipment Replacement	Total
OPERATING REVENUES:				
Reimbursements	$ -	$ -	$ 117	$ 117
Service charges	1,565,304	1,159,732	-	2,725,036
Total Operating Revenues	1,565,304	1,159,732	117	2,725,153
OPERATING EXPENSES:				
Administration	65,579	-	-	65,579
Reinsurance premiums	-	125,213	-	125,213
Claims	961,115	-	-	961,115
Medical and dental premiums	-	1,013,829	-	1,013,829
Liability insurance premiums	570,342	14,513	-	584,855
Depreciation expense	-	-	7,646	7,646
Total Operating Expenses	1,597,036	1,153,555	7,646	2,758,237
OPERATING INCOME (LOSS)	(31,732)	6,177	(7,529)	(33,084)
NET POSITION:				
Beginning of the Year	(203,832)	15,677	41,312	(146,843)
End of the Year	$ (235,564)	$ 21,854	$ 33,783	$ (179,927)

See accompanying Notes to the Basic Financial Statements

City of Placentia
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2017

	Risk Management	Health and Welfare	Equipment Replacement	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers and users	$ 1,566,963	$ 1,159,732	$ 117	$ 2,726,812
Cash paid to suppliers for goods and services	36,026	(1,153,625)	-	(1,117,599)
Cash paid to employees for services	(65,579)	-	-	(65,579)
Cash paid for insurance claims	(961,115)	-	-	(961,115)
Net Cash Provided by Operating Activities	576,295	6,107	117	582,519
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO STATEMENTOF NET POSITION:				
Beginning of Year	1,840,415	18,794	14,062	1,873,271
End of Year	$ 2,416,710	$ 24,901	$ 14,179	$ 2,455,790
CASH AND CASH EQUIVALENTS:				
Cash and investments	$ 2,416,710	$ 3,047	$ 14,179	$ 2,433,936
Cash and investments with fiscal agent	-	21,854	-	21,854
Total Cash and Cash Equivalents	$ 2,416,710	$ 24,901	$ 14,179	$ 2,455,790
Reconciliation of Operating Income (Loss) to to Net Cash Provided by Operating Activities:				
Operating Income (loss)	$ (31,732)	$ 6,177	$ (7,529)	$ (33,084)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	-	-	7,646	7,646
Changes in assets and liabilities:				
(Increase)/decrease in accounts receivables	1,659	-	-	1,659
Increase/(decrease) in accounts payable	23,249	(70)	-	23,179
Increase/(decrease) in claims payable	583,119	-	-	583,119
Net Cash Provided by Operating Activities	$ 576,295	$ 6,107	$ 117	$ 582,519

See accompanying Notes to the Basic Financial Statements

AGENCY FUNDS FINANCIAL STATEMENTS

City of Placentia
Combining Statement of Assets and Liabilities
Agency Funds
June 30, 2017

	Special Deposits	Community Facilities District	Public Safety CFD 2014-01	Total
Assets:				
Cash and investments	$ 473,915	$ 32,823	$ 8,572	$ 515,310
Taxes receivable	-	2,290	-	2,290
Total Assets	$ 473,915	$ 35,113	$ 8,572	$ 517,600
Liabilities:				
Deposits payable	$ 473,915	$ 35,113	$ 8,572	$ 517,600
Total Liabilities	$ 473,915	$ 35,113	$ 8,572	$ 517,600

City of Placentia
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2017

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017
Special Deposits				
Assets:				
Cash and investments	$ 450,934	$ 393,325	$ (370,344)	$ 473,915
Total Assets	$ 450,934	$ 393,325	$ (370,344)	$ 473,915
Liabilities:				
Deposits payable	$ 450,934	$ 393,325	$ (370,344)	$ 473,915
Total Liabilities	$ 450,934	$ 393,325	$ (370,344)	$ 473,915

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017
Community Facilities District				
Assets:				
Cash and investments	$ 31,984	$ 3,129	$ (2,290)	$ 32,823
Taxes receivable	615	2,290	(615)	2,290
Total Assets	$ 32,599	$ 5,419	$ (2,905)	$ 35,113
Liabilities:				
Deposits payable	$ 32,599	$ 5,419	$ (2,905)	$ 35,113
Total Liabilities	$ 32,599	$ 5,419	$ (2,905)	$ 35,113

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017
Public Safety CFD 2014-01				
Assets:				
Cash and investments	$ -	$ 8,572	$ -	$ 8,572
Miscellaneous receivables	472	-	(472)	-
Total Assets	$ 472	$ 8,572	$ (472)	$ 8,572
Liabilities:				
Deposits payable	$ 472	$ 8,572	$ (472)	$ 8,572
Total Liabilities	$ 472	$ 8,572	$ (472)	$ 8,572

City of Placentia
Combining Statement of Changes in Assets and Liabilities (Continued)
Agency Funds
For the Year Ended June 30, 2017

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017
Total				
Assets:				
Cash and investments	$ 482,918	$ 405,026	$ (372,634)	$ 515,310
Taxes receivable	615	2,290	(615)	2,290
Miscellaneous receivables	472	-	(472)	-
Total Assets	$ 484,005	$ 407,316	$ (373,721)	$ 517,600
Liabilities:				
Deposits payable	$ 484,005	$ 407,316	$ (373,721)	$ 517,600
Total Liabilities	$ 484,005	$ 407,316	$ (373,721)	$ 517,600

STATISTICAL SECTION

This page intentionally left blank.

City of Placentia
Description of Statistical Section Contents

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

Contents: **Pages**

Financial Trends - These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time. 142-151

Revenue Capacity - These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax. 152-157

Debt Capacity - These schedules present information to help the reader assess the affordability of the City's current level of outstanding debt and the City's ability to issue additional debt in the 158-160

Demographic and Economic Information - These schedules offer demographics and economic indicators to help the reader understand the environment within which the City's financial 161-164

Operating Information - These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report related to the services the City provides and activities it performs. 165-169

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

	Fiscal Year				
	2008	2009	2010	2011	2012
Governmental activities					
Net investment in capital assets	$ 69,881	$ 78,071	$ 58,119	$ 60,198	$ 70,726
Restricted	5,316	7,785	-	8,717	2,981
Unrestricted	(20,681)	(38,860)	(9,756)	(12,267)	(7,936)
Total governmental activities net position	$ 54,516	$ 46,996	$ 48,363	$ 56,648	$ 65,771
Business-type activities					
Net investment in capital assets	$ 13,725	$ 13,134	$ 12,543	$ 13,277	$ 12,686
Unrestricted	3,578	2,921	5,076	(1,041)	(874)
Total business-type activities net position	$ 17,303	$ 16,055	$ 17,619	$ 12,236	$ 11,812
Primary government					
Net investment in capital assets	$ 83,606	$ 91,205	$ 70,662	$ 73,475	$ 83,412
Restricted	5,316	7,785	-	8,717	2,981
Unrestricted	(17,103)	(35,939)	(4,680)	(13,308)	(8,810)
Total primary government net position	$ 71,819	$ 63,051	$ 65,982	$ 68,884	$ 77,583

Source: City of Placentia, Finance Department

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

	Fiscal Year				
	2013	2014	2015	2016	2017
Governmental activities					
Net investment in capital assets	$ 78,273	$ 74,238	$ 66,333	$ 66,799	$ 67,960
Restricted	3,630	2,901	7,027	7,681	6,199
Unrestricted	(14,229)	(9,273)	(34,145)	(30,490)	(32,780)
Total governmental activities net position	$ 67,674	$ 67,866	$ 39,215	$ 43,990	$ 41,379
Business-type activities					
Net investment in capital assets	$ 12,275	$ 11,760	$ 11,280	$ 10,765	$ 10,303
Unrestricted	(1,115)	(680)	1,289	845	1,066
Total business-type activities net position	$ 11,160	$ 11,080	$ 12,569	$ 11,610	$ 11,369
Primary government					
Net investment in capital assets	$ 90,548	$ 85,998	$ 77,613	$ 77,564	$ 78,263
Restricted	3,630	2,901	7,027	7,681	6,199
Unrestricted	(15,344)	(9,953)	(32,856)	(29,645)	(31,714)
Total primary government net position	$ 78,834	$ 78,946	$ 51,784	$ 55,600	$ 52,748

Source: City of Placentia, Finance Department

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

	Fiscal Year				
	2008	2009	2010	2011	2012
Expenses					
Governmental activities:					
General government	$ 2,693	$ 3,801	$ 8,664	$ 4,974	$ 10,833
Public safety	17,481	17,568	15,770	18,342	16,104
Public works	8,435	8,019	4,222	6,466	6,525
Community development	3,608	2,820	1,850	1,145	1,034
Community services	-	-	-	-	-
Redevelopment	682	1,305	1,755	2,077	658
SERAF	-	-	843	174	-
Interest on long-term debt	1,361	1,197	1,718	1,892	1,414
Total governmental activities	34,260	34,710	34,822	35,070	36,568
Business-type activities:					
Refuse	2,599	3,163	2,579	2,779	2,880
Compressed natural gas	410	143	425	464	100
Sewer maintenance	808	928	1,029	1,404	1,114
Total business-type activities	3,817	4,234	4,033	4,647	4,094
Total primary government expenses	$ 38,077	$ 38,944	$ 38,855	$ 39,717	$ 40,662
Program Revenues					
Governmental activities:					
Charges for services					
General government	$ 745	$ 1,302	$ 1,556	$ 3,003	$ 2,091
Public safety	876	1,116	947	1,740	1,556
Public works	1,162	1,280	1,131	1,204	1,548
Community development	660	511	505	427	776
Community services	-	-	-	-	-
Operating grants	3,124	2,425	3,883	2,608	2,137
Capital grants and contributions	4,238	3,372	3,377	2,128	1,605
Total governmental activities program revenues	10,805	10,006	11,399	11,110	9,713
Business-type activities:					
Charges for services					
Refuse	3,032	2,898	3,015	2,432	2,730
Compressed natural gas	419	372	417	541	76
Sewer maintenance	1,069	830	898	778	858
Total business-type activities program revenues	4,520	4,100	4,831	3,751	3,664
Total primary government program revenues	$ 15,325	$ 14,106	$ 16,230	$ 14,861	$ 13,377
Net (expense)/revenue					
Governmental activities	$ (23,455)	$ (24,704)	$ (23,423)	$ (23,960)	$ (26,855)
Business-type activities	703	(134)	798	(896)	(430)
Total primary government net expenses	$ (22,752)	$ (24,838)	$ (22,625)	$ (24,856)	$ (27,285)

Source: City of Placentia, Finance Department

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

	Fiscal Year				
	2013	2014	2015	2016	2017
Expenses					
Governmental activities:					
General government	$ 10,516	$ 9,673	$ 9,248	$ 5,343	$ 10,579
Public safety	16,965	16,915	15,689	18,556	19,188
Public works	6,506	5,720	6,644	7,445	7,246
Community development	1,011	1,142	1,845	1,373	1,904
Community services	-	-	-	1,263	1,318
Redevelopment	-	-	-	-	-
SERAF	-	-	-	-	-
Interest on long-term debt	603	667	861	837	783
Total governmental activities	35,601	34,117	34,287	34,817	41,018
Business-type activities:					
Refuse	2,933	2,950	2,795	2,555	2,571
Compressed natural gas	137	-	-	-	-
Sewer maintenance	1,143	1,071	1,069	1,418	954
Total business-type activities	4,213	4,021	3,864	3,973	3,525
Total primary government expenses	$ 39,814	$ 38,138	$ 38,151	$ 38,790	$ 44,543
Program Revenues					
Governmental activities:					
Charges for services					
General government	$ 2,268	$ 2,408	$ 2,053	$ 1,956	$ 2,136
Public safety	1,570	1,282	1,469	1,340	1,092
Public works	1,539	3,238	854	679	597
Community development	317	590	277	1,211	1,074
Community services	-	-	-	221	194
Operating grants	1,656	700	1,407	4,744	4,637
Capital grants and contributions	1,256	1,634	3,216	145	465
Total governmental activities program revenues	8,606	9,852	9,276	10,296	10,195
Business-type activities:					
Charges for services					
Refuse	2,749	2,865	2,874	2,890	2,958
Compressed natural gas	335	119	25	-	-
Sewer maintenance	876	884	819	688	722
Total business-type activities program revenues	3,960	3,868	3,718	3,578	3,680
Total primary government program revenues	$ 12,566	$ 13,720	$ 12,994	$ 13,874	$ 13,875
Net (expense)/revenue					
Governmental activities	$ (26,995)	$ (24,265)	$ (25,011)	$ (24,521)	$ (30,823)
Business-type activities	(253)	(153)	(146)	(395)	155
Total primary government net expenses	$ (27,248)	$ (24,418)	$ (25,157)	$ (24,916)	$ (30,668)

Source: City of Placentia, Finance Department

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

	Fiscal Year				
	2008	2009	2010	2011	2012
General Revenues and Other Changes in Net Position					
Governmental activities:					
Taxes					
Property	$ 13,791	$ 13,827	$ 12,553	$ 13,416	$ 12,452
Sales and use	5,452	4,686	3,930	5,063	4,225
Utility users	2,603	2,822	2,694	2,767	2,851
Franchise	1,226	1,150	1,203	2,453	2,056
Other	891	803	1,762	771	805
Miscellaneous	216	188	153	126	1,386
Investment income	46	43	39	595	199
Other	350	972	715	2,339	1,047
Special item	-	(4,047)	2,500	-	-
Extraordinary item	-	(5,562)	-	-	10,880
Transfers	249	1,145	566	831	76
Total governmental activities	24,824	16,027	26,115	28,361	35,977
Business-type activities					
Investment income	86	31	6	8	8
Special item	-	-	-	-	-
Gain on disposal of assets	-	-	-	-	-
Other	15	-	-	-	75
Transfers	(249)	(1,145)	(566)	(831)	(76)
Total business-type activities	(148)	(1,114)	(560)	(823)	7
Total primary government	$ 24,676	$ 14,913	$ 25,555	$ 27,538	$ 35,984
Change in Net Position					
Governmental activities	$ 1,369	$ (8,677)	$ 2,692	$ 4,401	$ 9,122
Business-type activities	555	(1,248)	238	(1,719)	(423)
Total primary government	$ 1,924	$ (9,925)	$ 2,930	$ 2,682	$ 8,699

Source: City of Placentia, Finance Department

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

	Fiscal Year				
	2013	2014	2015	2016	2017
General Revenues and Other Changes in Net Position					
Governmental activities:					
Taxes					
Property	$ 11,389	$ 11,804	$ 12,449	$ 13,259	$ 13,972
Sales and use	4,160	4,512	6,284	6,848	7,020
Utility users	2,863	2,800	2,874	2,750	2,637
Franchise	2,186	2,228	2,338	2,332	2,244
Other	998	1,029	1,177	1,258	1,365
Miscellaneous	1,359	1,336	1,451	35	41
Investment income	197	24	576	34	31
Other	2,918	708	-	-	-
Special item	-	-	(2,764)	-	-
Extraordinary & special items	-	-	-	(1,035)	500
Transfers	248	4	165	646	402
Total governmental activities	26,318	24,445	24,550	26,127	28,212
Business-type activities					
Investment income	5	2	5	7	7
Special item	-	-	2,764	-	-
Gain on disposal of assets	-	-	-	-	-
Other	75	75	75	75	-
Transfers	(478)	(4)	(165)	(646)	(402)
Total business-type activities	(398)	73	2,679	(564)	(395)
Total primary government	$ 25,920	$ 24,518	$ 27,229	$ 25,563	$ 27,817
Change in Net Position					
Governmental activities	$ (677)	$ 180	$ (461)	$ 1,606	$ (2,611)
Business-type activities	(651)	(80)	2,533	(959)	(240)
Total primary government	$ (1,328)	$ 100	$ 2,072	$ 647	$ (2,851)

Source: City of Placentia, Finance Department

This page intentionally left blank.

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

	Fiscal Year						
	2011	2012	2013	2014	2015	2016	2017
General Fund							
Nonspendable	$ 5,823	$ 4,774	$ 4,368	$ 3,450	$ 4,104	$ 3,881	$ 3,354
Restricted	-	-	-	439	1,030	1,030	1,024
Committed	-	-	-	-	119	3,600	3,600
Assigned	500	-	-	-	185	286	40
Unassigned	(294)	1,997	1,385	1,001	2,510	72	56
Total General Fund	6,029	6,771	5,753	4,890	7,948	8,869	8,074
All Other Governmental Funds							
Nonspendable	1,754	96	88	84	-	-	-
Restricted	9,122	8,118	3,630	2,930	5,999	6,651	5,175
Assigned	505	-	-	-	485	-	-
Unassigned	(1,636)	(2,441)	(2,196)	(761)	-	-	(368)
Total All Other Governmental Funds	9,745	5,773	1,522	2,253	6,484	6,651	4,807
Total All Governmental Funds	$ 15,774	$ 12,544	$ 7,275	$ 7,143	$ 14,432	$ 15,520	$ 12,881

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

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

Source: City of Placentia, Finance Department

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

	Fiscal Year				
	2008	2009	2010	2011	2012
Revenues					
Property tax	$ 13,791	$ 13,816	$ 13,559	$ 13,415	$ 12,451
Sales tax	5,300	4,686	3,930	5,063	5,611
Other tax	4,732	4,955	4,654	6,116	5,712
Intergovernmental	5,855	5,165	5,295	5,036	3,742
Licenses and permits	1,441	2,126	2,448	1,397	1,730
Fines and forfeitures	845	878	819	604	753
Investment income	1,332	1,141	83	595	423
Charges for services	1,465	1,595	1,464	2,343	2,370
Other	1,286	919	342	4,138	1,786
Total Revenues	36,047	35,281	32,594	38,707	34,578
Expenditures					
Current:					
General government	3,437	3,544	3,584	3,958	4,690
Public safety	17,167	17,217	15,602	15,322	15,978
Public works	10,427	6,573	2,850	5,864	6,617
Community development	3,568	2,846	1,826	983	1,033
Community services	-	-	-	-	-
Redevelopment	1,550	2,177	1,755	1,775	659
SERAF	-	-	843	174	-
Capital outlay	-	8,251	3,940	392	441
Debt service					
Principal	1,260	1,345	1,430	1,420	1,186
Interest	1,097	933	1,749	1,759	1,617
Other debt service	-	339	-	-	-
Total Expenditures	38,506	43,225	33,579	31,647	32,221
Excess of Revenues Over/(Under) Expenditures	(2,459)	(7,944)	(985)	7,060	2,357
Other Financing Sources/(Uses)					
Transfers in	6,545	15,946	14,707	12,063	10,869
Transfers out	(6,440)	(15,898)	(18,693)	(14,263)	(17,020)
Proceeds from long-term debt	-	11,240	1	5,784	399
Other	13	(164)	2,500	-	193
Total Other Financing Sources	118	11,124	(1,485)	3,584	(5,559)
Extraordinary Items	-	-	-	-	-
Net Change in Fund Balances	$ (2,341)	$ 3,180	$ (2,470)	$ 10,644	$ (3,202)
Ratio of Total Debt Service Expenditures to Total Noncapital Expenditures	6.52%	8.09%	12.01%	11.32%	9.67%

Source: City of Placentia, Finance Department

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

	Fiscal Year				
	2013	2014	2015	2016	2017
Revenues					
Property tax	$ 11,389	$ 11,804	$ 12,449	$ 13,259	$ 13,972
Sales tax	5,519	5,848	6,284	7,257	7,020
Other tax	6,047	6,138	6,316	6,318	6,222
Intergovernmental	3,143	3,531	4,033	2,998	3,572
Licenses and permits	1,211	1,618	1,690	1,733	1,572
Fines and forfeitures	842	575	733	1,154	1,297
Investment income	161	210	177	34	32
Charges for services	1,800	1,912	2,228	2,216	1,743
Other	4,598	2,087	2,424	2,108	1,892
Total Revenues	34,710	33,723	36,334	37,077	37,322
Expenditures					
Current:					
General government	4,275	4,409	6,432	6,571	10,450
Public safety	16,845	16,853	16,500	17,880	18,436
Public works	10,826	5,760	4,246	4,824	5,050
Community development	1,011	1,142	1,824	952	1,858
Community services	-	-	-	1,191	1,292
Redevelopment	-	-	-	-	-
SERAF	-	-	-	-	-
Capital outlay	347	79	2,042	1,262	2,340
Debt service					
Principal	355	723	1,070	1,333	1,654
Interest	594	577	813	837	783
Other debt service	-	-	-	-	-
Total Expenditures	34,253	29,543	32,927	34,850	41,863
Excess of Revenues Over/(Under) Expenditures	457	4,180	3,407	2,227	(4,541)
Other Financing Sources/(Uses)					
Transfers in	12,072	6,998	4,939	7,000	8,010
Transfers out	(17,827)	(11,310)	(4,552)	(6,354)	(7,607)
Proceeds from long-term debt	-	-	-	251	-
Other	-	-	(2,764)	-	-
Total Other Financing Sources	(5,755)	(4,312)	(2,377)	897	403
Extraordinary Items	-	-	-	(2,035)	1,500
Net Change in Fund Balances	$ (5,298)	$ (132)	$ 1,030	$ 1,089	$ (2,638)
Ratio of Total Debt Service Expenditures to Total Noncapital Expenditures	2.88%	4.62%	6.49%	6.91%	6.57%

Source: City of Placentia, Finance Department

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

Fiscal Year	Property Taxes	Sales and Use Taxes	Other Taxes	Licenses and Permits	Fines Forfeitures & Penalties	Use of Money and Property
2006-07	$ 10,699,537	$ 5,820,037	$ 2,078,677	$ 1,309,238	$ 801,584	$ 195,105
2007-08	11,371,081	5,300,514	2,116,009	1,441,263	765,264	4,352
2008-09	11,464,895	4,685,797	1,912,555	2,062,294	713,172	29,157
2009-10	11,185,541	3,930,224	1,960,357	2,445,469	788,012	34,236
2010-11	11,143,701	5,063,285	3,261,866	1,397,396	542,172	514,827
2011-12	11,160,051	5,611,105	2,860,703	1,730,070	595,239	391,869
2012-13	11,388,950	5,518,907	3,183,996	1,210,722	468,229	160,212
2013-14	11,804,238	5,847,742	3,338,556	1,618,068	459,123	206,104
2014-15	12,448,958	6,207,771	3,394,915	1,690,191	484,676	170,892
2015-16	13,259,241	7,257,004	3,550,183	1,733,049	542,253	-
2016-17	13,971,691	7,019,906	3,578,424	1,571,584	587,005	-

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

Source: City of Placentia, Finance Department

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

Fiscal Year	Investment Earnings*	Leases and Rents*	Inter-governmental Revenue	Charges for Current Services	Other Revenues	Totals
2006-07	$ -	$ -	$ 929,088	$ 1,003,834	$ 953,884	$ 23,790,984
2007-08	-	-	1,527,873	995,223	1,199,926	24,721,505
2008-09	-	-	630,639	1,121,933	914,860	23,535,302
2009-10	-	-	460,128	935,521	109,395	21,848,883
2010-11	-	-	537,577	1,648,767	2,492,821	26,602,412
2011-12	-	-	54,850	1,350,666	1,239,397	24,993,950
2012-13	-	-	127,867	1,256,723	4,597,034	27,912,640
2013-14	-	-	58,058	1,189,249	1,571,109	26,092,247
2014-15	-	-	224,246	1,383,803	1,778,619	27,784,071
2015-16	24,157	670,631	466,271	1,091,250	1,053,220	29,647,259
2016-17	3,644	1,199,161	297,831	863,387	629,737	29,722,370

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

Source: City of Placentia, Finance Department

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

Fiscal Year Ended June 30	City				
	Secured	Public Utility	Unsecured	Taxable Assessed Value	Direct Rate
2008	$ 4,820,355	$ 381	$ 170,439	$ 4,991,175	0.1640
2009	4,693,057	465	140,530	4,834,052	0.1644
2010	4,794,903	390	172,357	4,967,650	0.1644
2011	4,795,545	390	173,088	4,969,023	0.1644
2012	4,849,370	390	157,793	5,007,553	0.1644
2013	4,934,183	292	145,927	5,080,402	0.1644
2014	5,065,170	292	141,308	5,206,770	0.1644
2015	5,359,402	292	155,890	5,515,584	0.1644
2016	5,706,871	292	169,843	5,877,006	0.1644
2017	5,948,117	292	186,698	6,135,107	0.1644

Note:

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

Source: County of Orange

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

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Placentia City	0.1340	0.1340	0.1340	0.1340	0.1340	0.1340	0.1340	0.1340	0.1340	0.1340
Placentia City Lighting Reorganization	0.0300	0.0304	0.0304	0.0304	0.0304	0.0304	0.0304	0.0304	0.0304	0.0304
Direct City Rate	0.1640	0.1644	0.1644	0.1644	0.1644	0.1644	0.1644	0.1644	0.1644	0.1644
Overlapping Rates:										
O.C. Water District Water Reserve	0.0001	0.0001	0.0001	0.0001	0.0001	0.0001	0.0001	0.0001	0.0001	0.0001
O.C. Vector Control	0.0010	0.0011	0.0011	0.0011	0.0011	0.0011	0.0011	0.0011	0.0011	0.0011
O.C. Transportation Authority	0.0026	0.0026	0.0026	0.0026	0.0026	0.0026	0.0026	0.0026	0.0026	0.0026
O.C. Water District	0.0080	0.0080	0.0080	0.0080	0.0080	0.0080	0.0080	0.0080	0.0080	0.0080
O.C. Harbors, Beaches, Parks	0.0133	0.0144	0.0144	0.0144	0.0144	0.0144	0.0144	0.0144	0.0144	0.0144
O.C. Department of Education	0.0170	0.0170	0.0171	0.0171	0.0171	0.0171	0.0171	0.0171	0.0171	0.0171
O.C. Flood Control Dist General	0.0190	0.0186	0.0186	0.0186	0.0186	0.0186	0.0186	0.0186	0.0186	0.0186
O.C. Sanitation District 2 Operating	0.0310	0.0309	0.0309	0.0309	0.0309	0.0309	0.0309	0.0309	0.0309	0.0309
Placentia Library District	0.0380	0.0376	0.0376	0.0376	0.0376	0.0376	0.0376	0.0376	0.0376	0.0376
O.C. General Fund	0.0580	0.0579	0.0579	0.0579	0.0579	0.0579	0.0579	0.0579	0.0579	0.0579
North O.C. Community College General	0.0660	0.0655	0.0655	0.0655	0.0655	0.0655	0.0655	0.0655	0.0655	0.0655
Education Revenue Augmentation Fund	0.1880	0.1876	0.1876	0.1876	0.1876	0.1876	0.1876	0.1876	0.1876	0.1876
Placentia Unified General Fund	0.3940	0.3943	0.3943	0.3943	0.3943	0.3943	0.3943	0.3943	0.3943	0.3943
Total Direct City and Overlapping Rate	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
Metro Water District	0.0045	0.0043	0.0043	0.0037	0.0037	0.0035	0.0035	0.0035	0.0035	0.0035
Placentia Schools	0.0295	0.0476	0.0616	0.058	0.0585	0.0620	0.0653	0.0582	0.0567	0.0548
North O.C. Community College Bonds	0.0150	0.0149	0.0166	0.0176	0.0174	0.0190	0.0170	0.0170	0.0304	0.0289
Total Rate	1.0490	1.0668	1.0825	1.0793	1.0796	1.0845	1.0858	1.0787	1.0906	1.0871

Note:

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

Source: HdL Coren Cone

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

	2017				2008		
Taxpayer	Taxable Assessed Value	Estimated Total Tax	Percent of Total City Taxable Assessed Value	Taxpayer	Taxable Assessed Value	Estimated Total Tax	Percent of Total City Taxable Assessed Value
Fairfield Placentia Place LLC	$ 55,958	$ 560	0.91%	OC of SD Holdings	$ 78,837	$ 788	1.58%
Placentia 422	55,421	554	0.90%	Placentia 422	59,268	593	1.18%
Villa Angelina Apartment Fund LTD	52,973	530	0.86%	Reef Imperial Rose Inc	26,204	262	0.52%
Arlon Graphics LLC	37,057	371	0.60%	Inland Western Placentia LLC	25,906	259	0.52%
Sedona-Placentia Owner LLC	36,383	364	0.59%	Donahue Schriber Realty Group	23,470	235	0.47%
Placentia-Linda Hospital Inc.	35,427	354	0.58%	Realty Associates Fund VIII LP	19,000	190	0.38%
Placentia Place Apartments LLC	28,058	281	0.46%	Placentia-Linda Hospital Inc.	18,383	184	0.37%
MG Union Place Apartments LLC	27,838	278	0.45%	AG BPG Placentia Inc	16,898	169	0.34%
Reef Imperial Rose Inc.	27,647	276	0.45%	Greka Oil and Gas Inc.	16,738	167	0.33%
Donahue Schriber Realty Group	26,821	268	0.44%	Villa Tierra Apartments LLC	14,949	149	0.30%
	$ 383,583	$ 3,836	6.25%		$ 299,653	$ 2,997	5.99%

Source: HdL Coren Cone

City of Placentia
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percent of Levy		Amount	Percent of Levy
2007	$ 12,096,749	$ 12,038,615	99.52%	N/A	N/A	N/A
2008	13,053,161	12,753,432	97.70%	N/A	N/A	N/A
2009	14,171,276	14,099,708	99.49%	N/A	N/A	N/A
2010	13,659,309	12,718,318	93.11%	N/A	N/A	N/A
2011	13,612,265	13,551,901	99.56%	N/A	N/A	N/A
2012	14,121,383	13,695,151	96.98%	N/A	N/A	N/A
2013	12,064,669	11,889,799	98.55%	N/A	N/A	N/A
2014	12,294,236	12,266,287	99.77%	N/A	N/A	N/A
2015	13,012,736	12,973,298	99.70%	N/A	N/A	N/A
2016	12,742,715	13,529,800	106.18%	N/A	N/A	N/A
2017	12,831,914	12,865,221	100.26%	N/A	N/A	N/A

Note:

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

Source: County of Orange Auditor-Controller

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

	Governmental Activities			Business-type Activities				
Fiscal Year	Tax Allocation Bonds and Notes	Capital Leases	Certificates of Participation	Capital Leases	Total Primary Government	Percent of Assessed Valuation	Per Capita	Percent of Personal Income
2008	$ 7,040	$ 111	$ 9,950	$ -	$ 17,101	0.343%	334.85	1.06%
2009	17,946	15	8,782	-	26,743	0.553%	520.75	1.63%
2010	17,839	-	7,534	-	25,373	0.511%	489.17	1.59%
2011	17,790	-	12,336	-	30,126	0.606%	575.97	1.97%
2012	4,202	299	11,341	-	15,842	0.316%	310.12	1.04%
2013	4,062	189	10,471	-	14,722	0.290%	284.34	0.97%
2014	3,870	75	9,572	-	13,517	0.260%	259.47	0.89%
2015	3,579	41	9,147	-	12,767	0.231%	245.12	0.83%
2016	3,063	218	8,697	-	11,978	0.204%	229.19	0.76%
2017	2,242	162	8,237	-	10,641	0.173%	203.59	0.66%

Source: City of Placentia, Finance Department

City of Placentia
Direct and Overlapping Governmental Activity Debt
As of June 30, 2017

2016-17 Assessed Valuation:	$ 6,135,107
Successor Agency Incremental Valuation:	313,274
Adjusted Assessed Valuation:	$ 5,821,833

DIRECT DEBT:	Total Debt 06/30/17	% Applicable (1)	City's Share of Debt 6/30/17
Capital Leases	$ 162,018	100.00%	$ 162,018
Certificates of Participation	8,237,000	100.00%	8,237,000
Tax Allocation Bonds & Notes	2,242,140	100.00%	2,242,140
			$ 10,641,158
OVERLAPPING TAX AND ASSESSMENT DEBT:			
North Orange County Community College 2003 & 2005 Bonds	$ 234,629,965	5.309%	$ 12,455,788
Placentia -Yorba Linda Unified 2002, 2008, and 2012 Bond	242,284,158	22.331%	54,104,533
Metropolitan Water District	15,208,339	1.239%	188,396
TOTAL OVERLAPPING DEBT			$ 66,748,717
TOTAL DIRECT AND OVERLAPPING DEBT			$ 77,389,875

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

Ratios of Direct vs. Overlapping Debt	
Direct Debt	13.75%
Overlapping Debt	86.25%
Total Debt	100.00%

Ratios of Debt to Assessed Valuation	
Direct Debt	0.18%
Overlapping Debt	1.15%
Total Debt	1.33%

Source - HdL, Coren Cone

City of Placentia
Legal Debt Margin Information
Last Ten Fiscal Years

Legal Debt Margin Calculation for the Current Year		
Assessed value	$	6,135,106,984
Debt limit (3.75% of assessed value)		230,066,512
Debt applicable to limit		-
Legal debt margin - Current Year	$	230,066,512

Fiscal Year	Debt Limit	Debt Applicable to Limit	Legal Debt Margin	Debt as Percentage of Limit
2008	$ 187,169,052	$ -	$ 187,169,052	0%
2009	181,276,941	-	181,276,941	0%
2010	186,295,449	-	186,295,449	0%
2011	191,977,149	-	191,977,149	0%
2012	187,783,433	-	187,783,433	0%
2013	181,800,203	-	181,800,203	0%
2014	186,635,310	-	186,635,310	0%
2015	213,385,760	-	213,385,760	0%
2016	220,387,742	-	220,387,742	0%
2017	230,066,512	-	230,066,512	0%

Note:

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

Source: City of Placentia, Finance Department

Source: City of Placentia, Finance Department

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

Calendar Year	City Population	Personal Income	Per Capita Personal Income	Unemployment Rate
2007	51,070	$ 1,611,871	$ 31,562	3.4%
2008	51,354	1,637,926	31,895	4.7%
2009	51,869	1,600,275	30,852	8.0%
2010	52,305	1,530,078	29,253	8.5%
2011	51,084	1,526,645	29,885	7.7%
2012	51,776	1,525,217	29,458	5.0%
2013	52,094	1,511,507	29,015	4.4%
2014	52,084	1,540,384	29,575	6.2%
2015	52,263	1,567,115	29,985	5.1%
2016	52,268	1,614,628	30,891	4.5%

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

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

	Fiscal Year				
	2007	2008	2009	2010	2011
General Merchandise	$ 6,135	$ 5,982	$ 6,247	$ 6,554	$ 6,339
Food Stores	15,719	15,805	15,229	15,107	16,462
Eating and Drinking Places	64,073	63,978	61,515	60,571	61,511
Building Materials	46,069	38,951	23,746	28,216	36,868
Auto Dealers and Supplies	76,748	56,345	50,272	63,210	66,736
Service Stations	71,986	73,611	49,182	51,876	68,726
Other Retail Stores	64,574	58,656	59,203	55,636	56,075
All Other Outlets	195,778	200,533	172,339	174,333	182,705
Total	$ 541,082	$ 513,861	$ 437,733	$ 455,503	$ 495,422

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

Source: State of California Board of Equalization and The HdL Companies

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

	Fiscal Year				
	2012	2013	2014	2015	2016
General Merchandise	$ 6,227	$ 6,482	$ 6,459	$ 6,635	$ 6,759
Food Stores	17,718	17,541	17,898	18,529	17,919
Eating and Drinking Places	61,816	62,479	66,582	79,730	84,676
Building Materials	39,460	37,884	48,092	38,156	55,996
Auto Dealers and Supplies	69,200	78,924	85,659	105,341	107,146
Service Stations	83,112	80,210	78,562	70,961	62,495
Other Retail Stores	55,311	63,164	64,434	60,419	70,775
All Other Outlets	192,626	197,944	213,510	255,719	240,166
Total	$ 525,470	$ 544,628	$ 581,196	$ 635,490	$ 645,932

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

Source: State of California Board of Equalization and The HdL Companies

This page intentionally left blank.

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

	Fiscal Year									
Department	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
City Clerk	1.50	1.00	1.00	2.00	2.00	2.00	1.00	2.00	2.00	2.00
Administration	6.50	7.00	7.00	7.00	7.00	7.00	6.00	8.00	7.00	7.00
Finance	9.00	9.00	7.00	7.00	7.00	7.00	7.00	6.00	7.00	7.00
Community Development	7.00	5.50	3.00	3.00	3.00	3.00	-	-	4.00	4.75
Police	73.00	68.00	62.00	62.00	67.00	68.00	62.00	67.00	69.50	74.50
Public Works	37.00	29.00	24.00	22.00	22.00	22.00	19.00	18.00	19.00	20.25
Community Services	9.00	5.00	5.00	4.00	4.00	4.00	4.00	4.00	6.00	6.50
Total	143.00	124.50	109.00	107.00	112.00	113.00	99.00	105.00	114.50	122.00

Source: City of Placentia, Finance Department

City of Placentia
Operating Indicators by Function
Last Ten Fiscal Years

	Fiscal Year				
	2008	2009	2010	2011	2012
Function/Program					
Police					
Physical arrests	963	1,360	1,517	2,170	2,067
Parking citations	13,718	11,688	11,138	7,971	8,211
Traffic citations	5,206	6,362	5,496	5,628	4,819
Community Development					
Building permits	1,071	866	536	646	657
Building and zoning inspections	152	184	140	112	133
Public Works					
Feet of sewer main cleaned	401,280	401,280	401,280	401,280	401,280
Streetsweeping miles	21,684	21,684	21,684	21,684	21,684
Traffic signals maintained	56	56	56	57	57
Culture and Recreation					
Recreation classes	817	616	616	585	659

Source: City of Placentia, Finance Department

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

	Fiscal Year				
	2013	2014	2015	2016	2017
Function/Program					
Police					
Physical arrests	1,289	1,600	1,732	1,373	1,250
Parking citations	6,970	7,147	11,141	12,729	13,161
Traffic citations	3,366	3,330	2,498	2,060	1,824
Community Development					
Building permits	776	808	1,411	1,472	1,268
Building and zoning inspections	145	97	178	133	128
Public Works					
Feet of sewer main cleaned	401,280	401,280	401,280	401,280	249,134
Streetsweeping miles	21,684	21,684	21,684	21,684	21,684
Traffic signals maintained	57	57	57	57	57
Culture and Recreation					
Recreation classes	704	710	787	747	727

Source: City of Placentia, Finance Department

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

	Fiscal Year				
	2008	2009	2010	2011	2012
Function/Program					
Public Safety					
Police Stations	1	1	1	1	1
Sworn Officers	55	50	50	50	46
Patrol Vehicles	24	26	26	26	26
Fire Stations	2	2	2	2	2
Highways and Streets					
Miles of Streets	107	107	107	107	107
Street Trees	9264	9214	9214	9214	9214
Traffic Signals	224	229	229	229	229
Street Lights	3656	3656	3656	3656	3656
Sewer					
Miles of Sanitary Sewers	76	76	76	76	76
Storm Drains	506	506	506	506	506
Recreation and Culture					
Parks	16	16	16	16	16
Area of Parks (Acres)	74.23	72.9	72.9	72.9	72.9
Community Buildings	2	2	2	2	2
Community Centers	4	4	4	4	4
Senior Center	1	1	1	1	1
Baseball Diamonds	6	7	7	7	7
Basketball Courts	4	7.5	7.5	7.5	7.5
Soccer Fields	5	1	1	1	1
Pools	2	2	2	2	2
Gymnasiums	1	1	1	1	1

Source: City of Placentia, Finance Department

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

	Fiscal Year				
	2013	2014	2015	2016	2017
Function/Program					
Public Safety					
Police Stations	1	1	1	1	1
Sworn Officers	47	46	46	46	46
Patrol Vehicles	26	26	26	26	26
Fire Stations	2	2	2	2	2
Highways and Streets					
Miles of Streets	107	107	107	107	107
Street Trees	9214	9214	9214	9214	9214
Traffic Signals	229	229	229	229	229
Street Lights	3656	3656	3656	3656	3656
Sewer					
Miles of Sanitary Sewers	76	76	76	76	76
Storm Drains	506	506	506	506	506
Recreation and Culture					
Parks	16	16	16	16	16
Area of Parks (Acres)	72.9	72.9	72.9	72.9	72.9
Community Buildings	2	2	2	2	2
Community Centers	4	4	4	4	4
Senior Center	1	1	1	1	1
Baseball Diamonds	7	7	7	7	7
Basketball Courts	7.5	7.5	7.5	7.5	7.5
Soccer Fields	1	1	1	1	1
Pools	2	2	2	2	2
Gymnasiums	1	1	1	1	1

Source: City of Placentia, Finance Department

This page intentionally left blank.